



First for Business

Department of State and
Regional Development



Annual Report **2006-2007**





Department of State and
Regional Development

Office of the
Director General

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The Hon Verity Firth MP
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Minister for Science and Medical Research
Minister Assisting the Minister for Health (Cancer)
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SYDNEY NSW 2000

Dear Ministers

In accordance with the *Annual Reports (Departments) Act 1985*, it is my pleasure to submit, for your information and presentation to Parliament, the Annual Report of the Department of State and Regional Development for the financial year ended 30th June 2007.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'M. Cullen'.

Michael Cullen

Acting Director General
31 October 2007



New South Wales Government

➤ www.business.nsw.gov.au

NSW Offices

Albury • Armidale • Bathurst • Broken Hill
Buronga • Coffs Harbour • Dubbo • Goulburn
Grafton • Kariong • Lismore • Newcastle
Nowra • Orange • Parramatta • Port Macquarie
Sydney • Tamworth • Tweed Heads
Wagga Wagga • Wollongong

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1

Director General's
Year in Review

This year has been one of achievement and renewal for the Department.

Following the re-election of the Iemma Government in March this year, there were significant changes at the Ministerial level. The Hon Ian Macdonald MLC, assumed the role of Minister for State Development, with the Hon Tony Kelly MLC, Minister for Regional Development, the Hon Joe Tripodi MP, Minister for Small Business, the Hon Matt Brown MP, Minister for Tourism and the Hon Verity Firth MP, Minister for Science and Medical Research.

These new appointments at the Ministerial level reflect the administrative and structural changes implemented last year when the Department was expanded to include Tourism NSW, the Major Events Unit and the Office for Science and Medical Research.

I would also like to thank our former Ministers, the Hon Morris Iemma MP, the Hon Frank Sartor MP, the Hon David Campbell MP and the Hon Sandra Nori MP.

This year, the Government also articulated its vision for New South Wales through the *State Plan*. The Department has been given responsibility as lead agency for two of the 34 priority areas in the *State Plan* and has been working across Government to develop and implement the plan. The Department-led priorities are P1—Increased business investment and P6—Increased business investment in rural and regional New South Wales. Central themes for our priority areas are innovation and creating an attractive environment for business growth.

Significant achievements

Amongst the many achievements during the year, there are a number of notable matters which I would like to single out.

In June, the NSW Parliament passed legislation which provides a legal framework for the use of embryonic stem cells in research. The Department, through the Office for Science and Medical Research, played a critical role in assisting Minister Firth in the passing of this important legislation.

I commend all involved for their dedication and professionalism in dealing with this complex matter.

Red tape reduction continued to be a key priority. This year, the Regulation Reduction Taskforce completed four reviews aimed at reducing the regulatory burden on business in New South Wales. The Taskforce looked at the motor vehicle retailing and services sector, accommodation, the food and beverages services sector, manufacturing (fabricated metal products, machinery and equipment and furniture) and the business and professional services sector.

The Department was successful in attracting a number of major events to New South Wales during the year. Highlights included the Men's and Women's Australian Open Golf Championship, the Paris Opera Ballet's tour to Sydney and support for the Soccerroos and Football Federation Australia matches. Once again, Australian Fashion Week in May featuring the spring/summer collections was an outstanding success.

In September this year, many world leaders and business people will visit Sydney for APEC. The Department is playing a key role in the preparations and development of business-related programs for APEC. It is a significant opportunity to once again showcase Sydney and New South Wales to the world.

New South Wales was also successful in securing the prestigious new United States Studies Centre. The Centre confirms Sydney as the centre of activity in US-Australian business relationships and is expected to attract significant research grants and tuition fees to New South Wales.

Tourism NSW continued its strong focus on partnerships and the development of *Brand NSW*. Promotion of regional and Sydney tourism culminated in the publication of seven new holiday planners which have been very well received.

This year also marked the introduction of the *Payroll Tax Incentive Scheme*, designed to assist businesses in areas of higher than average unemployment. Supporting small business, and in particular regional business affected by drought, continues to be a priority for the Department.

Challenges and opportunities

This year, the Government appointed Professor Jonathan West to review and report on innovation in New South Wales. During the year, Professor West reported on his *Innovation Statement* which identified priority industry sectors and innovation activity for the State. The focus will be on those industries that are most likely to produce benefits for the broader New South Wales economy such as logistics and transaction services, financial services, entertainment, design and media, manufacturing and resources. Together with the *State Plan*, the *Innovation Statement* forms a 'road map' for future economic and business development in New South Wales.

It was also the first full year of the expanded Departmental structure. I would like to thank all staff involved for their patience and support during the settling-in period.

There are positive signs for the future growth in the State economy and this will present many opportunities for business in New South Wales. Increasing competition and the changing nature of business, skill shortages and global uncertainty will continue to present challenges for the Department's clients and stakeholders.

The year ahead

The next twelve months will be an exciting and challenging period for the Department. The *State Plan* in particular has clearly set out our priorities and the targets which we must achieve.

With improving business conditions and the *State Plan* sending a clear signal that New South Wales is 'Open for Business', I am optimistic about the future.

I wish to thank all staff for their support and contribution throughout the year. We would not be able to achieve our goals without your dedication and expertise.

I am confident we are well placed to continue to deliver a high level of service to the community and Government.



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Corporate Framework

Who we are

The Department of State and Regional Development was established in 1995 as the New South Wales Government's key business development agency. The Department is responsible to the Minister for State Development, the Minister for Regional Development, the Minister for Small Business, the Minister for Tourism, and the Minister for Science and Medical Research.

The Department provides expert advice to Government on advancing business development in both metropolitan and regional New South Wales. The Department delivers programs and services to implement the NSW Government's commitment to winning new business activity for New South Wales and developing the capacity and productivity of the State's economy.

The Department adopts a whole-of-Government approach to its role under the *NSW State Plan* and the *NSW Innovation Statement* and actively collaborates with the business sector and the community in its work.

Our mission

To advance the economic development of New South Wales and bring new business to the State by:

- providing leadership within Government on business, economic, tourism, science and medical research, small business and regional development issues
- adopting a whole-of-Government perspective with respect to the investment potential of the State's resources
- supporting the interests of the community in growing the business sector
- pursuing a balance between economic development and the social, environmental and other challenges that confront a modern society.

Our goals

The environment for economic growth is increasingly complex and competitive, both nationally and internationally. To meet this challenge, the Department focuses on continuously refining and better targeting its activities to contribute to a dynamic and growing economy. Our goal is to send a clear message that New South Wales is an attractive place to start and expand in business. The Department's goals and activities are informed by the priorities of the *NSW State Plan* and the *NSW Innovation Statement*.

Our values

The Department gives effect to its mission and goals through the actions of its staff who uphold corporate values of:

- integrity through honesty, consistency and fairness
- equity and social justice
- respect for the diversity of the State's multicultural base
- achievement through diligence, industry, creative thought, consultation and teamwork
- accountability, efficiency and effective professional service provision.

The Department is fully committed to social justice principles which include equal employment opportunity, ethical practice and access and equity. The Department strives to integrate these principles into its management and recruitment practices, its policy advice and its day-to-day dealings with clients.

Stakeholders and clients

The Department's clients span domestic and international companies of all sizes, as well as industry peak bodies, professional associations, business advisers, tertiary education and research institutions, and government departments and authorities. The Department adopts a partnership approach, working with business and other related agencies to strengthen the State's international competitiveness through increasing investment and productivity, and to build business capability in New South Wales.

NSW State Plan

The *NSW State Plan* was released in November 2006. Its purpose is to deliver better results for the community from NSW Government services.

The plan does this by setting clear priorities for Government action, with targets to guide improved decision-making and resource allocation over the next ten years. In all, 34 priorities for Government action have been established with targets to guide decision-making and resource allocation across five areas of Government activity.

The Department's activities are informed by the priorities set for the area of '*growing prosperity across NSW*'.

The Department has lead responsibility for the delivery of two of the 34 *State Plan* priorities:

Priority P1: '*increased business investment*'; and
Priority P6: '*increased business investment in rural and regional NSW*'.

The *State Plan* priorities have established targets and the Department works with partner agencies to deliver on these. The targets for *State Plan* Priority P1 are to continue to increase business investment through making New South Wales a more attractive place to do business, and to increase tourist visitation to New South Wales by 10 million visitor nights by 2016. *State Plan* Priority P6 is guided by the targets established for Priority P1 for measurable growth in regional investment.

Priority Delivery Plans have been prepared for each of Priorities P1 and P6, outlining strategies and milestones for delivery of the targets.

Performance data is published progressively on the *State Plan* website at www.nsw.gov.au/stateplan

Innovation Statement

A key initiative of the *Open for Business* strategy, and a cornerstone of *State Plan* Priority P1, is the *Innovation Statement*. As part of the Government's Economic and Financial Statement, Professor Jonathan West was commissioned by the NSW Government to provide advice on an innovation strategy for New South Wales. In response to his advice, the NSW Government's *Innovation Statement* was announced in November 2006.

A key principle of the Statement is to focus on key sectors that will sustain and develop high-wage, high-skilled, export-oriented industries with the greatest potential for innovation-driven growth. The five initial industry sectors for investigation and focus will be:

- logistics and transaction services
- financial services
- entertainment, design and media
- manufacturing
- resources, especially coal.

The Department will work with the advice of the NSW Innovation Council to support the private sector in strengthening the innovative capability of these sectors.

The policy goals of the *Innovation Statement* are to:

- improve human capital
- upgrade knowledge and information infrastructure
- reduce the cost to business of utilising science and technology
- encourage capital allocation to invest in innovation
- reduce regulatory barriers to innovative NSW companies.

The Department will work with the Department of Primary Industries to develop a *Regional Innovation Strategy* consistent with Priority P6 of the *State Plan*.

Corporate governance

The Department's corporate governance framework provides clear direction and transparency in decision-making across the organisation and supports its capacity to achieve its key results. In undertaking its activities, the Department works within the NSW Government's framework of reporting and accountability. This includes the Government's major initiatives in areas such as information technology, State records, corruption prevention, privacy, financial, and client services. The governance framework is supported by the operations of the Executive Management Committee and the Audit and Review Committee.

Specific governance and planning documents include the:

- *NSW State Plan and Priority Delivery Plans*
- *Strategic Plan 2006-2009*
- *Results and Services Plan*
- Operational plans at the divisional level.

The Department's activities and operations are regularly and rigorously reviewed through a variety of internal and external processes including:

- external financial audit
- internal and external performance audit
- internal Audit and Review Committee
- internal managerial evaluation
- the Public Accounts Committee and the Treasury's Forward Estimates process
- Ministerial oversight by five Ministers
- Parliamentary oversight through a variety of committees, such as Parliamentary Budget Estimates Committees.

Legislation

The Acts administered by the Department are:

- *Albury-Wodonga Development Repeal Act 2000 No 18*
- *Centenary Institute of Cancer Medicine and Cell Biology Act 1985 No 192*
- *Garvan Institute of Medical Research Act 1984 (NSW) No 106*
- *Human Cloning and Other Prohibited Practices Act 2007 No 16*
- *Innovation Council Act 1996 No 77*
- *New South Wales Investment Corporation (Sale) Act 1988 No 50*
- *Regional Development Act 2004 No 58*
- *Research Involving Human Embryos (NSW) Act 2003 No 21*
- *Retail Leases Act 1994 No 46*
- *Small Business Development Corporation Act 1984 No 119*
- *State Development and Industries Assistance Act 1966 No 10*
- *Tourism New South Wales Act 1984 No 46*
- *Very Fast Train (Route Investigation) Act 1989 No 44.*

NSW State Plan

Growing prosperity across NSW

NSW Open for Business

Priority P1: Increased business investment

Increase business investment in NSW
 Increase tourism in NSW by 10 million visitor nights by 2016

Stronger rural and regional economies

Priority P6: Increased business investment in rural and regional NSW

Set and achieve regional business growth targets

Results



Operating environment

New South Wales has the largest State economy in Australia – valued at \$319 billion in 2005-2006 – and accounts for around 33 per cent of Australia's GDP. Recent data shows that the NSW State economy is gaining strength. State domestic final demand grew by 2.5 per cent in 2006-2007 compared to growth of 2.1 per cent in 2005-2006. Expected solid growth in the global economy should also help accelerate growth of the NSW economy in 2007-2008.

While business investment fell slightly by 1.7 per cent to \$38.4 billion in 2006-2007 following four years of record growth, NSW business investment in 2006-2007 was the second highest on record, and New South Wales remains the State with the largest overall private business investment.

Access Economics anticipates stronger State growth in 2007-2008 assisted by a recovery in housing activity. Access Economics also states that there is likely to be more balance among the drivers of growth, with continued solid support from public investment and consumer demand, moderate recoveries in dwelling and business investment and an improvement in exports as the State recovers from drought.

New South Wales export values have been traditionally linked to coal and agricultural commodities, but service exports now account for about 40 per cent of the State's export income. Resources and primary products exports dominate the value and volume of the State's exports and this will continue in 2007-2008. New South Wales longer term export success also depends on knowledge-intensive companies finding niche markets in our region, a goal central to the Department's range of services for established and prospective exporters.

Over 2006-2007, the New South Wales unemployment rate averaged just 5 per cent. The early 1980s was the last time the State's unemployment rate was this low for an extended period. In June 2007, New South Wales had one of the highest percentages of full-time employees of all States, with a participation rate which is at a record high.

Business surveys report that sourcing skilled employees is the most pressing concern to the State's businesses, both small and large. The Department has been charged with attracting high-end skills to Sydney from interstate and overseas, with a particular focus on the five innovation sectors identified in the *NSW Innovation Statement*. The Department is identifying skills gap solutions for these sectors, especially in regional areas, where shortages are felt acutely because of the smaller size of local labour markets. There continues to be considerable competition from other states and territories for key employment skills.

Continuing drought conditions continue to present economic development challenges in many parts of regional New South Wales. Many regional communities are dependent on drought vulnerable businesses such as meat and food processing. Restructuring of global industries, including automotive components and textiles, clothing and footwear sectors, is also impacting regional employment and industry development. The availability and cost of water is an emerging major issue across New South Wales.

A nighttime cityscape featuring a multi-lane highway with long-exposure light trails from cars. In the background, several skyscrapers are illuminated, with a prominent 'SAMSUNG' sign on one of them. A large, stylized number '3' is overlaid on the right side of the image. The overall scene is dark with bright highlights from city lights and traffic.

SAMSUNG

3

Performance Summary –
Highlight Results of the Year

Performance summary – highlight results of the year

Planned result	Greater investment in metropolitan and regional areas by new and established companies
Intermediate results	<p>Increased investment into NSW Investors view NSW more favourably than other States and countries More potential investors targeted NSW competitive strengths identified Regional businesses strengthened Regional communities offer more business opportunities</p>
Service measures	<p>Secured investment projects of \$1,109 million in the Sydney metropolitan area, which will employ 2,312 people. Secured investment projects of \$1,612 million in regional New South Wales, which will employ 4,125 people.</p> <p>Attracted four financial institutions from India and China. These will further enhance Sydney as a leading financial services hub and are expected to be a source of investment leads from other sectors.</p> <p>Secured the establishment of the United States Studies Centre in New South Wales at the University of Sydney. The Centre will provide an environment for increased understanding and interaction between the Australian and North American business communities, and strengthening investment and trade ties between the two countries.</p> <p>Sponsored 438 potential business migrants, an increase of 35 per cent over last year. These business migrants are expected to invest more than \$85 million, create more than 650 jobs and generate \$363 million in exports.</p> <p>Four of the projects won during the year involved Asia Pacific regional headquarters providing intra-company management services from a Sydney base for operations in one or more foreign countries.</p> <p>Attracted companies involved in logistics and transaction services which will result in investments of \$254 million and the creation of 545 jobs.</p> <p>Attracted three film projects to New South Wales involving an investment of \$66 million and the creation of 1,650 jobs during production in New South Wales.</p> <p>Supported the establishment of a \$30 million investment fund that will focus on medical research, and potentially generate \$7 million in additional research and 95 jobs in New South Wales.</p> <p>Facilitated linkages between the National Information and Communication Technology Australia (NICTA) Centre of Excellence and other major research Centres of Excellence in New South Wales with potential technology users in Australia and overseas. NICTA has established strong research collaborations multinational ICT companies including Ericsson, Siemens, Bell Labs and Torino Wireless and, increasingly, NSW small and medium-sized businesses.</p> <p>Developed <i>Priority Delivery Plans</i> for Priorities P1 and P6 under the <i>State Plan</i>, as well as providing data and assistance to the Department of Premier and Cabinet to develop performance indicators for these <i>State Plan</i> priorities.</p>

