The O’Farrell Government
One Year On

March 2012
nswbusinesschamber.com.au
Overview

On 26 March, 2011, the people of NSW voted for change. They wanted a change in what was being done by the State Government, and a change in how it was being done. The soap opera had to end.

The result saw a Coalition Government take the keys to Macquarie St for the first time in 16 years, with Barry O’Farrell becoming the 43rd Premier of NSW.

The landslide result brought with it much hope and optimism amongst the business community across NSW, and with that, great challenges for the new Government to meet the expectations of its constituents.

The NSW Business Chamber led the advocacy agenda prior to, and during, the election period with its highly successful “10 Big Ideas to Grow NSW” and “NSW Deserves Better” campaigns.

These culminated in the NSW Business Chamber visiting 30 towns during February 2011 as part of a bus tour aimed at reinforcing the solid policy foundation presented in the “10 Big Ideas” that business communities across NSW had developed locally.

The NSW Business Chamber was not looking to the Government for media stunts or policy announcements for the sake of it. There was no expectation that the State would be instantly transformed the moment the new Government came to power, however, expectations were created in getting the fundamentals established and constructing the framework to allow business to get on with creating and keeping jobs.

Now, as the 12 month anniversary of that election draws near, the NSW Business Chamber presents its analysis and ratings of key policy areas as identified in the Government’s own “Making NSW Number One Again” action plan. The ratings take into account delivery on pre and post-election commitments, as well as factoring in key external economic and political forces that have impacted on its ability to meet those goals. The NSW Business Chamber also identifies what it sees as the key challenges and priorities for the Government in 2012 and beyond.

Rebuilding the NSW Economy 7.5
Returning Quality Services 7.5
Renovating Infrastructure 7
Restoring Accountability to Government 8

Overall Score = 7.5/10
NSW is not as reliant as some of the other states on the resource sector to boost its economy; however, it is important that the Government provides a mechanism for the economy to be stimulated outside of traditional “booms”.

One of the key elements of the “10 Big Ideas to Grow NSW” was that the State budget had to be protected by fighting for a fairer share of the GST. The Federal Government is currently undertaking a review of the GST distribution process and the O’Farrell Government has adopted the NSW Business Chamber’s policy on GST distribution that recommends moving to a complete per capita model.

The Government had a pre-election commitment of achieving a 20 per cent reduction in red tape within its first term. Subsequently the Government has announced the introduction of a two-part strategy to reduce red tape – a commitment to a “one-on, two-off” rule for new regulations and a goal of reducing the overall red tape burden by $750 million by 2015. The NSW Business Chamber will continue to work closely with the Government to ensure that these targets are met.

While Sydney remains a key focus for the Government, more needs to be done in assisting regional economies keep pace with the rest of the State. The Government needs to make it easier, and economically attractive, for businesses to relocate to regional areas across the State, boosting local economies.

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**Rebuilding the NSW Economy**

- Conduct audit of NSW Government’s fiscal position
- Oppose Carbon Tax
- Maintain AAA credit rating
- Introduce a payroll tax rebate of $4,000
- Immediately hold a special commission of inquiry into the Keneally Government’s electricity sale
- Adopt a ‘franchise model’ for Sydney Ferries
- Establish Destination NSW
- Appoint a Cross Border Commissioner
- Develop Strategic Land Use Plans to protect and improve agricultural productivity
- Cut government advertising by 25%
- Ensure no increase in electricity dividends above currently budgeted levels
- Reduce red tape by 20%
- Extend stamp duty concessions to ‘empty nesters