Planned result	Increased internationalisation of the NSW business sector
Intermediate results	<p>NSW export values grow</p> <p>NSW businesses win more international business</p> <p>Exporters enter new markets</p> <p>More firms start to export</p> <p>NSW businesses win supply chain opportunities in major projects</p> <p>More firms participate in international trade forums</p> <p>Greater awareness of export as a growth strategy for business</p>
Service measures	<p>178 companies participated in the <i>NSW Trade Promotion Program</i> visiting 23 international markets. Companies reported export sales of \$960,793 during the missions and visits, with a further \$56.04 million projected in the following 12 months.</p> <p>Won eight contracts to deliver <i>Austrade's TradeStart Program</i>, a partnership between the Department and Austrade. During 2006-2007, a total of 104 clients were signed to the program and 58 achieved export sales.</p> <p>A total of 103 Export Development seminars and workshops were delivered. They were attended by 4,715 people. The Department, in collaboration with the Australian Institute of Export, launched the <i>Getting Started in Exports Guide and Workshops Program</i>, delivering information and skills to assist business exporters to enter new international markets.</p> <p>Strengthened partnerships with the Australian Government's global network through the negotiation of a Memoranda of Understanding on cooperation with Austrade and Invest Australia. Strengthened close cooperation with Austrade and the Department of Foreign Affairs and Trade to promote the State's industry capabilities in China and Japan.</p> <p>Hosted the 21st New South Wales – Guangdong Joint Economic Meeting in Sydney. The meeting involved 300 businesses and resulted in agreements on further cooperation between Sydney and Guangdong in vocational and further education, and tourism promotion.</p> <p>The Australian Technology Showcase (ATS) generated more than \$26 million in new investment, exports and domestic sales. Since 1997 the program has helped more than 600 companies to generate exports, investment and domestic sales valued at more than \$635 million.</p> <p>Provided support and exhibition space at trade shows including the Australian International Airshow, MEDICA2006, CeBIT Australia 2007, and Wine Australia International. New South Wales companies exhibiting at these shows generated more than 526 business leads and expect to generate more than \$64.3 million in business outcomes from participation.</p> <p>The Australian International Sporting Events Secretariat commenced operations in July 2006, and conducted a promotion at the Doha 2006 Asian Games to highlight Australian expertise to organising committees of major sporting events including the 2010 Asian Games in Guangzhou and 2012 Olympics Games in London.</p>

Planned result	Increased growth and innovation by NSW companies
Intermediate results	<p>Business grows strongly in NSW</p> <p>Businesses develop new products and services</p> <p>New technologies and practices adopted by business</p> <p>Supported research results in marketing of new products and services</p> <p>Greater awareness of innovation as a growth strategy for business</p>
Service measures	<p>Managed the development of the <i>NSW Innovation Statement</i> released by the Premier in November 2006.</p> <p>The Department provided \$2.795 million to four Cooperative Research Centres, helping to attract \$75 million from the Commonwealth and \$44 million of investment from industry and university partners. The Centres will employ and train more than 214 people.</p> <p>The NSW Industry Capability Network (ICN) helped NSW companies to secure \$214 million in new business. This represented an 18 per cent increase over the previous year's result and included more than \$190 million in business won by companies in regional New South Wales.</p> <p>Provided \$10 million in capital funding to the Hunter Medical Research Institute for a major State Government/University partnership that will see a \$90 million facility constructed at Newcastle, attracting and maintaining research clinical excellence in the region as well as making the area an even more attractive place to do business.</p> <p>Provided 1,729 services to investors and small business innovators. The online Innovation Advisory Service at www.ausinvent.com attracted 32,625 user sessions.</p> <p>Three Innovation Clusters held 24 seminars, involving 613 participants, to provide continuous learning forums to growing firms.</p> <p>Assisted Aboriginal building companies to secure more than \$4 million dollars in subcontracting work, creating more than 150 new jobs.</p> <p>Participants from the <i>Women in Business Program</i> reported that 52 per cent increased their business turnover and 27 per cent had increased employment numbers as a direct result of the program.</p> <p>Facilitated alliances with the coal mining industry in the Hunter, resulting in an Aboriginal enterprise successfully winning three contracts to the total of \$490,000 for work on land remediation, heritage restoration and fencing.</p> <p>Conducted the third Regional Food Tour to the Hunter and Orana regions, linking food industry buyers and experts to local regional producers. A total of 17 Sydney-based food buyers met with more than 50 regional producers. Immediate sales resulted from the 2007 tour.</p> <p>Conducted four promotions in Parliament to showcase the food and wine products from New South Wales to some 800 key metropolitan trade buyers and media representatives.</p> <p>Conducted 11 forums to help members of the Western Sydney IT Cluster grow their business. Membership of the cluster increased by 30 to 270 companies during the year.</p> <p><i>BioLink</i> deals exceeded \$1 million since 2005. <i>BioLink</i> pursued 26 separate commercialisation opportunities presented by eight member institutions. <i>BioLink</i> also negotiated collaborations and cost-savings for two member institutions valued at \$1 million.</p>

Planned result	Improving business climate
Intermediate results	<p>Major events won for NSW NSW seen as a business-friendly location NSW wins Commonwealth medical and research funds Regional business clusters formed New businesses start and grow employment</p>
Service measures	<p>Four Small Business Regulation Reviews were undertaken in 2006-2007 on motor vehicle retailing and services, the accommodation, food and beverage services, metal manufacturing and business and professional services industry sectors.</p> <p><i>Small Business September 2006</i> hosted 340 events attended by more than 50,000 people.</p> <p>The website <i>www.smallbiz.nsw.gov.au</i> received 914,336 visits, an increase of 66 per cent over 2005-2006. A total of 4,827 people were registered to receive the electronic <i>Small Business</i> newsletter.</p> <p>Business Advisory Services delivered a total of 380,216 services and more than 520 workshops were conducted, attracting 6,229 participants.</p> <p>Supported more than 772 visa applications for sponsorship under the <i>Drive for Talent</i> Program which will bring skills to the State in identified areas of shortage.</p> <p>Secured major sporting events in football, golf, rugby league and cricket to occur between 2007 and 2009 with substantial economic and other benefits expected for New South Wales.</p> <p>Managed a \$3 million mass media campaign <i>NSW We Mean Business</i> promoting NSW business opportunities to state-wide, interstate and overseas audiences.</p> <p>Managed media campaigns and the production of materials for key events such as Sibos 2006 (Sydney), the Advance 100 Global Australians Summit and the Beijing Sport Accord. More than 70 publications were produced during the year.</p> <p>Produced capability profiles for the aerospace, security, food processing, wine and biotechnology sectors, highlighting the strengths and expertise of NSW companies.</p> <p>Prepared 83 economic evaluations, providing quantitative estimates of the projects' potential to add value to the State's economy and to generate new investment and employment.</p> <p>Supported the work of the NSW Sea and Air Freight Councils to improve the efficiency of export supply chains in New South Wales.</p> <p>Allocated \$15.1 million to 17 new or expanded research facilities under the National Collaborative Research Infrastructure (NCRIS). Partnerships built under the research will directly lead to the employment and training of 500 highly skilled researchers and students.</p> <p>Provided \$600,000 to accelerate the establishment of the National Institute for Complementary Medicine at the University of Western Sydney.</p> <p>Conducted 20 business-focussed workshops on the 'Business End of Screen Media' to provide regional filmmakers with access to industry expertise. In all 48 participants attended the five workshop series in four locations across regional New South Wales.</p> <p>Sponsored the fourth Country Week Expo in Sydney in August 2006 to promote the benefits of relocating to regional New South Wales. The expo was attended by 8,000 people.</p> <p>The Retail Tenancy Unit managed 353 formal mediations and 161 informal mediations, and responded to 8,150 enquiries, a decrease from 8,232 enquiries in the previous year. The decrease is due to the industry being more familiar with the bond scheme and using technology more regularly to access the necessary forms.</p> <p>Translated the <i>Retail Tenant's Guide</i> into Arabic, Chinese, Korean, Turkish and Vietnamese.</p>

Planned result	Increased growth of the NSW tourism economy
Intermediate results	<p>Sustainable growth of NSW tourism</p> <p>Maintenance of NSW and Sydney's position as Australia's premier destination is assisted</p> <p>NSW, Sydney and regional destination awareness and interest are maintained</p> <p>Tourism destinations meet visitor needs</p> <p>Improved tourism industry effectiveness and government planning</p>
Service measures	<p>Over 24.7 million domestic visitors stayed in New South Wales overnight. New South Wales received 33.5 per cent share of visitors and 29.5 per cent share of nights in Australia. New South Wales received over 2.8 million international overnight visitors, a share of 54.7 per cent of visitors to Australia. International visitors spent over 58.7 million nights in New South Wales, a share of 36.8 per cent of total nights in Australia.</p> <p>In 2006-2007, television advertising promoting holidays in New South Wales reached 9.4 million people, on average more than seventeen times. This represented an increase over 2005-2006 when television advertising reached 5 million people. Magazine and newspaper advertising reached 14.3 million people, on average twelve and a half times, compared with 6.9 million in 2005-2006.</p> <p>Public relations activity for Sydney campaigns included 118 media visits, generating more than 850 destination stories on television, newspapers, magazines and websites.</p> <p>Public relations activity for regional NSW campaigns included 267 media visits, resulting in more than 1,500 destination stories on television, newspapers, magazines and websites.</p> <p>There were seven <i>NSW Missions to Market</i> through 2006-2007, which through a range of activities allowed 56 industry participants to establish business relationships with the key travel distribution partners in their key and/or up-coming international markets.</p> <p>A total of 654 international travel distributors were invited to New South Wales to experience the destination and establish business relationships with the NSW tourism industry.</p> <p>Conducted workshops in the Tweed area, the Lismore area, the Richmond Valley and the Riverina, bringing together Tourism NSW, local government, and regional tourism organisations and operators to discuss ways to increase the visitor appeal of their destinations.</p>



4

Organisation and Function

Executive team

Director General

Loftus Harris *BA, FAICD*

Industry Division

Michael O'Sullivan *B Ec, GAICD*
Executive Director

Investment Division

Warwick Glenn *B Sc (Eng)*
Executive Director

Major Events Unit

Kevin Simmonds *BA (Hons)*
Director

Office for Science and Medical Research

Kerry Doyle *PSM, BA (Hons)*
Executive Director

Policy and Resource Division

Janine Ricketts *BA (Hons),
Grad Dip Lib Sci*
Executive Director

Regional Development Division

Michael Cullen *B Com (Ec)*
Executive Director

Small Business Development Division

Julie Scott *B Bus*
Executive Director

Tourism NSW

John O'Neill *BA (Hons)*
Executive Director and
General Manager

Communications Unit

Leanne Joyce *Grad Dip Pub Pol*
Director

Executive Support Unit

Gary Offner *Dip Law (BAB), MBA*
Director

International Business

Relations Unit

David Morris *BA (Hons), MBA*
Director

Retail Tenancy Unit

Ken Carlsund *Dip Law (SAB), MBA*
Registrar

Organisational capability – our people

Human resources

Industry in the State is dynamic and becoming increasingly related to knowledge and availability of skilled human capital. As a result, the skills of Departmental staff are continually updated to ensure they are:

- well equipped to respond to contemporary business issues and policy and service needs
- conversant with the business tools and technology available to them.

The Department has a current staffing of approximately 428 located in the Department's three Sydney offices and network of regional and international offices.

To maintain and improve organisational capabilities, the Department sets a high standard in recruiting and developing staff who are capable of meeting the needs of the Department and delivering agreed targets. In 2006-2007, a wide array of roles and position descriptions were reviewed or created in response to changing business needs.

Training in recruitment and selection was provided, and recruitment policies and practices were streamlined to promote opportunities for all staff to apply for short-term and permanent vacancies.

During the year, the Department recruited 42 new permanent full-time and five permanent part-time new starters. The Department's *Graduate Program* continued to run successfully with a new intake of five graduates beginning the program in 2007. Two graduates from the 2006-2007 program obtained permanent positions with the Department during the year.

Learning and development

Operating at the interface between public and private sectors, the Department employs skilled staff from a variety of backgrounds and is committed to their ongoing professional development. The Department's learning and development and study assistance programs provide opportunities for staff seeking to extend their professional, leadership, and workplace skills.

The Department implements a number of professional learning and development programs to update and upgrade the Department's capability.

In 2006-2007, these included:

- *Young Professionals*: a series of breakfast forums with high-profile speakers for development of the Department's Young Professionals group
- *Graduate Program*: this program involved the employment and development of high-achieving individuals, supported by mentoring, on-the-job learning and course attendance. The course's alumni provide strong support to the current intake
- *Management Development Program*: for new managers and as a refresher for experienced managers, this program was delivered within a comprehensive development and coaching framework
- *Induction Program*: a highly rated first-day, then full-day introduction for new staff to the Department and the work environment, including briefings from the Executive team

- *Skills development*: a selection of courses were offered and attended, including *The Legal Environment*, *The Policy Process*, *The Art and Skill of Negotiation*, *Contract Law*, *Project Management*, *Writing Skills*, *Driving Skills*, *Procurement*
- *Performance Development or Development Achievement Plans*: these plans were used to identify learning and development needs of staff and to provide staff with individual work plans tied to business plans.

Career management

The Department seeks to promote staff career development through study support schemes. Support provided during the year included participation in the:

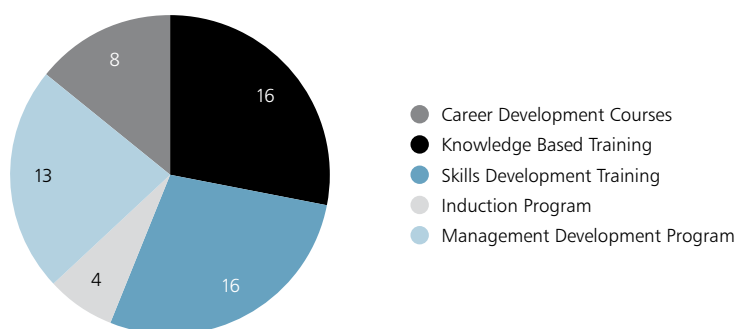
- Executive Masters of Public Administration: three participants
- Graduate Diploma in Public Administration: three participants
- Executive Development Program: two participants.

In addition, seven staff were provided with financial support for tertiary studies to develop their professional skills, and *Managing Your Career* workshops were conducted.

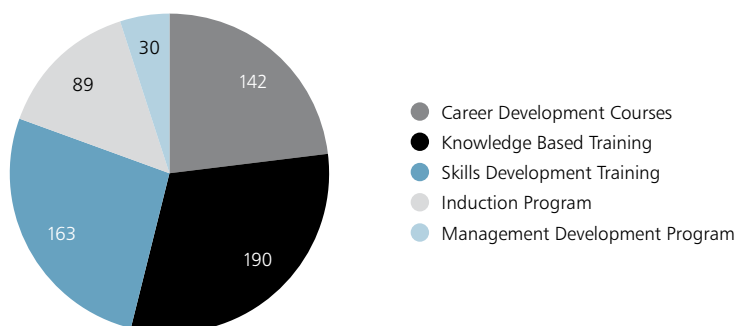
Staff recognition

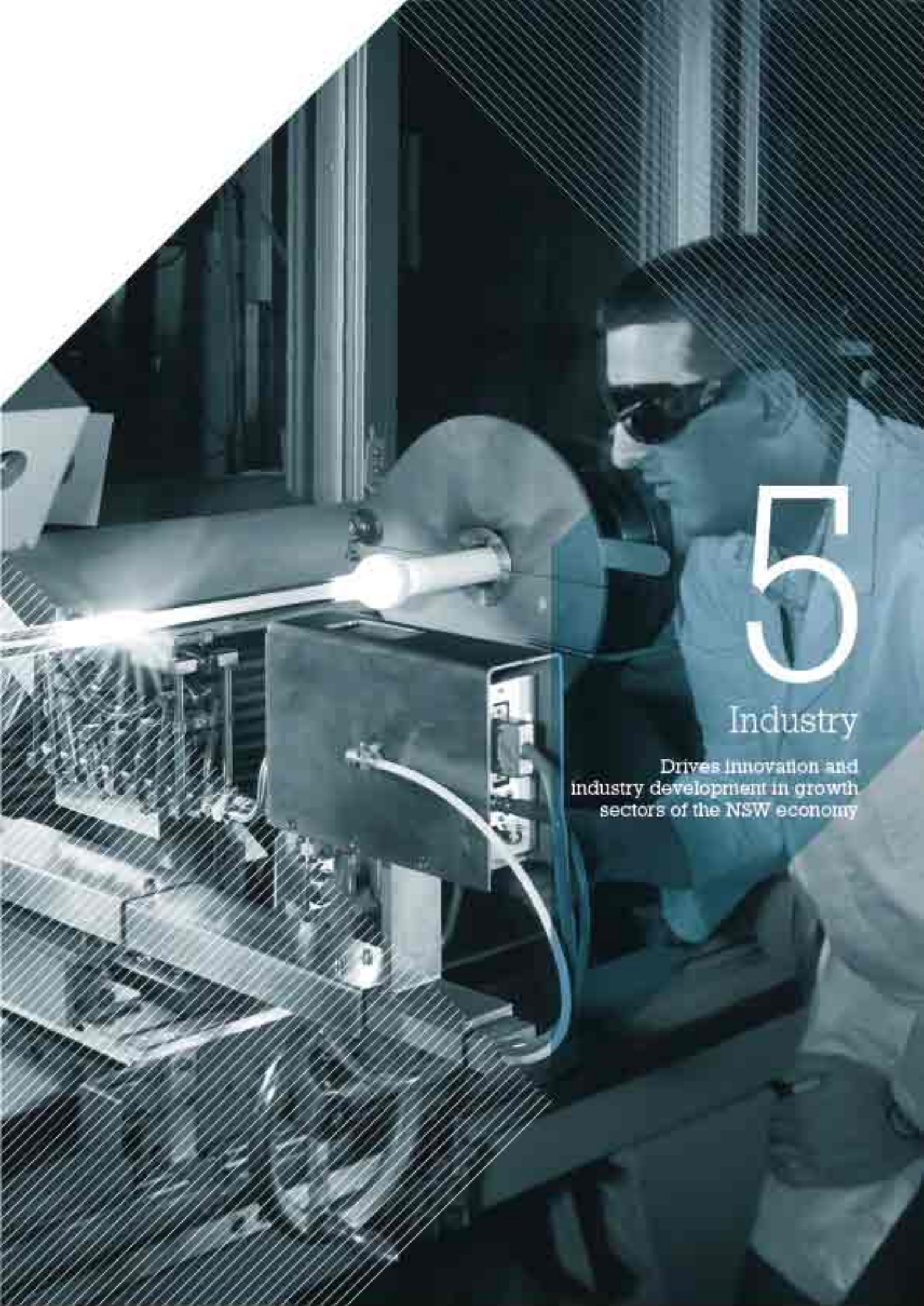
To acknowledge outstanding work, the Department's annual staff awards ceremony recognised 20 individuals and nine teams for successful outcomes in communication and teamwork, planning and risk management, improving organisational performance and/or client services. The ceremony celebrates and acknowledges the outstanding support and services of staff members across a range of disciplines and business units.

Internal Training Programs – Number of Programs



Internal Training Programs – Number of Participants





5

Industry

Drives innovation and industry development in growth sectors of the NSW economy

Nature and scope of activities

The Department through the Industry Division works with businesses, industry bodies, and government agencies to identify industry development opportunities in New South Wales, address impediments to the growth of key industry sectors; develop, commercialise and promote new technologies, and adopt innovative business practices that will enhance the international competitiveness of New South Wales.

The Department organises industry forums, workshops, seminars and promotional events to enhance innovation and showcase development and business growth opportunities.

The Industry Division consists of the following units:

Innovation and technology

Promotes innovative NSW technologies focusing on priority sectors in the *NSW Innovation Statement*, supports the commercialisation of industry driven science and technology, supports the Australian Research Council Centres of Excellence and other major national research facilities in NSW, and facilitates NSW companies' access to research and development commercialisation opportunities.

Manufacturing – medical devices and life sciences

Supports the commercialisation of innovative technologies and the growth and development of innovative businesses in the life sciences (pharmaceutical, biotechnology and medical device) sector.

Manufacturing – food and agribusiness

Supports the growth and internationalisation of the State's food and beverage processing industries and the textile, clothing and footwear, and timber processing sectors.

Advanced manufacturing – tooling, aerospace, automotive and defence

Supports the growth and internationalisation of the State's advanced manufacturing industries.

Design, entertainment, media and creative arts

Promotes NSW strengths in film, television and visual effects, and the planning and delivery of international sporting events; assists technology transfer to organising committees of international sporting events; and supports the development of innovative capabilities.

Logistics and transaction services

Supports key organisations in the NSW freight and logistics sector to identify opportunities for improvement and growth in this key sector, including the services and information technology involved in the movement of freight, provides secretariat support to the NSW Sea and Air Freight Councils, and facilitates their input into planning of the State's infrastructure.

Information and communications technology (ICT)

Supports the growth and internationalisation of NSW ICT companies through the application of new technologies by innovative NSW companies and links ICT research investments to industry and priority sectors of the *NSW Innovation Statement*.

Business and special events

Supports selected international conferences at bid stage, and develops business leveraging programs around these conferences and other major events attracted to New South Wales.

Strategic operating environment

The Department aims to optimise industry growth in an increasingly competitive and changing business environment, both domestically and internationally. Key factors include:

- promoting innovation as a key driver of economic growth
- the need for smaller NSW companies to be able to attract capital, typically through investment, licensing, and strategic alliances with large foreign-based multi-national companies, to support their international growth plans
- the growing importance of supply chains as a basis for competing in international markets
- the increasing convergence of technology in research and product development
- national and international competition for research funds and the need for co-investment on major projects
- environmental issues, such as global warming and water availability, which are creating constraints as well as business opportunities for various industries
- on-going trade liberalisation through bilateral trade agreements and multilateral trade negotiations, which are opening up new areas of opportunity
- intensifying international competition, particularly from low-wage countries and regions such as China, South-East Asia and South America.

Major achievements

Greater investment in metropolitan and regional areas

Innovation and technology

The Department provided the final instalment of its first-round \$20 million investment in the National Information and Communication Technology Australia (NICTA) Centre of Excellence. NICTA continues to enhance New South Wales' position as a leading information and communication technology hub in the Asia-Pacific. NICTA has generated an economic impact of \$168 million for New South Wales over the past five years.

The Department continued to encourage NSW's Australian Research Council Centres of Excellence and Major National Research Facilities to forge commercial partnerships with industry to support research and generate commercial outcomes. This has led for example, to the Australian Research Council Centre of Excellence for Mathematics and Statistics of Complex Systems undertaking research for Macquarie Bank on faster mathematical methods for the valuation of complex financial products.

The Department provided Blacktown Solar City Consortium, which comprises BP Solar, Integral Energy, Blacktown City Council, Landcom, ANZ and Big Switch Projects with access to relevant State Government programs to help it implement plans to become one of four Solar Cities in Australia. An estimated \$37 million in Commonwealth, industry and other funds will be invested in the project over the next six years to promote energy efficiency.

Medical devices and life sciences

The Department supported the establishment of the Medical Research Commercialisation Fund, a \$30 million investment vehicle funded by Westscheme and Statewide Superannuation, which will encourage the development of Australian medical research and new therapies for health disorders by NSW medical research institutes. Support is expected to generate a further \$7 million in additional research funding and 95 new research positions over the next five years for New South Wales.

The Department supported the relocation of the Diabetes Vaccine Development Centre from the University of Melbourne to the Sydney Garvan Institute of Medical Research. The relocation will increase opportunities for research, clinical trials and commercialisation in New South Wales, as well as raise the State's profile in health research.

Design, entertainment, media and creative arts

The *Film and TV Industry Attraction Fund* offered incentives to attract eight overseas film and visual special effects projects to New South Wales. The State was successful in winning three of these projects – Baz Luhrmann's *Australia*, Gillian Armstrong's *Death Defying Acts*, and Bollywood production *Heyy Babyy*. These projects involve an investment of \$66 million in New South Wales and the creation of 1,650 jobs during production.

Business and special events

The Department worked with the Sydney Convention and Visitors Bureau to attract international business events to Sydney and to support event bids in priority sectors that have potential to deliver significant economic and business benefits to the State. In 2006-2007, 139 events to be staged between 2006 and 2014 were won for the State. These events will deliver an estimated \$972 million in expenditure benefits to the NSW economy.

Increased internationalisation of the NSW business sector

Innovation and technology

The Australian Technology Showcase (ATS), managed by the Department, supported the commercialisation and export of 100 innovative technologies (as at 30 June 2007) developed by small to medium-sized companies, 13 per cent of which were from regional New South Wales. Since its inception in 1997, the program has helped more than 600 companies to generate exports, investment and domestic sales valued at more than \$635 million. In 2006-2007, ATS companies generated more than \$26 million in new investment, exports and domestic sales.

Medical devices and life sciences

The Department supported the attendance of 17 NSW medical device companies to MEDICA2006, the world's largest medical device and supplies conference in Dusseldorf, Germany. The companies reported \$16.9 million in sales, distribution and investment deals at the show, and the potential for a further \$67 million in sales in the following 24 months.

Food and agribusiness

The Department supported 11 NSW wine companies at Prowein 2007, the largest wine industry trade show in Europe. Participating companies expect to generate sales of approximately \$3 million.

The Department, in conjunction with Tourism NSW, sponsored Wine Australia International, the industry's major promotional event, in Sydney during July 2006. Support was provided to 47 NSW companies exhibiting at the event, through promotional activities and an international trade and media briefing. The exhibitors generated 326 business leads and more than \$1.4 million in anticipated sales, including around \$1 million to export markets.

The Department hosted visits to New South Wales by retail and food service buyers from Hong Kong, the United Kingdom, the Middle East, Chile and various Asian markets, introducing them to around 100 prospective NSW food and beverage suppliers. Initial trial orders were received by many of these companies. The Division also coordinated the participation of NSW companies in a range of international market development activities, including in-market trading platforms initiated by National Food Industry Strategy Ltd in the United Kingdom, India and Dubai.

Advanced manufacturing

The Department coordinated a promotion at the Australian International Airshow in Avalon Victoria in March 2007, with 15 aerospace-related organisations from across New South Wales exhibiting and promoting their products and services to domestic and international aircraft manufacturers and prime contractors. The exhibitors generated more than 200 leads and expect to generate business outcomes of more than \$40 million over the next 48 months.

Design, entertainment, media and creative arts

The Australian International Sporting Events Secretariat (AISES), a joint initiative of the NSW and the Victorian Governments, commenced operations in July 2006 to promote the capability and expertise of Australian companies in the planning and delivery of major sporting events. A promotion undertaken at the Doha 2006 Asian Games highlighted Australian capability and expertise to representatives of various games organising committees, especially the 2010 Asian Games in Guangzhou and 2012 Olympics Games in London.

AISES also supported companies bidding for contracts related to the 2008 Beijing Olympics, and the 2010 Commonwealth Games in Delhi, India. NSW companies that have had success include Maxxam International, which is developing the implementation plan for the 2008 Olympic International Torch Relay, and Great Big Events which designed, produced and delivered all of the sport presentation programs at the Doha Games.

The Department sponsored the Rosemount Australian Fashion Week showcasing spring and summer collections in May 2007. Around 80 Australian and Asian Pacific fashion designers, including 47 from New South Wales, showcased their fashion to some 200 leading store buyers and fashion media representatives from Australia and twelve overseas countries.

Information and communications technology

The Department was a major sponsor of CeBIT Australia 2007, Australasia's leading ICT trade event. CeBIT attracts strong international participation and visitation. Exhibition space was provided to 18 innovative ICT companies from Sydney and regional New South Wales, including members of the ATS and Western Sydney IT Cluster. These exhibitors expect to generate more than \$6 million in sales from their participation.

Business and special events

During 2006-2007, the Department supported a number of major conferences in Sydney, including:

- the Joint Congress of the International Federation of Societies for Surgery of the Hand and International Federation of Societies of Hand Therapists, March 2007
- the International Congress on Obesity, September 2006
- Sibos, October 2006.

More than 140 NSW companies participated in events conducted as part of the Department-sponsored *G'Day USA 2007* promotion in Los Angeles and New York in January 2007. NSW food and beverage, fashion, and innovation companies were strongly represented in promotional activities. *G'Day USA 2007* has helped to build awareness of Australia and its business capabilities in the US market.

Increased growth and innovation by NSW companies

Manufacturing

The NSW Industry Capability Network (ICN) receives financial support from the Department to help NSW companies access project supply chains and other business opportunities. In 2006-2007, the ICN helped NSW companies to secure \$214 million in new business, principally in mining, construction, manufacturing and energy projects. This represented an 18 per cent increase over the previous year's result and included more than \$190 million in business won by companies in regional New South Wales.

Medical devices and life sciences

Funding was provided to help establish commercialisation services at the recently opened Macquarie Technology Business Incubator. The funding will be used to deliver mentoring and coaching services for start-up biotechnology businesses using the incubator. It will also help develop an online system to guide technology based companies in establishing appropriate financial and legal structures, business planning, and developing marketing and business development strategies.

The Industry Division works with industry bodies such as AusBiotech, Medical Device Network, Australian Technology Park Innovations, and the NSW Enterprise Workshop to deliver professional development seminars to build the commercialisation and business skills in start-up technology focussed life science companies.

New South Wales hosted AusBiotech 2006, the annual national conference and partnering and investment forum for the Australian biotechnology industry, in Sydney in November 2006. Over 1,200 national and international delegates attended.

Food and agribusiness

Partnering with Tourism NSW and the Department of Primary Industries, the Department assisted with:

- the production and distribution of the *NSW Fine Wines* publication, developed in conjunction with the NSW Wine Industry Association and News Ltd. A total of 385,000 copies of the 64-page, glossy publication were distributed in *The Sunday Telegraph* in November 2006. A subsequent survey of NSW wineries showed that the media exposure from the publication led to an increase in winery visitation and sales in the regions
- a series of Parliament House regional food and wine showcases to link regional producers with potential metropolitan clients. Showcases were held for Orange in August 2006, the Hawkesbury in November 2006 and the Southern Highlands in June 2007
- the NSW Wine Industry Association event at Parliament House in October that enabled around 200 key trade and media to assess and promote the Top 40 wines at the 2006 NSW Wine Awards.

Other initiatives were supported by the Department to promote NSW' food and wine industry, including:

- sponsoring an *Oysters in the House* promotion in February at Customs House, Sydney, that enabled NSW regional oyster, wine and tourism industries to promote their messages to around 300 trade and consumer attendees
- hosting a conference in July 2006 on opportunities associated with appetite control and healthy ageing
- providing funding toward an international market analysis of wellness foods, which identifies strengths and gaps in the Australian food industry's capability in this sector and prospective overseas business partners
- hosting the *Tasting Orange* dinner in August 2006 and the launch of the *Lovedale Long Lunch* in March 2007 to help promote NSW food, wine and culinary tourism capabilities.

Advanced manufacturing

More than 70 NSW businesses and research organisations were introduced to representatives of global defence companies and organisations, such as EADS, Rockwell Collins and Rolls Royce, through meetings and targeted events to discuss supply chain opportunities.

Information and communication technology

Through the Western Sydney IT Cluster (WSITC), the Department continued to support the innovative and entrepreneurial growth of Western Sydney's IT firms. More than 30 new members joined the WSITC during 2006-2007, bringing total membership to 270 companies. Five *Hot Topic Forums* and six *Export Market Updates* were conducted during the year. The WSITC Industry Capabilities Profile was updated to showcase members' expertise in the manufacturing, health, finance, digital content, security, and education sectors.

In partnership with Microsoft Australia and the Australian Information Industries Association, the Department supported the formation of the NSW.net industry cluster within New South Wales. The initiative aims to enhance the global capabilities of NSW-based software developers. Microsoft estimates that this initiative will benefit more than 2,000 NSW companies that utilise Microsoft's platform for their software development.

The Department assisted the Australian Information Industries Association to establish the Northern Sydney IT Cluster as part of the Association's national CollabIT Program. This initiative is aimed at globally positioning the region and enhancing the technology capabilities of innovative businesses in the region.

Improved business climate

The Department published capability profiles of the State's aerospace, security, food processing, wine and biotechnology industries. These profiles highlight the strengths, expertise, products and services of NSW companies in these growth sectors.

Innovation and technology

The Department continued to provide support to nine Australian Research Council Centres of Excellence and four Major National Research Facilities during the year. This strategic investment in the State's research capacity is helping to generate new value added industries, skills and jobs. The research undertaken in these Centres has a significant focus on key sectors identified in the *NSW Innovation Statement*, including manufacturing, logistics and resources.

Food and agribusiness

The Department supported the implementation of a national cellar door benchmarking program in New South Wales. This will allow the State's wineries to benchmark their cellar-door performance at regional, State and national levels, and to identify opportunities to increase sales and visitation, reduce costs and improve profitability. Approximately 25 NSW wineries have registered to participate.

The Department sponsored two initiatives by Restaurant and Catering NSW to improve the business climate for NSW wine companies:

- a new award for Best Regional Wine List, designed to help encourage restaurants to feature NSW wines
- a three-year benchmarking study, commencing in 2007, to track the representation of NSW wines on restaurant wine lists throughout New South Wales.

Logistics and transaction services

The NSW Sea Freight Council investigated container management processes and infrastructure in NSW ports to identify opportunities for improvement. Factors determining the viability of regional intermodal terminals were studied, and

opportunities to improve efficiency across the sea freight supply chain through coordination of working hours identified. The NSW Air Freight Council is working with freight forwarders to modernise work practices in the industry. Work done during the year included the development of modular packaging and of standards for refrigerated containers, and a review of airfreight security in Sydney.

A consultancy brief was initiated for a major study in response to the Government's *Innovation Statement*, covering a comprehensive mapping of the sector, uptake of current technologies, and identification of innovation opportunities and barriers.

Case study

National ICT Australia (NICTA) – ICT Centre of Excellence

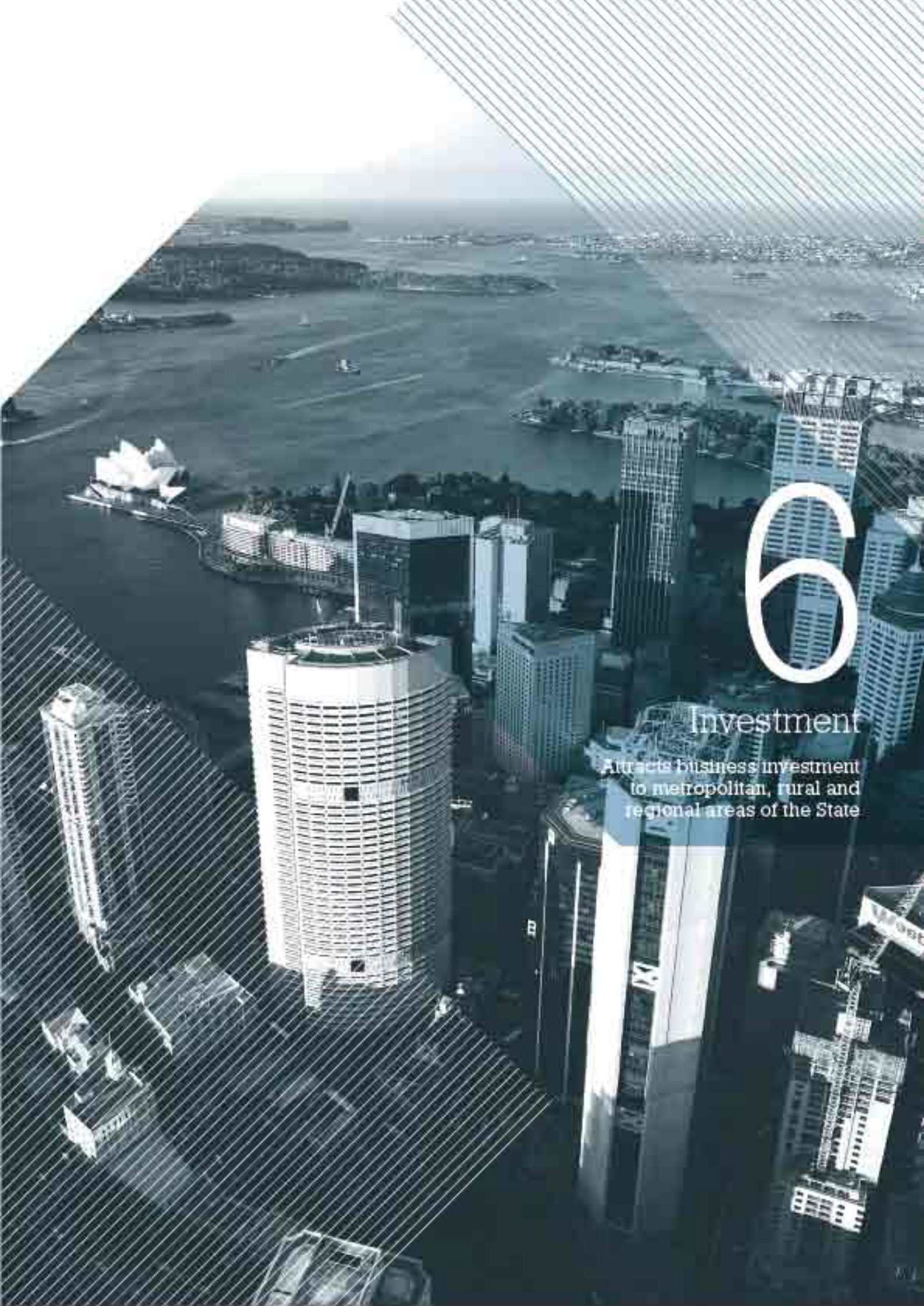
The NSW Government's \$20 million investment in NICTA has reinforced Sydney's position as a leading global centre for ICT research and investment. ICT is also a major contributor to innovation and improved productivity in the priority sectors for New South Wales.

With its national headquarters and three research laboratories in Sydney, most of NICTA's research efforts are concentrated in New South Wales, with significant flow-on benefits for industry in the State.

The Department has been a key facilitator in linking NICTA's research capabilities with potential technology users in New South Wales and overseas. For example, NICTA researchers have been working with the NSW Roads and Traffic Authority to develop smart road and traffic management technologies that will reduce congestion and provide road users with more reliable point-to-point travel times. NICTA has invested more than \$7.5 million in this research to date.

NICTA, which currently employs more than 185 staff in New South Wales, has already established three spin-off companies to commercialise and take to market the results of its research and development work. Its first spin-off company, Audinate, has successfully secured venture capital investments of more than \$500,000 to commercialise a new digital audio networking technology.

Strong research collaborations have also been established with organisations in Australia and overseas, including multinational ICT companies such as Ericsson, Siemens, Bell Labs and Torino Wireless and, increasingly, NSW small and medium-sized businesses.



6

Investment

Attracts business investment to metropolitan, rural and regional areas of the State

Nature and scope of activities

The Department competes to win business investment for New South Wales against international and interstate competition, and attracts business and skilled migrants to the State. The Department also facilitates the relocation, consolidation and expansion of major and strategic businesses within the State. It does this by:

Investment attraction

The Department secures business fixed investment from international and domestic markets across a range of sectors, focussing on the key sectors identified in the *NSW Innovation Statement*. The Investment Division also includes China and India 'desks' dedicated to attracting business investment from these markets.

Major projects

The Department secures and helps streamline the implementation of large-scale projects in logistics and transaction services, resources and other sectors of the economy.

Business and skilled migration

The Department attracts and sponsors to the State, business migrants and migrants with skills in demand.

Strategic operating environment

The Department works in an environment where the high value of the Australian dollar and competition from lower-cost jurisdictions such as India and China and more mature economies such as Singapore, Hong Kong, Europe and the United States of America provide challenges.

In this challenging environment, the Department promotes the State's unique combination of technical and market sophistication, highly skilled workforce and ease of interaction with the North American and European markets. This has enabled New South Wales to attract high-value activities that use the State's highly skilled and innovative workforce. These activities are complementary to those offered by lower-cost jurisdictions and compete with higher-cost economies, such as Europe, North America and Singapore.

In the past the availability of low-cost water and electricity has been important in attracting a range of water and energy intensive projects, such as paper making and aluminium smelting. In the current environment, the supply of water and electricity at globally competitive prices is a strategic challenge.

Major achievements

Greater investment in metropolitan and regional areas

The Department, through its Investment Division, secured 29 investment projects during 2006-2007. This represents an investment of \$1.66 billion. The projects will employ 2,130 people, generating exports of \$5.6 billion. To win these projects the Department carried out international promotional efforts including delivering presentations to decision makers and providing assistance and advice that helped to fast track their implementation.

The Department concentrated on the five key industry sectors, as identified in the *NSW Innovation Statement*. These are:

- logistics and transaction services
- financial services
- entertainment, design and media
- manufacturing
- resources, in particular coal.

One of the key achievements was to attract the United States Studies Centre to the University of Sydney. This project will reinforce Sydney's role as an Asia Pacific regional headquarters for North American companies and provide a key conduit between business people in Australia and the United States of America. The Centre will increase understanding between business people in the United States of America and Australia, leading to an improved appreciation of the risks and opportunities of investing in New South Wales.

Four of the projects won during the year involved establishing Asia Pacific regional headquarters in Sydney, providing intra-company management services for operations in one or more foreign countries from a Sydney base.

During the year the Department undertook investment missions to obtain and pursue investment leads in the following countries:

- China (July, September and May)
- India (November and April)
- Germany (November)
- United Kingdom (November)
- United States of America (January).

Logistics and transaction services

The Department attracted a Sydney based service office for LAN Chile airlines and two call centres which support telecommunications and finance transactions. These projects will involve the investment of \$254 million and the creation of 545 jobs.

Financial services

Seven financial service projects were attracted during the year, involving the investment of \$595 million and the creation of 224 jobs. Highlights among these included India's Bank of Baroda, the Industrial and Commercial Bank of China, China Construction Bank and China Union Pay. The establishment of these Chinese and Indian financial institutions in New South Wales will assist other companies from China and India to establish their operations in the State, as well as facilitating tourism from these markets.

Two hedge-fund related projects were also secured enhancing the growth of this financial services sub-sector.

Entertainment design and media

The Department secured four projects from the United Kingdom, the United States of America and Germany in entertainment, design and media during 2006-2007. The projects included two digital games development studios, a magazine publisher and Arasor International, which will operate a photonics manufacturing and development centre in Sydney. Arasor will manufacture integrated circuits for the next generation of laser projection televisions and for telecommunications products.

Manufacturing

The Department helped to secure two projects in the aluminium industry. The first was the establishment of Ullrich Aluminium's new aluminium extrusion plant to the Hunter Region involving investment of \$20 million and the creation of an additional 52 jobs. The second project involved the establishment of a Newcastle operation by ECL Services, an engineering services company, involving 71 jobs and investment of \$1.2 million.

Resources

The Department secured a zirconium extraction pilot plant and the development of CBH Resources' Rasp mine at Broken Hill. These projects will involve investment of \$26 million and the creation of 108 jobs.

Other

A market research company, a business processing operation, a satellite communications company and three health and medical related projects were also secured during the year.

CEOs Forum on Economic Development

The CEOs Forum on Economic Development brings together the CEOs of NSW Government agencies in a whole-of-Government approach to handling major investment projects and issues affecting economic development. The Forum was chaired during the year by the Department of Premier and Cabinet and convened by the Department of State and Regional Development. Four meetings with proponents of major projects were held during the year to help streamline approval processes and/or implementation of the projects.

Drive for Talent

The Department's *Drive for Talent Program* attracts skilled workers to live and work in metropolitan and regional New South Wales. Skilled workers are sought from overseas and interstate to settle in New South Wales. Expatriates are also encouraged to repatriate to New South Wales.

The program seeks to attract people with skills in demand in finance, information and communications technology and bioscience to metropolitan areas. Regional business development authorities have also identified skills in demand in regional and rural areas. These skills differ from region to region and may include medical, engineering, town planning and trade skills.

Under the *Drive for Talent Program* in 2006-2007 the Department supported more than 772 visa applications for sponsorship, which will bring skills to the State in areas where a shortage has been identified.

New South Wales was promoted at *Australia Needs Skills Expos* in London, Manchester and Dublin, as well as to skilled workers at career and employment expos in Sydney, Melbourne, Adelaide, Brisbane and Perth. As a result of the promotion of New South Wales at these events, it is expected there will be an increase in skilled workers moving to the State in the long term. The *Australia Needs Skills Expos* were attended by 4,000 people, 500 of whom held discussions with Departmental staff at the Departmental booth.

The National Careers and Employment Expos were attended by 145,000 people and large numbers held discussions with Departmental staff. The *Australia Needs Skills Expos* are expected to lead to more than 60 skilled workers applying for visas to migrate to New South Wales. At the careers and employment expos 40 skilled workers indicated that they planned to move to New South Wales.

The Department also hosted *Careers in Financial Services* seminars for graduates and young professionals in Brisbane and Melbourne during the year. In all, 66 per cent of more than 200 attendees reported they had, or planned to register their interest in employment in New South Wales with employers or recruiters represented at the seminar.

Business migration

Foreign business owners and entrepreneurs are encouraged by the Department to migrate to New South Wales to establish operating businesses in the State. Departmental staff visited London, Manchester and Dublin during the year to promote New South Wales to prospective migrants. The Department sponsored 438 potential business migrants, an increase of 35 per cent over last year. More than 90 per cent of business migration applicants sponsored by the Department are ultimately approved by the Commonwealth Department of Immigration and Citizenship. These business migrants are expected to invest more than \$85 million, create more than 650 jobs and generate \$363 million in exports.

Interstate Agreement on Investment Attraction

The Interstate Agreement on Investment Attraction continued to provide a mechanism for the signatory States and Territories to restrict the use of financial incentives in seeking to attract investment projects and major events. All the States and Territories except Queensland signed the Agreement in 2003.

States and Territories cooperate in the case of internationally contestable projects with a view to declining to offer any financial incentives, particularly where it is clear the new project or major event is committed to Australia.

Case study

Accenture, Wollongong

In March 2007, Accenture Australia established an information technology development and client support facility in Wollongong to complement its existing presence in Sydney, Canberra, Melbourne and Brisbane.

Accenture is a global management consulting, technology services and outsourcing company with more than 158,000 people in 49 countries.

Accenture selected Wollongong ahead of other locations because the Illawarra has a highly skilled and motivated workforce and is geographically well positioned between Canberra and Sydney.

The facility, which is located on the University of Wollongong campus, will service clients nationwide.

Already, Accenture has created close to 100 new jobs in the region. These include many in highly skilled IT specialist areas such as programming, application development and program management.

The establishment of this facility confirms the Illawarra region's growing status as a hub for knowledge industries, underlining its strengths in innovation.

The New South Wales Department of State and Regional Development helped secure this project by providing business information, including information on the availability of educated and experienced IT professionals, and other tailored assistance.



7

Major Events

Attracts major events to promote investment and raise Sydney's profile as a global city

Sydney Sydney Sydney

Nature and scope of activities

The Major Events Unit supports the NSW Major Events Board in its role to advise Government on major events opportunities for New South Wales.

The Unit's ambit spans sport, business, arts, cultural, entertainment and lifestyle events.

Working with its network of key stakeholders and through membership of event forums, the Unit contributes to the development and implementation of a coordinated event strategy for New South Wales.

The Unit's role is to:

- coordinate the assessment of event proposals
- maintain a target list of potential events
- make recommendations on events support
- take a lead role and/or contribute to the development of event-related policy and strategy in consultation with the Department of Premier and Cabinet
- coordinate bids and lobby support for events
- coordinate post-event evaluations
- actively participate on Government event forums
- liaise with public sector agencies on coordinated support for events.

On 30 June 2007 the Major Events Board comprised:

- Sir Nicholas Shehadie AC OBE (Chair)
- Mr David Baffsky AO, Chairman, Accor Asia Pacific
- Mr Phillip Coles, AM, Chairman, NSW Institute of Sport and IOC Member in Australia
- Mr Richard Colless AM, Chairman, Sydney Swans
- Mr Jon Donohoe, Chairman, Westpac Helicopter Rescue Service
- Mr Loftus Harris, Director General, Department of State and Regional Development
- Mr Peter O'Connell, Corporate Finance, Babcock and Brown
- Ms Margy Osmond, Chief Executive, Australian National Retailers Association
- Mr Alan Whelpton AM, Chairman, NSW Sports Advisory Council
- Ms Sandra Yates AO, Director, Saatchi and Saatchi Australia.

Strategic operating environment

The Department operates in an environment of strong national and international competition from cities and governments seeking to acquire major events, reflecting a growing international recognition that major events can generate benefits for host communities.

Major events are important for Sydney and New South Wales because they:

- contribute to the State's economic development and provide economic and social benefits for the community
- provide opportunities for the national and international marketing of the State as an events destination in established and emerging tourism markets
- reinforce Sydney's position as a leading Asia Pacific business location and Sydney's brand as Australia's leading global city
- utilise the State's sporting, cultural, tourism and community infrastructure, some of which is in public ownership
- promote Government messages about community participation in sport, fitness and healthy living, and complement other Government strategies
- provide an opportunity to build or upgrade infrastructure as a long-term legacy to the community
- provide support and employment opportunities to the burgeoning Australian event industry.

On 25 June 2007, the Premier announced the appointment of Australian Rugby Union Chief Executive, John O'Neill, as the interim chair of a new NSW Events Corporation to drive a more aggressive approach to attract major events to Sydney and the State.

Major achievements

Improved business climate

During 2006-2007, the Department contributed to the promotion of Sydney and New South Wales as an events destination through:

Event bids and feasibility studies:

- prepared the bid for the 2010 Golden Oldies World Rugby Festival in partnership with Australian Rugby Golden Oldies and the Sydney Convention and Visitors Bureau
- assisted Cricket NSW in preparation of a bid for the 2009 ICC Women's Cricket World Cup
- unsuccessfully bid for the 2011 Presidents Cup in Golf
- commenced a feasibility study into a possible Sydney bid for World Expo 2020 and met with the Bureau Internationale des Expositions for this purpose.

Securing national and international events, including:

- a football event package comprising the Asian Football Confederation Annual Awards (November 2007), Sydney FC v LA Galaxy match (November 2007) and FIFA Congress (May 2008)
- the Men's Australian Open Golf Championships over 2007-2009
- Rugby League World Cup 2008 matches including the opening ceremony and a semi-final at the Sydney Football Stadium

- the Australian women's football teams' home Beijing 2008 Olympic Games qualifiers against DPR Korea, Hong Kong and Chinese Taipei for Coffs Harbour
- the 2008 World Laser Championships and World Masters Laser Championships for Terrigal
- the 2007 Masters Australian Football National Carnival
- National Long Board Championships for Port Macquarie over 2007-2009
- the 2007 Festival and Events Association Annual Summit
- World Etchells Championships in 2012.

Supporting international events such as:

- Socceroos v Uruguay football match
- Men's Australian Open Golf Championships
- Rosemount Australia Fashion week spring/summer collections
- Paris Opera Ballet tour
- Chinese New Year Parade
- A1 GP World Cup of Motorsport
- International Drag Racing Challenge
- Medibank International tennis tournament
- Havaianas Beachley Classic
- Ironman Triathlon Australia in Port Macquarie
- Surfest in Newcastle.

Partnering with:

- the Sydney Olympic Park Authority to design and staff a Sydney promotional exhibition stand at the 2007 Sport Accord international sports conference in Beijing
- the Sydney Film Festival and the NSW Film and Television Office to develop proposals for an international jury prize as part of the Sydney Film Festival
- the Australian Performing Right Association to develop proposals for an international music expo combining a conference, retail exhibition and showcases.

Event advocacy

The Department led or participated in a number of policy initiatives:

- chaired the Event Liaison Group, a monthly forum through which key public sector agencies consider coordinated support for events in Sydney and NSW
- represented the Major Events Board's interests on the Central Sydney Operations Group and its executive committee which are chaired by the Office of Protocol and Special Events, Department of Premier and Cabinet
- continued to assist the Office of Protocol and Special Events, Department of Premier and Cabinet, in a review of the Government's user charges policy
- provided assistance to the Sydney 2009 World Masters Games Organising Committee to regularly review its administrative and operational policies.



8

Office for Science and Medical Research

Creates a dynamic research and development sector
and attracts research investment aligned with business
strengths and broader health and environmental outcomes

Nature and scope of activities

The Office for Science and Medical Research (OSMR) works with research institutes, universities and businesses to promote growth and innovation in science and medical research to achieve better economic, technological, health and environmental outcomes for the people of New South Wales.

Its mission is to enhance research capacity and ensure that the research sector plays a key support role in implementing the major policy objectives of Government outlined under the *State Plan* and the *Innovation Statement*.

Working closely with business, the higher education sector, the scientific, health and medical research communities, the Department, through the OSMR, aims to develop an environment that is conducive to research and development in New South Wales. OSMR works towards this outcome through:

- targeted grants programs
- strategic investments in areas of State strength
- creation of research networks and hubs
- sponsorship and organisation of forums, workshops, conferences and promotional activities
- advice on legislative, regulatory and policy initiatives impacting on science and medical research.

Key objectives are to:

- attract increased investment in science and medical research and development in New South Wales
- optimise the effectiveness of the NSW Government's investment in science and medical research
- facilitate translation of research effort into product, policy and practice, addressing health, economic and environmental priorities
- continuously identify new areas of science and medical research which may be applicable to New South Wales.

The Office consists of the following units:

Medical research

The Medical Research Unit works to build health and medical research capacity in New South Wales, increase the sector's competitiveness in attracting research funding to the State and facilitate the translation of research into policy, products and practice. It does this through targeted grants programs, the establishment of research hubs and networks, and the creation of partnerships with relevant state, national and international bodies.

Science

The Science Unit develops and implements programs that strengthen science research and innovation capabilities in New South Wales, primarily targeting infrastructure and training. These programs also help to attract Commonwealth investment and encourage collaboration within the university sector through co-investment and industry alignment.

Policy

The Policy Unit coordinates cross-divisional and inter-agency business, including Ministerial and Parliamentary matters, as well as operational and reporting requirements. It is also responsible for developing and implementing strategic cross-sectoral initiatives, managing and advising on policy, regulatory and legislative issues that span the scientific and medical research sectors, as well as devising and implementing grants programs.

Strategic operating environment

New South Wales has internationally competitive strengths in areas such as clinical research, medical devices, proteomics, photonics and advanced computing. National biomedical research leaders in New South Wales include the Garvan Institute of Medical Research, Westmead Millennium Institute and Victor Chang Cardiac Research Institute, as well as 11 universities, two of which are ranked in the top 100 global universities.

New South Wales researchers must compete with researchers from other jurisdictions to attract funds from national and international sources, such as the National Health and Medical Research Council, the Australian Research Council, the Department of Education, Science and Training and the North American National Institutes of Health.

Attracting such funding requires research critical mass and high quality capital stock and infrastructure, as well as world class researchers. It also increasingly requires an environment which balances collaboration with competition and where industry linkages are necessary.

The Department's programs and strategies, delivered through the OSMR, are designed to build critical mass and excellence through developing hubs and networks, promoting and funding shared infrastructure, and providing infrastructure and people support grants to address these challenges.

Major achievements

Increased growth and innovation by NSW companies

Through the *Science Leveraging Fund*, the Department provided four years funding (2006/07-2009/10) of \$2.795 million to four Cooperative Research Centres (CRC) which were successful in the 2006 CRC Commonwealth funding round. These CRCs attracted \$75 million from the Commonwealth and \$44 million of investment from industry and university partners. The centres will employ and train more than 214 people. Funding comprised:

- \$1 million to the Capital Markets CRC for finance sector research aims to enhance finance market integrity by identifying instances of insider trading, market manipulations and money laundering

- \$800,000 to the Smart Services CRC to drive world class innovation and commercialisation efforts in high value mobile and digital online services
- \$500,000 to the CRC for Sheep Industry Innovations for research programs to improve the supply of high quality wool and meat products to meet emerging market demands
- \$495,000 to the Hearing CRC for research and development dedicated to developing new hearing prostheses and procedures for hearing-impaired adults and children.

BioLink is a commercialisation service established as part of the BioFirst Strategy with a \$2.6 million grant over four years. The grant reporting and strategic framework in which *BioLink* operates, is managed by OSMR. *BioLink* became fully operational in 2005 and the value of deals done to date is more than \$1 million. *BioLink* is currently pursuing 26 separate commercialisation opportunities presented to it by eight member institutions. *BioLink* has also negotiated collaborations and cost-savings for two member institutions valued at \$1 million.

Through the re-prioritisation of existing funding programs, support of \$1million was obtained for the establishment of the NSW Clinical Trials Business Development Centre which will commence operation in late 2007. Further details about this project are outlined under the Case Study at the end of this section.

Improved business climate

Medical research

During 2006-2007, the Department continued to develop initiatives to improve the competitiveness of the sector, increase research funding to New South Wales, improve the retention of researchers and clinicians in the State, improve health outcomes, facilitate the translation of medical research findings, promote NSW capabilities for clinical trials, and provide economic returns to New South Wales.

OSMR provided special research infrastructure grants to support the activities of the following organisations. These were:

- \$2 million to the National Centre in HIV Epidemiology and Clinical Research
- \$693,000 to the Centre for Immunology
- \$627,220 to the Centre for Vascular Research
- \$528,660 to the Heart Research Institute.

Other medical research-related grants provided were:

- \$10 million in capital funding to the Hunter Medical Research Institute for a major State Government/University partnership that will see a \$90 million facility constructed at Newcastle, attracting and maintaining research clinical excellence in the region as well as making the area an even more attractive place to do business
- \$70,000 and in-kind support for the establishment of the Australasian Spinal Cord Injury Network as part of its ongoing commitment to promote research into spinal cord injury and other neurological conditions
- \$20,000 to the NSW Cardiovascular Research Network as a contribution towards strategic planning for its continuing development
- \$32,000 under the *NSW Spinal Exchange Program* to support a six-week Visiting Fellowship during mid-2007 by Associate Professor Edelle Field-Fote, Director of the Neuromotor Rehabilitation Research Laboratory at the Miami Project to Cure Paralysis
- \$600,000 to accelerate the establishment of the National Institute for Complementary Medicine (NICM) at the University of Western Sydney, on top of \$4 million from the Commonwealth. NICM will build capacity and position Australia to attract increased investment for research and clinical trials for this growing industry, with herbal medicines alone currently valued at US \$60 billion annually.

In addition to providing advice on the ongoing development of medical research hubs in New South Wales, such as governance models and mechanisms to attract capital funding, the OSMR continued its partnerships with NSW Health, the Cancer Institute NSW, and Motor Accidents Authority amongst others. These relationships served to strengthen the identification and implementation of measures to improve the coordination of medical research in New South Wales. Key activities focused on enhancing linkages among independent medical research institutes, research organisations within the public health system and the university sector in the State.

Science

The Department continued to promote and strengthen science research capacity in New South Wales through continuing engagement with the Commonwealth and the NSW research sectors. Under the *Science Leveraging Fund (SLF)*, the Department drove coordination of successful research sector funding proposals to the *National Collaborative Research Infrastructure Strategy (NCRIS)*, *Cooperative Research Centre (CRC)*, and *Australian Research Council (ARC) Centre of Excellence* programs.

Under the NCRIS, \$15.1 million was allocated to 17 new or expanded research facilities with strong industry links. Facilities will be based at six NSW universities. Investment from the SLF attracted a further \$100 million from the Commonwealth, industry and university partners for science research infrastructure in New South Wales. These partnerships will directly lead to the employment and training of 500 highly skilled researchers and students.

NSW Government funding provided for 2007-2010 to match Commonwealth investment through NCRIS comprised:

- \$1 million for a research-dedicated cyclotron facility at the University of Sydney's Brain and Mind Research Institute
- \$4 million for the Australian Microscopy and Microanalysis Research Facility, headquartered at the University of Sydney, with a node at the University of New South Wales (UNSW)

- \$5 million for an advanced materials research network spanning the Arasor-Bandwidth Foundry facilities at the Australian Technology Park, and UNSW, Macquarie, Sydney, Newcastle and Wollongong universities. This 'start-to-finish' research expertise provides capacity for the development of technology elements and fast prototyping of 'next generation' televisions, mobile phones and computer chips
- \$400,000 for the establishment of the Genomics NSW Network facilities at the UNSW and Southern Cross University to provide core infrastructure and expertise for plant and human genetics analysis
- \$3.6 million for proteomics, metabolomics and systems biology infrastructure and business development capacity at the Australian Proteome Analysis Facility, Macquarie University, and UNSW. The fund will provide expanded research capacity for human health, agricultural, food and environmental applications
- \$600,000 for a biofuels research pipeline for the production of alternative vehicle fuel from plant and crop waste at the UNSW, the University of Sydney and Macquarie University
- \$500,000 for research-scale biopharmaceutical protein production facilities at the UNSW.

The liaison with the Commonwealth, and Australian States and Territories continued during the year through mechanisms including:

- the *Office of the Australian Chief Scientist*, including the *Scientists in Schools* initiative which aims to put 500 scientists in 500 schools during its pilot phase, commencing in mid-2007
- the *National Science Forum*, which comprises chief scientists and/or senior officials and allows discussion of issues of importance in promoting and sustaining science in Australia, including education
- the national *Biodiscovery Working Group*, which seeks to implement nationally consistent approaches on biodiscovery and benefit-sharing
- the *NSW Synchrotron Consortium*, which ensured that NSW investment of \$5 million from State Government and university partners will be expended in line with NSW priorities. OSMR also had a formal role on the Synchrotron Science and Technical Evaluation Working Group.

Policy

The Department provided strategic and funding support for the establishment of the NSW Clinical Trials Business Development Centre and the National Institute for Complementary Medicine. The latter followed a forum in November 2006, co-hosted with the National Health and Medical Research Council. Leveraging existing strengths and infrastructure, the Centres will build capacity and critical mass and, in turn, attract activity and investment to achieve improved economic and health outcomes for the State.

The Department, through OSMR, coordinated business cases that led to a further \$25 million being committed over five years to life sciences research and commercialisation programs. It also established a fund to provide travel scholarships for researchers in publicly funded institutions to attend conferences in areas of strategic priority. It managed a range of other awards, grant programs and events leading to improved awareness and knowledge of research advances, and translation to policy and commercial outcomes. Working with Industry and Investment Divisions, OSMR provided advice and made presentations to international government, industry and research leaders seeking research and business partnerships in New South Wales.

Regulatory initiatives included ministerial support for the passage of the *Human Cloning and Prohibited Practices Amendment Bill 2007* in June 2007. This brought New South Wales into line with Commonwealth reforms and enabled research to be undertaken. Such research will contribute to the understanding of, and the treatments for, infertility and significant and life-threatening diseases. The Department, through the OSMR, provided advice on a range of policy and regulatory reviews affecting the research sector.

Other achievements

OSMR launched a bi-monthly e-newsletter to promote science and medical research news and achievements in New South Wales. The newsletter has a readership of more than 600 subscribers in the scientific and medical research sectors. The *State of Research: NSW Science Directory* (www.osmr.nsw.gov.au/state_of_research/science/) and *The State of Research: NSW Health and Medical Research Directory* (www.osmr.nsw.gov.au/state_of_research/health/) websites were updated during 2006-2007. They provide a comprehensive guide to publicly funded research undertaken by more than 700 organisations in New South Wales.

The Department, through OSMR, undertook or supported several science education initiatives in 2006-2007. Initiatives included:

- *Science EXPOsed*, an annual event designed to raise awareness among high school students of science and the various career opportunities studying science can offer. The October 2006 event attracted more than 1,700 high school students from more than 60 NSW schools. They attended the science shows, workshops, panel discussions and an expo at NSW Parliament House and the Hyde Park Barracks
- the *Young Tall Poppy Science Awards*, which recognises outstanding young researchers across all fields of science and engages them in the promotion of science and innovation in schools and the broader community. In all, 15 young scientists were named Young Tall Poppies for 2006-2007 in recognition of their outstanding contributions to areas ranging from galaxy evolution to cancer cells. The awards were run by the Australian Institute for Policy and Science in conjunction with OSMR and also sponsored by the Office

- the *Australian Museum Eureka Awards*, which is Australia's premier award scheme for outstanding science. Presented annually by the Australian Museum, the prizes reward excellence in the fields of research and innovation, science leadership, school science, and science journalism and communication. OSMR sponsors the *Jamie Callachor Eureka Prize for Medical Research*, named in memory of Jamie Callachor, a valued colleague of OSMR, who passed away unexpectedly in 2005. The Prize is designed to encourage and reward emerging medical researchers and in 2006 it was awarded to an outstanding individual in the area of mental health and neuroscience research
 - the *NSW Young Science Ambassador Fund*, which provides scholarships through the National Youth Science Forum office. The scholarships assist selected NSW high school students attend overseas scientific conferences as part of the National Youth Science Forum. During 2006-2007, four students received scholarships, participating in a scientific study tour and attending the Canada Wide Science Fair and the London International Science Forum.
- The Department also sponsored a number of organisations to support their conferences and events related to science, health and medical research, including the:
- *National Science Week 2006*, in August 2006
 - *SCINEMA Festival of Science and Film*, in August 2006
 - *Ultimo Science Festival*, organised by the Powerhouse Museum and the USF Organising Committee, in August 2006
 - *39th World Heart Federation 10-Day Teaching Seminar in Cardiovascular Disease Epidemiology and Prevention*, organised by the George Institute for International Health, in August 2006
 - *World Congress on Alcohol Research*, organised by the International Society for Biomedical Research on Alcoholism, in September 2006
 - *Bioinformatics Australia National Conference*, organised by Ausbiotech, in November 2006
 - *Thank You Day*, organised by Research Australia, in November 2006
 - *Stem Cell Workshop*, organised by the Australian Academy of Technological Sciences and Engineering, in April 2007
 - *Rural Health Research Colloquium*, organised by the Hunter New England Area Health Service, in May 2007
 - *ASMR Medical Research Week*, in June 2007
 - *Science and the Human Future*, a lecture by Nobel Laureate Professor Peter Doherty as part of the *Beautiful Minds: Centennial Exhibition of the Nobel Prizes* at the University of Technology, Sydney, in June 2007.

Case study

Building clinical trials capacity

New South Wales has significant strengths in clinical trials and clinical research. Stakeholder consultations indicated that the clinical trials sector was fragmented and lacked a central access portal for international groups seeking information about, or wishing to conduct, clinical trials in New South Wales.

The consultations also identified the need to connect national and international groups and industry to the full range of NSW clinical trials expertise and improve the coordination of NSW clinical research and clinical trials.

To progress this opportunity the Department, through its Office for Science and Medical Research:

- developed strategic and business plans for building NSW clinical trials capacity, following consultations with key academic, clinical, research and industry stakeholders
- organised two symposia on clinical trials at AusBiotech 2006 in Sydney in November 2006. They were *Opportunities and Challenges for Conducting Clinical Trials Outside the US and Western Europe – Pathways and Markets and Business Partnering Investment Forum – Clinical Trials*
- led a clinical trials delegation to the Boston BIO 2007 event, in May 2007, promoting NSW clinical trial strengths and targeting business development opportunities and partnerships with companies based in China, Japan and India. OSMR has since built on this initiative, working with local and overseas industry and research partners
- connected overseas government and industry delegations with local researchers and industry to promote collaboration and investment
- obtained \$1 million of NSW Government funding support for the establishment of the NSW Clinical Trials Business Development Centre, which commences operations in September 2007.



9

Policy and Resources

Co-ordinates program and policy development, writes organisational performance and delivers corporate services

Nature and scope of activities

The Policy and Resources Division supports the Department's operations through a diverse range of services which include all aspects of resources management, and strategic advice to Ministers and the executive management team on economic development in New South Wales. The Division consists of seven units:

Policy

The Policy Unit advises the Director General and the Department's Ministers on economic and business development issues, working closely with other NSW agencies, governments in other jurisdictions, industry and business groups to promote the State's business interests.

Business analysis and information

The Business Analysis and Information Unit evaluates the impact on the State's economy of projects relating to all the Department's results areas. As the principal source of internal research and analysis, the Unit supports decision making with economic and statistical advice, investment analysis, and comparison of the State's industries' performance with competitor markets.

Finance and administration

The Finance and Administration Unit is responsible for financial and budgetary management, coordination and review of financial statements, reporting requirements, strategic financial advice, and coordination of the internal audit function and the management of the Department's outsourced financial services. The Unit is responsible for administration and property services which includes lease negotiation and management of the Department's various sites, and procurement policy oversight.

Human resources

The Human Resources Unit provides support and guidance on conditions of employment, training, equity, occupational health and safety, workers compensation and rehabilitation, grievance resolution, organisational change, performance management, job evaluation and establishment. The Unit is also responsible for implementing workforce management and industrial relations policies and procedures.

Information management services

The Information Management Services Unit manages the Department's information technology infrastructure and services, including websites, databases, desktop services and applications. The Unit also delivers the knowledge and records management functions across all sites.

Legal

The Department's Legal Counsel provides legal advice and representation to the Department's Divisions and advice to the executive management team on contractual and administrative issues.

Performance and governance

The Performance and Governance Unit develops and manages the Department's governance framework and manages internal performance reporting in alignment with the Department's objectives and purpose. The Unit provides support to the Department's Audit and Review Committee.

Strategic operating environment

The Policy and Resources Division is responsible for ensuring that the Department's activities and services are consistent with whole-of-government policies and procedures. Of these, some of the most significant are:

- Strategic Management Framework of the Department of Premier and Cabinet, asset management, financial reporting, human resources and other agency corporate services planning
- Auditor General's Office requirements
- *State Plan*
- Metropolitan Strategy for Sydney and regional sub strategies
- *Innovation Statement*
- Treasury requirements for budget reporting
- Results and services planning.

Following foundation work in 2006-2007 and 2007-2008, one of the key areas will be the benchmarking and measurement of performance against the targets set under the *State Plan* to increase investment and regional business growth. To implement the delivery plans for these priorities will require a focus on the innovation sectors nominated in the *Innovation Statement* as being the areas of greatest potential to increase productivity and growth in the NSW economy. The industries nominated for initial emphasis are:

- logistics and business services
- financial services
- manufacturing
- entertainment, media and creative digital content
- resources, especially coal.

The Division is developing an implementation plan for the actions and goals set out in the *State Plan* for delivery across the Department by the relevant operating areas.

Major achievements

The goal of the Division's activities is maintaining the smooth operation of the Department, which has diverse and dispersed functions. One of its primary roles is the generation and distribution of information and advice to assist Divisions, Government agencies, industry boards and councils in their decision making and activities. The Division has responsibility for coordinating the implementation of the *State Plan* and introduction of the *Innovation Statement* to the functions of the Department.

Greater investment in metropolitan and regional areas

The Department developed Priority Delivery Plans for P1 and P6 under the *State Plan*, as well as providing data and assistance to the Premier's Department to develop performance indicators for these *State Plan* priorities.

The Department coordinated the implementation of employment, innovation and investment attraction initiatives under the *Sydney Metropolitan Strategy*.

As part of the Small Business Development Division's program of red tape reviews, the Division provided statistical profiles for the manufacturing and professional services sectors. The statistical profiles assist the review taskforce in making recommendations to simplify regulations affecting business. The reduction of red tape produces cost savings for business, thereby creating an environment conducive to investment.

Foreign Investment Review Board (FIRB) proposals were also assessed to determine the State's interests in their approval by the Commonwealth Government.

A total of 83 economic evaluations were completed, providing quantitative estimates of the projects' potential to add value to the State's economy, and to generate new investment and employment. Where relevant, these analyses included commentary on industry skills issues, economic flow-on benefits and potential clustering.

The Department produced the flagship publication *New South Wales Competitiveness Report 2007*, an annual publication which presents a range of economic, business and demographic information in an international context to highlight the strengths of the State as an investment location.

The Department also produced profiles on growth industries in the State, including the biomedical, aerospace and metal product industries. These profiles are used to promote NSW industry at trade and investment conferences, as well as provide information to Departmental clients on the State's competitive strengths.

The Legal Unit worked on a number of funding agreements under various programs to ensure that key performance indicators in contracts are directed toward the achievement of investment growth and innovation policy goals such as facilitating access to research outcomes.

Increased internationalisation of the NSW business sector

To foster NSW international trade, the Department provided advice to the Commonwealth Government on Australia's bilateral *Free Trade Agreement* negotiations with China and Japan, and early-stage bilateral trade talks between Australia and Chile. The free trade agreements are intended to improve access to these markets for Australian exporters and investors, and facilitate increased trade and investment between Australia and these countries.

The Department supported Ministerial attendance at Commonwealth, State and Territory meetings of Trade Ministers.

In addition, the Policy Unit supported the NSW-Asia Business Council, which plays a valuable role in giving support and direction to NSW Government activities to foster closer trade and investment relations with Asian economies.

Increased growth and innovation by NSW companies

The Department prepared economic evaluations to identify potential growth opportunities and prospects associated with specific projects of companies looking to invest in the State.

Web-based information is the principal method of communication between the Department and the NSW business sector. Significant improvements and efficiencies were achieved in reducing the number of small database and website instances, consolidating web 'back-ends' and progressively moving websites to a single hosting environment. These enhancements resulted in significant improvements in systems, network speed and reliability and financial economy, supported enhanced program delivery and allowed for the hosting of more than a million public sessions on the websites.

Improved business climate

As a part of improving business climate, economic impact assessments for footloose business projects, events, conferences, films and scientific research projects considering location in New South Wales were carried out. A significant number of these major events, including CeBIT, Wine Australia, the A1 Grand Prix and the Paris Opera Ballet were won for New South Wales. The Division:

- provided timely policy advice to Ministers and the Executive team on a range of economic, investment and business development issues facing New South Wales, to enable informed decisions to stimulate and sustain the State as a competitive business location
- acted as the interface with the Department of Planning on the development of the *Sydney Metropolitan Strategy* and subsequent subregional strategies and corridor plans. Departmental involvement brings an explicit business perspective to planning policy to facilitate a competitive and business-friendly land use management framework
- worked with the Department of Planning to ensure that a prime focus of the future planning for the Sydney Basin includes adequate land for economic activities. This resulted in the preparation and public release of the *Employment Lands for Sydney Action Plan*
- supported meetings of the NSW Skills Council, which is tasked with providing advice to Government on ways to address skills shortages in New South Wales. This has included initiatives to address specific skills issues in selected industry sectors

- established and supported the NSW Manufacturing Council, whose role is to provide advice to Government on issues facing the NSW manufacturing industry. The Council provides a regular and structured communication link between the manufacturing industry, trade unions and Government along similar lines to manufacturing consultative bodies in other States and Territories
- managed surveys on the spending and length of stay of delegates and exhibitors at five major conferences held at the Sydney Convention and Exhibition Centre. The survey data will provide valuable input on visitor trends around major events. This information will enable the Department to target its activities to increase growth in tourism numbers and over night stays through the staging of major events.

Corporate environment

Major achievements during the reporting year included the review, update and publication of the following policies and guidelines:

- *Code of Conduct and Ethics*
- *Gifts and Benefits*
- *Conflicts of Interest*
- *Engaging and Using Consultants and Contractors*
- *Fraud and Corruption Prevention*
- *Protected Disclosures*
- *Labelling and Handling of Confidential Documents*
- *Harassment and Bullying Prevention*.

The Department conducts the annual client survey of small and medium-size enterprises and investment clients. Overall satisfaction with the Department's assistance was high, as was satisfaction with the knowledge and service of staff. Almost every business was strongly interested in using the Department's services again in the future.

The Information and Management Services Unit:

- supported the Department's information management systems and technology infrastructure, hardware and software
- relocated 17 computer servers from Grosvenor Place to the MLC Centre
- integrated Tourism NSW, the Office for Science and Medical Research, and the Major Events Unit into the Department's human resources, financial management and information technology environment
- planned and commenced the upgrade of regional hardware to increase data security and better protect business continuity
- managed document, record and file movements, with more than 90 per cent of the Department's correspondence with business clients conducted electronically
- introduced new file-registration and document-tracking software for the Tourism NSW division
- processed more than 5,000 physical file creations and more than 150,000 virtual documents
- developed and introduced a new Corporate Database of the Department's clients across all Divisions
- upgraded and supported inventory, human resources and other related databases.



10

Regional Development

Increases business investment in rural and regional New South Wales

Nature and scope of activities

The Department's approach to regional economic development is one of strategic intervention. Working in partnership with regional businesses and communities, the Department targets its assistance programs at initiatives that can make a real difference to economic development in regional New South Wales.

Economic growth is promoted through the recruitment of new business investment, and helping existing enterprises to grow and improve their competitiveness. The Department also assists communities to build their capacity to harness business opportunities and to raise the profile of regional New South Wales as a business destination.

One of the Department's key roles is to capture opportunities for investment and business growth for New South Wales regions. To achieve this, there are specific financial assistance programs only available for regional businesses and communities, as well as the suite of support measures offered to companies in all areas of the State.

The Department's regional development programs and facilitation services, as well as the State-wide programs, are delivered through a network of 19 offices located in regional New South Wales.

Regional business investment initiatives

The Department's regional business investment programs aim to secure new investment by businesses contemplating establishing or expanding their operations in regional New South Wales. It aims to harness credible business opportunities and develop solutions to overcoming impediments to a business project proceeding. Emphasis is placed on developing non-financial solutions. With this in mind, the Division's staff gather information and facilitate services with other government agencies and local service providers to help business save time and money. Specific assistance includes helping with site identification and selection, negotiating with infrastructure and finance providers and liaising with training providers. In some cases, modest funding is provided as part of a total package of assistance for a business project based on the value of the new investment and jobs generated.

The business investment programs designed to encourage regional growth by attracting firms to establish or expand their operations, are:

- the *Regional Business Development Scheme*
- the region specific *Hunter Advantage Fund*, designed to attract new investment and jobs to the Lower Hunter region including the Newcastle, Lake Macquarie, Port Stephens, Maitland and Cessnock local government areas
- the region specific *Illawarra Advantage Fund* for eligible businesses considering establishing or expanding in the Illawarra region
- the *Payroll Tax Incentive Scheme*, which commenced on 1 July 2006 to bolster business growth in areas with unemployment above the State's average.

A streamlined capital-raising program has been developed to assist regional firms prepare for raising capital to finance their growth. The revised program begins with a workshop, followed by a one-on-one consultancy for participants wanting to prepare a business diagnostic or a position analysis. Workshops were held in Nowra and Port Macquarie, with additional workshops planned in other regions.

Industry restructuring business initiatives

These initiatives are designed to help regional communities and industries respond to economic structural adjustment pressures. The *Regional Economic Transition Scheme* assists the development of more diverse economies and attraction of new investment and jobs. The *Business Drought Assistance Program* provides payroll tax relief for regional firms to help them retain skilled workers for the duration of the drought. Since it began, 105 offers of payroll tax assistance have been made, contributing to the retention of nearly 1,900 jobs.

Assistance is also provided to small and medium-sized enterprises affected by the drought so they can implement business improvement or recovery strategies, or diversify their operations. Under this component of the program, 165 offers of assistance have been made in the five financial years to the end of 2006-2007.

Business growth initiatives

The Department's regional business growth initiatives aim to enhance the competitiveness and growth of regional enterprises. These include:

- the *New Market Expansion Program* designed to help companies pursue new markets by providing assistance for targeted marketing of new opportunities
- the *Travelling Experts Program* of seminars designed to provide businesses with access to expert speakers on current business issues.

Regional and community economic development initiatives

The Department's regional and community economic development initiatives provide an important base for leveraging business opportunities by engaging with key partners in regional communities.

The Department assists a network of 13 Regional Development Boards to pursue economic development opportunities in their regions. The Regional Development Boards provide a strategic framework for economic growth and play a critical role in local collaborative efforts to attract business investment that will deliver sustainable long-term employment and regional prosperity.

The Department works in partnership with Regional Development Boards, local government, business organisations, industry groups and regional development organisations to help regional communities build their economic capacity to harness business opportunities and be better placed to respond to business needs.

Regional and community economic development initiatives include:

- the *Main Street/Small Towns, Towns and Villages Futures* and *Developing Regional Resources Programs* designed to strengthen regional economies
- the *Regional Development Board Innovation Program*, which provides a dedicated pool of funds for Regional Development Boards to pursue projects
- the *NSW Regional Development Advisory Council* which consists of the Chairs of the State's 13 Regional Development Boards. The Council provides advice to the Minister for Regional Development on regional development issues in New South Wales.

Promoting regional New South Wales

The Department undertakes a range of activities to promote regional New South Wales as a viable destination for business and the skilled personnel required for the operation of these businesses. Activities are focussed on attracting investors and skilled workers to regional areas, as well as business matching and market exposure for niche industries in regional areas.

Strategic operating environment

The Department's objective is to increase business investment in rural and regional New South Wales where economic conditions are varied.

In some parts of the State, slow recovery from drought continues to create challenges for regional communities to retain businesses and skilled employees. The availability of water and its efficient use by businesses is becoming an important factor for regional industries contemplating growth, as is road, rail and other infrastructure.

For inland regional locations, population decline and an ageing population present some challenges for business growth, while many coastal areas have experienced rapid population growth without a commensurate growth in jobs.

Ongoing industry restructuring also poses challenges for regional communities whose economies are dependent on one major industry.

Major achievements

Greater investment in metropolitan and regional areas

The Department secured 156 investment projects in regional New South Wales representing a capital investment of \$1,612 million and the creation and retention of 4,125 jobs. Examples of projects secured included:

- the establishment of an engineered components facility in Unanderra by Prokote Pty Ltd, involving the investment of \$1.9 million and creation of 40 new jobs
- the establishment by Vinindex Pty Ltd of a state-of-art continuous polypropylene dual extrusion corrugated and plain-walled polyethylene pipe manufacturing plant in Wagga Wagga, involving capital investment of over \$18 million and creation of 19 new jobs.

Increased growth and innovation by NSW companies

In all, 70 regional firms were assisted to pursue new markets through the *New Market Expansion Program*, including 14 firms who participated in the Fine Food Australia trade show in September 2006. The firms who participated on the NSW government Stand at Fine Food have made immediate sales of more than \$70,000 and anticipate additional sales of \$349,000 over two years from leads generated at the show.

Improved business climate

In total, 133 business workshops were conducted in regional New South Wales, attended by 4,187 people, including 24 *Travelling Experts* workshops attended by 1,250 people. Topics included retail skills, lean manufacturing and succession planning.

There were 20 workshops on the *Business End of Screen Media* organised to provide regional filmmakers with access to industry expertise usually only available to metropolitan filmmakers. A series of five workshops were held in four locations across regional New South Wales and were attended by 48 participants. Topics included intellectual property, financing screen content projects, sustainable business models, marketing and audience, and pitching screen content.

The Department assisted 33 industry clusters with 741 members to foster and promote further industry specific development in regional New South Wales. Clusters have been developed across industries including manufacturing, food and wine production, film, and tourism related industries. Industry support was provided through a combination of facilitation and financial assistance under the Department's regional programs.

The Department partnered with Westpac to conduct the *Beyond Survival* series of workshops in Tamworth, Griffith and Dubbo. The workshops aim to help non-farm business owners overcome the impact of drought through careful planning and financial decision-making. Financial principles that affect businesses were explored through real business case studies, and relevant financial management tools offered. A total of 60 businesses participated in the workshops.

In November 2006, the fourth *Building Regional Towns Tour* was conducted visiting Wakool Shire and Parkes to showcase property investment opportunities to builders and property developers.

The third *Regional Food Tour* to the Hunter and Orana regions was conducted in May 2007, linking food industry buyers and experts to local regional producers. As a result, 17 Sydney food buyers met with more than 50 regional producers offering an extensive range of fresh and processed produce. The Tour provided the opportunity for the buyers and producers to network, and strengthen business relationships. As in the past, the 2007 Tour resulted in immediate sales. Previous tours have typically resulted in sales of more than \$300,000 in the following 12 months.

Under the *Main Street/Small Towns Program* and *Towns and Villages Futures Program*, 82 communities were assisted with projects leveraging \$5.5 million in funds and creating 42 jobs. Examples of projects included:

- Speed on Tweed Inc to develop the economic potential of the Speed on Tweed Festival in Murwillumbah. In 2006, the festival injected about \$2.7 million from visitor spending
- Brunswick Heads Chamber of Commerce to undertake a Business Retention and Expansion Survey and conduct three business development and marketing workshops.

In all, 42 workshops were conducted for regional communities and attended by 1,465 people. Topics included business marketing, strategic planning and tourism development.

The Economic Development Conference in Inverell was held in October 2006 to share knowledge and explore the latest developments in promoting sustainable economic growth in regional communities. The conference was attended by 230 people.

In total, 61 projects were assisted to investigate economic opportunities and innovative approaches to economic development in regional New South Wales through the *Developing Regional Resources Program*. Projects included support for:

- Walgett Special One Co-operative to diversify their business by producing pelleted stock feed and potentially create 12 new jobs
- Young Shire Council to undertake a review of commercial and industrial lands in the area to assist Council with planning policies to cater for expansion and optimal use of employment lands.

In all, 42 Regional Development Board projects were assisted to pursue economic development opportunities in regional New South Wales. Projects included:

- extension of the Murray Regional Development Board's "Murray Now" regional growth branding campaign to target the attraction of new investment
- a series of business-focused forums by the Northern Inland Regional Development Board was offered support to target the visual arts industry to help develop the region's visual arts industry's business capacity.

The fourth Country Week Expo in Sydney in August 2006 was sponsored to promote the benefits of working and living in regional New South Wales. The expo was attended by 8,000 people.

Case study

Bega Cheese

Bega Cheese has grown from 160 employees in 1996 to around 530 today, following deregulation of the dairy industry.

In early 2007, Bega Cheese commenced a further expansion of their cheese cutting and packaging operations in Bega.

Over a five-year period, 71 new jobs will be created as a result of the expansion, with Bega Cheese investing \$6.75 million in the project. The investment will reduce processing bottlenecks and allow for 24-hour continuous production.

Exports have been a major growth area for Bega Cheese with the company currently exporting to 50 countries. This latest expansion will lead to increased exports of cheese products.

The Department assisted Bega Cheese's expansion project through its business investment programs, and facilitated discussions with the Department of Education and Training regarding the firm's further training and development needs. The support package will be critical to the successful completion of Bega Cheese's expansion plans.

Regional Development Boards

	Regional Development Boards	Websites
1	Business Central Coast	www.businesscc.com.au
2	Capital Region Development Board (joint initiative of the NSW and ACT Governments)	www.capitalregion.org.au
3	Central Western Regional Development Board	www.centralwest.com
4	Far Western Regional Development Board	www.farwesterndevelopment.com.au
5	Gowest Regional Development Board	www.gowest.org.com.au
6	Hunter Economic Development Corporation	www.hunterregion.com
7	Illawarra Regional Development Board	www.irdb.com.au
8	Mid North Coast Regional Development Board	www.betterbusiness.nsw.gov.au
9	Murray Regional Development Board	www.mrdb.nsw.gov.au
10	Northern Inland Regional Development Board	www.nio.com.au
11	Northern Rivers Regional Development Board	www.investnorthernrivers.com.au
12	Riverina Regional Development Board	www.rrdb.com.au
13	Greater Western Sydney Economic Development Board	www.gws.org.au

11

Small Business Development

Supports the small business sector by reducing red tape and supports growth, innovation and international market expansion



Nature and scope of activities

The Department works to promote an innovative, profitable and competitive small business sector in New South Wales.

Its focus is to assist firms at critical stages of the business cycle and support the special needs of particular categories of small business operators, such as indigenous people, women, those who operate a business from home and exporters.

Programs and services are designed to support increased growth of small and medium-sized enterprises through the development of entrepreneurship, managerial and technical innovation and business best practice. Activities are targeted towards improvement in three key areas of business performance – sales, employment and exports.

The Department guides small business policy by providing advice to the Minister for Small Business and Minister for Regulatory Reform, supporting the Small Business Development Corporation, and driving the Small Business Regulation Review process. The Department also continues to undertake industry-specific red tape reviews to reduce the regulatory burden on small business.

Program description

In total, 2,487 small-medium enterprises accessed program and development support from the Department in 2006-2007.

Small business

Tailored business development programs are offered to start-up and micro businesses and special-needs operators, including young and female entrepreneurs, home-based business operators, and business owners from non-English speaking backgrounds. Business start-ups are well catered for with free business information available at 47 locations across New South Wales.

Business services

Established, high-growth and export-oriented small businesses are supported through a range of financial assistance programs and services. A network of business development managers across New South Wales deliver guidance and support to businesses for market development of innovative technologies, industry clusters and export markets.

Trade services

Trade Services offer effective ways for business to identify new export opportunities by providing access to practical, reliable and up-to-date information and advice on markets. A range of assistance programs and the Export Advisers Network provide hands-on advice and assistance to regional New South Wales companies to take advantage of international market opportunities.

Strategic operating environment

The business landscape is increasingly complex for small business with the heightened challenges of a global marketplace, swiftly changing technology, changing demographics of business owners and consumer behaviour, aggregated purchasing and other competitive pressures.

Around one third of all Australian small businesses are based in New South Wales. Small businesses make up 97 per cent of all businesses in New South Wales and employ more than one million people. Regionally-based small businesses account for nearly 37 per cent of all NSW small businesses.

Small firms also make up the vast majority of exporting businesses in New South Wales. Accordingly, small businesses have a significant impact on helping to grow the State's trade performance and the international market for NSW firms' products and services.

Significant issues currently affecting small business growth include skills shortages, increasing petrol prices, the macro-economic climate, managerial skills development, anti-competitive practices, labour market reforms, regulatory and legal impediments, and access to some international markets for services exporters.

Major achievements

Increased internationalisation of the NSW business sector

International missions, visits and exhibitions

The Department organised seven international trade missions and NSW stands in five international trade exhibitions. In addition, 58 companies were assisted to undertake independent overseas market visits.

The Department assisted 178 companies to grow their export sales by participating in trade missions and exhibitions. A further 58 companies undertook independent market visits. The emphasis was on targeting companies and trade activities that operate in innovative, high value added manufacturing and service sectors. These NSW companies reported an annual average of 38.2 per cent in export growth for the 2006-2007 year.

Regional Export Advisers Network

A team of nine specialist Export Advisers delivered practical exporting advice to small and medium-sized companies. In 2006-2007, they reported advice to 739 companies, which collectively reported new export sales of \$12.7 million. This demonstrates a 48 per cent rise in the value of sales by new exporters during the period.

The Department was successful in winning eight contracts to deliver Austrade's *TradeStart Program*. *TradeStart* is a partnership between the Department and Austrade, which aims to work with prospective exporters to achieve their first export sales. A total of 104 clients were signed to the program and 58 of these achieved export sales.

Services exports

The services exports program delivered industry targeted seminars and workshops to 527 exporters. Sessions focused on specific export markets including the Middle East, Japan, India and the Association of Southeast Asian Nations (ASEAN) countries. High-growth sectors were targeted along with design and environmental services, medical devices, fashion, aerospace, and the food and beverage manufacturing services.

NSW Exporters Network

The NSW Exporters Network is a web-based club at www.export.nsw.gov.au, which facilitates networking among NSW exporters and builds awareness of exporting as a business growth strategy. There were 798 registered company members of the network in 2006-2007, an increase of 14.5 per cent over the previous year.

A total of 103 *Export Development* seminars and workshops were delivered. They were attended by 4,715 people. The Department, in collaboration with the Australian Institute of Export, also launched the *Getting Started in Exports Guide and Workshops Program*, which delivered relevant information and skills to assist business exporters to enter new international markets.

The Premier's Exporter of the Year Awards 2006 was promoted through the Exporters Network helping to more than double new entrants. NSW companies won awards in the categories of *Small to Medium Sized Manufacturer* and the overall *National Exporter of the Year*.

Increased growth and innovation by NSW companies

Export development

The *New Export Opportunities Program* assists small businesses to establish and expand export values and develop export market entry strategies. In 2006-2007, the Division's business development managers worked with 51 companies planning to enter new, or expand existing, export markets. A total of \$426,012 was provided to these companies to identify and develop strategies to pursue new export opportunities.

Trade programs

The Department's trade programs contributed to business development and growth by working with 818 firms that collectively reported average annual growth of 20.5 per cent in total sales turnover and 11.4 per cent in full time employees between 2005-2006 and 2006-2007.

Business clusters

The *Business Clusters Program* supported over 155 industry cluster member companies through nine industry cluster groups. The program focused on high-value manufacturing, tourism, and value-added services. It increased cooperation between participating companies, facilitated new ideas, increased investment within the cluster sectors and enhanced domestic and export sales opportunities.

Stepping-Up Program

The *Stepping-Up Program* provides access to small group workshops and a mentor for owners of established businesses seeking to grow. A total of 169 individuals and organisations received financial assistance to participate in 40 programs. This delivered valuable skills to businesses, equipping young people under the age of 30 with the skills to commercialise new products and services. Established operators were also assisted to develop their market, financial and export development proficiency. The program targeted innovative companies seeking specialist skills needed to fast-track their business growth, including preparation for sourcing external investment.

BioBusiness program

The program aims to close the gap between basic research and development and commercialisation. The High Growth BioBusiness program element assists established companies, whilst the Non-Research Establishment Costs program element helps start-up biotechnology businesses.

During 2006-2007, 50 companies received a total of \$615,000 in funding. Assistance was primarily aimed at supporting commercialisation, intellectual property protection and export market development for biobusiness and medical device firms.

Innovation Advisory Services

Four Innovation Advisory Services (IAS) in Newcastle, Penrith/Parramatta, Sydney and Wollongong helped inventors and small business innovators across the State to evaluate and commercialise their ideas. By assisting in early stage commercialisation of invention and innovation, IAS supported the establishment of new businesses and contributed to increased business investment over the longer term.

A total of 1,729 services were provided, including 62 low-cost technical and market assessments. The online Innovation Advisory Service at www.ausinvent.com was also supported, attracting 32,625 user sessions. The service provided self-assessment software, a virtual exhibition, links, news and events.

The Hunter IAS hosted the inaugural *Building on Bright Ideas Award* in November 2006 to celebrate and build awareness of the innovation achievements of local business.

Innovation clusters

Through regular exchanges at meetings, innovation cluster businesses learn to be innovative by using technology and leading-edge management techniques. Three innovation clusters, based in Newcastle and Western Sydney locations, provided continuous learning forums for 613 business participants through 24 seminars, including ten on-site visits.

The *Women In Manufacturing Network* cluster was launched in 2006-2007 with the aim of facilitating learning and development for women owners and executives in manufacturing. Seven members of this network also participated in an advanced *Stepping-Up Program*, resulting in access to international education and certification.

The Department, together with the Australasian Production and Inventory Association, offered an annual *Women In Manufacturing Scholarship*, which provides internationally recognised training in production and inventory control.

Departmental support to the Welding Technology Institute of Australia, the Australasian Production and Inventory Association, Lean Network and the Association for Manufacturing Excellence facilitated access by NSW small manufacturers and related businesses to leading-edge business systems and management practices.

Aboriginal business development

Aboriginal building companies assisted by the Department secured more than \$4 million dollars in subcontracting work, creating more than 150 new jobs. Four Aboriginal firms undertook international market visits that led to sales of approximately \$325,000, while a record 105 Aboriginal firms participated in industry trade shows. The Department conducted 42 business workshops, with 87 per cent of participants reporting an increase in business skills and confidence. The Department also facilitated alliances with the coal mining industry in the Hunter that resulted in an Aboriginal enterprise winning three contracts of a total of \$490,000 for work on land remediation, heritage restoration and fencing.

Improved business climate

Western Sydney Business Centre

The Western Sydney Business Centre is home to a team of business development staff that offer programs to assist business growth in the Greater Western Sydney region. With strong support from the business community, the Centre staged 257 business seminars, with more than 5,500 people attending. Additionally, agribusiness clusters were established in the Hills, Hornsby and Hawkesbury areas. Parramatta City Council was supported on a number of sustainability projects, which focused on reducing business costs to retailers through effective management of environmental issues.

The Greater Western Sydney Economic Development Board, funded by the Department, established Greater Western Sydney skills development industry task forces in sectors including information communication technology, logistics and advanced manufacturing.

Small Business Regulation Review

The Premier introduced the Small Business Regulation Review in January 2006 as part of the NSW Government's strategy to reduce red tape.

Four Small Business Regulation Reviews were undertaken in 2006-2007 on motor vehicle retailing and services, accommodation, food and beverage services, metal manufacturing and business and professional services industry sectors. Recommendations for the first two reviews are being implemented, which will save businesses in motor vehicle retailing and services an estimated \$1.7 million in transaction costs. An estimated 25,000 businesses in the accommodation, food and beverage services sector will also benefit from the regulatory changes arising from the reviews in those sectors.

Small Business September 2006

In 2006, *Small Business September* hosted 340 events which were attended by more than 50,000 people, with an attendee satisfaction rating in excess of 95 per cent. *Small Business September* included seminars, workshops, conferences, training programs and expos which provided practical information, knowledge and tools for small business operators to improve their operations and access new markets. More than half of all events were delivered in regional New South Wales.

Business Advisory Services

The Business Advisory Services are designed to help start-up and micro businesses plan their growth and development. During 2006-2007, the program provided a total of 380,216 information and business services to clients. Clients recorded very positive satisfaction levels, particularly in the areas of business guidance standards and business facilitator expertise. The satisfaction level was highest in regional New South Wales. More than 520 *Business Advisory Workshops* were conducted and attracted 6,229 participants.

Women in business

Women represent 29 per cent of the small business operators in New South Wales. The *Women in Business Program* provides information and support to emerging women business owners. The Program included advice on growth strategy, review of business practices and development of innovative solutions. The 90th *Women in Business Mentor Program* was conducted in 2006-2007. Feedback from participants reported that 52 per cent saw increased business turnover and 27 per cent had increased employment numbers as a direct result of the Program.

Home-based business

Home-based businesses account for almost two thirds of all small businesses in New South Wales. This market segment is supported through the Department's range of innovative initiatives under the *Home-Based Business Program* with 1,096 operators in total accessing programs and services in 2006-2007.

The *Home-based Business Action Program* delivered intensive business training through nine workshops across New South Wales. As a result of the *Action* program, a total of 93 per cent of participants reported an increase in their business skills.

Small Business Development Corporation (SBDC)

The Small Business Development Corporation is a policy advisory body reporting to the Minister for Small Business. The Corporation's primary objective is to advise the Minister on small business policies and to develop advice through research, forums, inquiries and other forms of investigation. In 2006-2007 the SBDC made formal comment on the *Review of the Occupational Health and Safety Act 2000*; the Australian Taxation Office's review of Small Business Services; and skills shortages issues faced by small business for the NSW Skills Council. The Corporation also developed a number of workshops to strengthen business development skills that altogether attracted over 280 attendees. See Appendix 3 for membership details on the SBDC.

Smallbiz Website

The Department's www.smallbiz.nsw.gov.au website supports businesses in New South Wales with comprehensive information on starting and managing a business. It has proved to be a useful tool with the most popular sections being *Starting in Business*, *Managing a Business* and *Resources*. Some 914,336 visits were recorded during 2006-2007, an increase of 66 per cent over last year. During 2006-2007, a total of 4,827 people were registered to receive the *Small Business* newsletter by email.

Youth entrepreneurship program

This program promotes and encourages young people aged 18 to 35 years to engage and effectively manage a business. The program provides an entrée into the world of business and a learning pathway for young people to develop significant and successful businesses.

Case study

Wool To Wine

Canonbah Bridge Wine is a small business that embraced innovative practices and new markets. The family-owned merino farming business recently diversified into premium table wines and has already achieved significant exporting success in the United Kingdom, Republic of Ireland and North America.

Through the *Independent Market Visit* and *Post Market Visit* programs, the Department supported the business to investigate and enter the Scandinavian market. Following a market visit, the company secured local distributors in Sweden, Denmark and the Netherlands. New export sales of \$70,000 were achieved for these markets and commitments for future orders were also made.

Co-owner, Tessa McLaughlin won a highly commended *Young Exporter of the Year Award* at the 2006 Premier's New South Wales Export Awards.



12

Tourism New South Wales

Works with the tourism industry and government agencies to increase visitors' activity, visitor nights and length of stay

Nature and scope of activities

The Department, through Tourism NSW, undertakes strategic activities to build and convert awareness of NSW visitor destinations in Australia and in overseas target markets. Tourism NSW shares knowledge and expertise to improve industry effectiveness and stimulate investment. Through private and public sector partnerships, Tourism NSW works to grow and manage tourism development through:

Marketing

The Marketing Unit builds and converts awareness of NSW destinations in target markets through different marketing and brand initiatives and across a range of media applications. It also establishes strategic relationships with commercial partners to extend the reach of the NSW and Sydney brands, and provides project management, knowledge and business planning support within the Tourism NSW Division of the Department.

Corporate affairs

The Corporate Affairs Unit builds and maintains the profile, awareness and positioning of Tourism NSW and the value of the tourism industry. It delivers executive services, including secretariat services to the Tourism NSW Board, Parliamentary and Government relations. The Unit also manages the delivery of visitor services through the Sydney Visitor Centre at Sydney Airport, four City Information Kiosks, the *Traineeship Program* and the *NSW Accredited Visitor Information Centre Program*.

Strategic operations

The Strategic Operations Unit develops strategies and plans that underpin Tourism NSW operations. It manages strategic alliances with private and public sector organisations and provides research and insights for marketing, strategy and planning responsibilities. The Unit also manages regional operations and consults on destination development and other tourism related issues.

Group communications

The Group Communications Unit conducts extensive media and public relations programs in Australia and overseas by hosting trade, consumer, national and international journalist visits, organising major promotional events and consumer promotions. It also manages the use of Tourism NSW brand assets including logos, imagery and content.

Strategic operating environment

Visitors from within Australia account for around 90 per cent of the NSW overnight visitor market, with the majority of these coming from within New South Wales. A total of 12 per cent of interstate visitors come from Victoria and 11 per cent come from Queensland. In 2006-2007, over 24.7 million domestic visitors stayed in New South Wales overnight. The State received 33.5 per cent share of visitors and 29.5 per cent share of nights in Australia. New South Wales received over 2.8 million international overnight visitors, a share of 54.7 per cent of visitors to Australia. International visitors spent over 58.7 million nights in New South Wales, a share of 36.8 per cent share of total nights in Australia.

Over the past five years, domestic travel consumption nationally has been growing at a slower pace than total household consumption. This has resulted in a decline of the competitive position of tourism against other sectors of the economy.

Some of the factors behind this trend include growing levels of private household debt, the strength of the Australian dollar and availability of competitive overseas airfares and holiday packages, increased promotion from other States, increased household consumption of consumer products, and high petrol prices.

The National Visitor Survey indicated an increase of 1.3 per cent in domestic visitors to New South Wales, a growth of 1.8 per cent in visitor nights and 5 per cent in expenditure for the year ending June 2007.

Internationally, 16 per cent of visitors to New South Wales come from the United Kingdom, 13 per cent from New Zealand, 10 per cent from the United States of America, and around 9 per cent from China.

Statistics for 2006-2007 reflect the significant growth in visitor numbers and associated spending from developing markets of China and India. Tourism NSW is directing its resources, in such a way as to ensure growth from these markets continues.

Overall, international visitors to Australia are expected to increase at an average annual rate of 4.9 per cent over the next ten years, to reach 8.89 million in 2016.

The primary responsibility for the attraction of international visitors to Australia rests with the Commonwealth Government, through Tourism Australia. Tourism NSW allocates resources to work cooperatively with Tourism Australia in identified target markets. The Division provides expert information on NSW products and destinations to be incorporated into Tourism Australia's activities. Tourism NSW also brokers opportunities for the NSW tourism industry to partner with international travel distributors.

Major achievements

Increased growth of the NSW tourism economy

Promoting Sydney and regional New South Wales

Through its marketing and communication activities the Department, through Tourism NSW, works to increase the demand for NSW tourism experiences, which in turn drives business, investment and the creation of jobs in this sector. The breadth of Tourism NSW' marketing activities is increased through leveraging partnerships with industry operators and commercial alliances.

Marketing New South Wales within Australia

In 2006-2007, television advertising promoting holidays in New South Wales reached 9.4 million people, on average more than 17 times. This represented an increase over 2005-2006 when television advertising reached 5 million people. Magazine and newspaper advertising reached 14.3 million people, on average 12.5 times, compared with 6.9 million in 2005-2006.

The Tourism NSW media buying partnership with News Limited and the Seven Group largely contributed to the increases in media reach. This innovative partnership represents a return on investment of more than \$5 for every \$1 injected by the NSW Government.

In addition, Tourism NSW completed and released holiday planners for the:

- South Coast
- Heart of Country
- Snowy Mountains
- Outback
- NSW Short Breaks – Sydney Surrounds.

The holiday planners completed the suite of seven holiday planners produced for New South Wales. They were created in conjunction with regional tourism organisations to increase awareness of accommodation, experiences, attractions, activities and events for each regional campaign zone.

The 2006 *Lord Howe Island Spring* campaign gained international recognition, after being awarded best public relations campaign in the Asia Pacific at the 2007 Pacific Asia Travel Association Gold Awards.

Other activities include the creation and distribution of a range of arts, culture and event listings, and food and wine features on Sydney and regional New South Wales for the Australian travel and lifestyle media.

Marketing regional New South Wales

Tourism NSW' marketing activity focused on promoting destinations within the seven key regional New South Wales' zones. These are:

- the North Coast
- the South Coast
- Outback NSW
- Heart of Country
- Lord Howe Island
- Snowy Mountains
- Sydney's Surrounds.

Integrated marketing campaigns, including television, print and public relations, were developed for regional New South Wales, as well as initiatives that increased focus on online marketing. These included brand and tactical initiatives, with partners contributing to components of the campaign.

Public relations activity for regional NSW campaigns included 267 media visits, resulting in more than 1,500 destination stories on television, newspapers, magazines and websites.

Marketing Sydney

Advertising campaigns for Sydney highlighted the events, festivals and activities that were held in the city during autumn, winter and summer 2006-2007. The campaigns featured innovative partnerships, including one in March 2007 that involved partnering with Qantas and 30 industry partners. The campaign involved emailing Qantas Frequent Flyer members throughout Australia and New Zealand, with a 'take-a-guest-free' offer. In the days after it was distributed, this campaign doubled traffic to the Tourism NSW consumer website.

The seasonal platforms also allowed Tourism NSW to capitalise on Sydney's year-round major events program, constantly refreshing potential travellers' ideas of the city, and enticing new and repeat visitors.

Public relations activity for Sydney campaigns included 118 media visits, generating more than 850 destination stories on television, newspapers, magazines and websites.

Marketing New South Wales overseas

Tourism NSW has offices in the following six overseas locations:

- Auckland
- London
- Los Angeles
- Tokyo
- Singapore, covering South Asia
- Hong Kong, covering North Asia.

Tourism NSW focuses on strongly representing New South Wales in the marketing activities of Tourism Australia, educating overseas travel wholesalers and retail travel agents about the State's tourism products and experiences, and developing and brokering partnerships with the tourism industry in each market.

There were seven *NSW Missions to Market* through 2006-2007. Through a range of activities, they allowed 56 industry participants to establish business relationships with major travel distribution partners in their key and/or up-coming international markets. The Division attended more than 15 international trade and consumer shows to expand the distribution of NSW tourism products in key overseas markets.

A total of 654 international travel distributors were invited to New South Wales to experience the destination and establish business relationships with the NSW tourism industry.

A wide range of tactical promotions in target markets occurred throughout the year. An example is the *Summer in Sydney – Sydney Festival* promotion in the United Kingdom (UK). Working with the NSW Major Events Board and the Sydney Festival, Tourism NSW invested in promotional campaigns targeting the high yield, long-stay UK market. The campaign included a 36-page guide distributed to 300,000 South East London residents through a partnership with *The Times* newspaper, with information on travel packages from the United Kingdom to Sydney. In addition there was three weeks of online advertising and a dedicated page on *The Times'* website, with links back to www.seesydney.com and the Sydney Festival site.

Tourism NSW worked with the Royal Agricultural Society (RAS) to take the *Sydney Royal Easter Show* into southern China, Hong Kong, Korea and New Zealand. In China, Tourism NSW brokered an agreement between the RAS and southern China's largest travel company, GZL Travel. This was the first time that the RAS had signed an agreement with an international travel company.

Tourism NSW co-sponsored the Australian Tourism Export Council's symposium, held for the first time in an emerging international destination for Australia. More than 550 international tourism industry professionals attended the symposium in the Tweed area. Tourism NSW' international team met with 40 inbound tourism operators during the workshop sessions. Many of the inbound tourism operators attended familiarisation tours, arranged by Tweed Tourism and Tourism NSW, in the Northern Rivers region. The State also won the right to host the 2008 symposium, which will be held in Newcastle and the Hunter Valley.

Australian Tourism Exchange (ATE) 2007

Tourism NSW had a significant presence at the ATE in Brisbane where tourism operators were assisted in meetings with international wholesalers and advice on international marketing strategies. Around 660 meetings were facilitated. A 56-page *Sydney and NSW, Australia* publication was launched, to entice international trade to add more NSW content to their programs.

Supporting the NSW tourism industry

Keeping the NSW tourism industry informed

The weekly *Insights* e-newsletter was distributed to more than 3,500 registered contacts, keeping the NSW tourism industry informed about the NSW Government tourism support and the upcoming opportunities for industry operators.

Tourism Industry Forum

Tourism NSW chairs the Tourism Industry Forum (TIF), which promotes collaboration and communication between industry associations, relevant government stakeholders and Tourism NSW. The roundtable forum, which comprises 48 associations and government bodies with a tourism focus, addresses industry issues and opportunities and meets every two months.

NSW Tourism Awards

The 2006 NSW Tourism Awards, undertaken in partnership with the Tourism Industry Council NSW, are held annually and are a submission-based competition for tourism businesses and industry suppliers. The awards acknowledge those tourism businesses that have demonstrated outstanding achievement and success during 2006-2007. Entries totalled 168 and resulted in 32 winners, along with two Awards of Distinction and two Encouragement Awards. Around 700 industry representatives attended the annual awards dinner and presentation evening.

Supporting the value of NSW tourism industry

Tourism received a Gold Award in the Public Affairs category from the NSW Public Relations Institute of Australia for its 100 Years of Tourism in New South Wales promotion. The promotion focussed on the value of the tourism industry to the broader community.

Sam Fiszman Trainee of the Year Award

The Award was created in memory of Tourism NSW former Chairman Sam Fiszman who had a strong commitment to training and giving young people the opportunity to enter the tourism industry. Krystal Budd was presented with the award in 2006-2007.

Three other trainees were recognised by TAFE NSW for achieving outstanding academic results in the Certificate III in Tourism – Visitor Information Services.

Visitor services

The Department, through Tourism NSW, continued to manage the *Visitor Information Centre Network Accreditation Program* across the State. The network consists of 171 accredited centres in New South Wales, and is marketed through a range of initiatives aimed to raise consumer awareness of the italicised blue and yellow 'i', with the slogan of '*i ... will take you there*'.

As part of the *Traineeship Program*, Tourism NSW provided work in visitor services and other areas within the Division for 21 trainees, who combined this experience with study at TAFE NSW.

NSW Tourism Masterplan

The *NSW Towards 2020 Tourism Masterplan* is a whole-of-Government road map to build sustainable tourism in the State and represents one of the NSW Government's key action plans to foster growth of visitor nights in the State. The Masterplan facilitates coordinated action by NSW Government agencies with a policy, regulatory or product supply role in tourism. The Masterplan was reviewed in 2006-2007.

Destination Development Program

The program features a series of regional workshops, which bring together regional tourism organisations, local government and tourism operators to discuss ways to increase the visitor appeal of their destinations. Workshops help operators identify key experiences and attractions that potential visitors expect to find at each destination and then match with consumer needs.

Workshops in 2006-2007 were conducted in:

- the Tweed area, including Beaudesert, Kyogle, Murwillumbah, Uki, Casuarina and Salt
- the Lismore area, including Nimbin, Dunoon, Lismore, Casino and the Richmond Valley
- the Riverina including Wagga Wagga, Junee, Cootamundra, Gundagai, Lockhart and Coolamon
- Griffith, Hay and Shellharbour
- Merimbula and Batemans Bay.

With guidance from Tourism NSW, participants developed shared action plans for tourism marketing and development and received the *StartSmart* guide, which helps businesses and local government understand the industry and tourism operations.

Local Government Tourism Conference

Working with the Local Government and Shires Association, Tourism NSW was a major partner of the Local Government and Shires Associations Tourism Conference held at Griffith. The Conference attracted 180 delegates including NSW mayors, councillors and tourism managers and representatives. The theme was *Tourism – an Investment!*, which inspired an impressive array of speakers and panels to discuss ways to attract investment and the benefits of working cooperatively.

Case study

Supporting NSW tourism operators through conducting missions to market

Tourism NSW' *Missions to Market* provide NSW tourism operators with an opportunity to educate frontline agents about destinations, experiences and products they have on offer. Through these missions NSW operators are also able to facilitate commercial partnerships with key overseas travel distributors, have their product featured in travel programs and strengthen existing industry relationships.

Representatives of seven companies travelled to the United States, Germany and England with Tourism NSW in March and April. Destinations included Los Angeles, Seattle, Philadelphia, New York, Frankfurt, Munich, London, and Lancashire and Cambridgeshire.

Itineraries included pre-organised meetings, product presentation workshops and networking functions. The tourism industry assisted Tourism NSW by providing prize sponsorships as an incentive to encourage wholesalers to attend. As an example of the meeting schedule, in the United States, there were 126 wholesale presentations, one retail presentation, 288 wholesale and industry participants and 49 meetings held with wholesale product managers.

Delegates found the mission valuable and have seen an increase in business activity from these markets.

Tourism NSW Board and Management

Under the *Tourism New South Wales Act 1984*, the Board is appointed by the Governor and is accountable to the Minister for Tourism.

The Board advises the Minister for Tourism. The Director General, Department of State and Regional Development, and Executive Director and General Manager Tourism NSW, regularly brief the Board on aspects of state development and tourism

activities and performance, and seek guidance on policy and operational matters. The tourism executive is updated by the Executive Director and General Manager on Board recommendations.

Two Board members resigned during the year: Maurice Newman AC and Charlotte Vidor. Both members made significant contributions to the Board during their terms. Mr Newman was succeeded in the role of Chairman of the Board by Leslie Cassar AM.

Board Meetings

The number of Board meeting members who were eligible to attend and the number of meetings attended by each member during 2006-2007 are:

Board Member	Board Meetings Attended	Board Meetings Held*
Maurice Newman AC	3	4
Leslie Cassar AM	4	5
Ruth Fagan	5	5
Loftus Harris	1	3
Nicholas Papallo OAM	3	5
Narendra Kumar	5	5
John O'Neill	5	5
Denis Pierce	5	5
John Thorpe AM	5	5
Charlotte Vidor	4	4

* = number of meetings held during the time the member held office during the period

Message from the Chairman, Tourism NSW Board

I was delighted to accept the Minister for Tourism's invitation to be Chairman of Tourism NSW. I have a keen interest and passion for our industry and look forward to working with my fellow Board Members and management of Tourism NSW to strengthen and advance NSW position as a leading tourist destination.

I would like to take this opportunity to recognise the service to the Board of Maurice Newman AC and Charlotte

Vidor. Maurice took up the role of Chairman in May 2002 and quickly became a strong advocate for our industry, an avid supporter of regional tourism and someone who was also willing to listen to operators' concerns and where he could, take up the issues. Charlotte Vidor served continuously on the Board for 11 years. Charlotte's depth of experience and leadership in the accommodation field was greatly appreciated by both the Board and management.

The Premier, in February 2007, announced amongst other things, an external review of the tourism industry in NSW. The Board was provided with the opportunity to input to this review, the results of which are expected in September 2007.

I congratulate John O'Neill and his team at Tourism NSW for the outstanding work that has been achieved during this financial year.

Leslie C. Cassar AM
Chairman



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Communications,
International Business Relations,
Retail Tenancy, Executive Support

Nature and scope of activities

The Department of State and Regional Development works to convey a business friendly environment through its marketing strategies, promoting NSW Government support and its business programs.

The Communications Unit develops marketing and media strategies to promote business and investment in Sydney and New South Wales, both within Australia and overseas. Marketing activities include advertising, promotional materials and public relations to promote New South Wales around trade missions and key international events.

The Unit also develops information campaigns on key initiatives such as *Small Business September*, the *NSW We Mean Business* campaign, the *Payroll Tax Incentive Scheme* and other Departmental services and programs.

The Trade and Investment Centre and Country Embassy, managed by the Unit, plays a vital role as the NSW Government's premier events venue for business facilitation.

Major achievements

Improved business climate

The Department prepared and launched the *NSW We Mean Business* campaign to promote New South Wales as a leading location for business investment. The \$3 million campaign featured television and print advertisements promoting successful business case studies and encouraging contact with the Department for business assistance.

The Payroll Tax Incentive Scheme, Small Business September, and changes to the *Retail Leases Act 1994*, were promoted in media publications across New South Wales.

The Department managed the production of materials for key events such as Sibos 2006 (Sydney), the Advance 100 Global Australians Summit in December 2006 and the Beijing Sport Accord in April 2007. Over 70 publications were produced during the year.

New marketing materials, including a Message Stick USB drive with a video, information on key facts, and links to an enhanced website for international audiences, were developed to promote messages about NSW industry capabilities.

The Trade and Investment Centre conducted 2,148 events in 2006-2007 and hosted over 35,000 visitors.

Nature and scope of activities

The International Business Relations Unit was established to maintain an overview of the Government's international activities, strengthen the coordination of collaborative activities in key markets, and leverage international relationships with partners including the Australian Government's global network, foreign governments, business associations and NSW universities.

The International Business Relations Unit's mission is to oversee and reinforce collaboration by NSW Government agencies in key markets and to work in partnership with other international networks to shape the business environment by raising awareness of NSW capabilities and influencing decision makers to bring investment and visitation to New South Wales.

By making the strategic decision not to maintain a network of overseas business development offices, New South Wales has more flexibility to target and engage markets and sectors, and to develop and deliver industry-focused programs through regular market visits and incoming delegations to New South Wales.

Through the Unit, the Department seeks to maximise business outcomes from high level international visits to and from New South Wales, including Sister State relationships and ministerial missions promoting the State's capabilities in key markets. It provides advice to Government on the international business environment and on the State's international activities.

Major achievements

Increased internationalisation of the NSW business sector

The *International Business Relations Program*, which includes an overview of the NSW Government's international activities, was developed. In 2006-2007, partnerships with international networks were strengthened, and a program of collaborative activities in key markets established.

Information on international markets was regularly exchanged across Government, with business and other partners.

Partnerships with the Australian Government's global network were strengthened through the negotiation of a Memoranda of Understanding on cooperation with Austrade and Invest Australia. There was also a close cooperation with Austrade and the Department of Foreign Affairs and Trade in assisting NSW Ministers' international travel and promotion of the State's industry capabilities in China and Japan.

The 28-year-old Sister State relationship with Guangdong Province was strengthened with the hosting of the 21st New South Wales – Guangdong Joint Economic Meeting in Sydney. The meeting, which involved 300 businesses, led to agreements on further cooperation between Sydney and Guangdong in vocational and further education and in tourism promotion.

The NSW partnership with the Advance Global Australian Professionals was strengthened through the hosting of the inaugural Global 100 Australians Summit in Sydney and the introduction of a new international agreement for more proactive links to NSW expatriates to promote investment and visitation.

A new partnership was established with the NSW Vice Chancellors' Committee to develop collaborative activities in international markets, including ministerial missions and web marketing.

The State's capabilities were promoted to 26 official international delegations from markets including China, Japan, Indonesia, Malaysia, Vietnam, New Zealand, Chile and Argentina.

Advice was provided to the Premier and Ministers for 42 high-level meetings with international delegations from 18 markets.

Retail Tenancy

Nature and scope of activities

Under the *Retail Leases Act 1994*, the statutory functions of the Registrar of Retail Tenancy Disputes are conducted through the Retail Tenancy Unit.

Through the Retail Tenancy Unit, the Department provides free information and advice to people involved in retail leasing, including retailers, landlords, solicitors, real estate agents and advisors to the industry. It offers a cost-effective dispute resolution process to parties in dispute, allowing them to focus on their business rather than engaging in expensive and time consuming litigations.

The Unit also manages the mediation process for parties in retail shop leases who are in dispute.

The recent amendments to the *Retail Leases Act 1994* established the *Retail Bond Scheme*. The Unit is responsible for administering the scheme and providing the first stage resolution of disputes that relate directly to the return of bonds.

Since the introduction of the scheme on 1 January 2006, almost 100 matters were resolved by the Unit, mostly at no cost to the parties.

This number is expected to grow significantly as the number of bonds lodged increases, lease terms expire and bonds are called upon by the parties to the lease. Prior to the scheme, parties were individually charged \$900 for the dispute resolution process.

The retail leasing industry is challenged by the projected increase in interest rates. This is due to many tenants relying on securing their homes to obtain capital funding for their businesses.

Major achievements

Improved business climate

Under the *Retail Leases Act 1994*, parties in dispute must attempt mediation before the matter can proceed to a court or the Administrative Decisions Tribunal. In 2006-2007, the Unit administered 353 formal mediations, compared to 328 formal mediations in 2005-2006.

The Unit administered the informal mediation of 161 disputes compared to 276 in the previous year. The decrease in informal disputes is explained by a change in the

definition of these matters. The definition now refers to bond mediations and other mediations where the Unit intervenes in writing.

Responses to the Unit's survey reported that satisfaction levels for parties involved in mediation reached 100 per cent in 2006-2007.

Formal and informal mediation resolved 514 disputes, achieving a success rate of 80 per cent.

The Unit responded to 8,150 enquiries, a decrease from 8,232 enquiries in the previous year. The decrease was due to the industry being more familiar with the bond scheme and using technology more regularly to access the necessary forms.

Following the success of communication initiatives, such as the *Protect Your Leave* information packs that were distributed to 25,000 businesses, the Unit is expected to provide an increased number of mediation services in the future. Additionally the *Retail Leases Act 1994* now requires landlords to distribute *Retail Tenant's Guides*.

The *Retail Tenant's Guide* has been translated into Arabic, Chinese, Korean, Turkish and Vietnamese.

Executive Support

Nature and scope of activities

The Executive Support Unit provides high-level strategic, administrative and policy support to the Director General and Senior Management. The Unit manages Ministerial and Departmental information and liaison between the Department and Ministers' Offices, and works cooperatively with other agencies across Government.

Since the 2007 State election, this has involved services to five Ministers.

The Unit oversees and coordinates information and advice across the Department, provides policy advice and manages the interagency relationships. It also manages the Department's Parliamentary processes and Ministerial support. All briefings prepared for the Director General and Ministers are reviewed by the Unit.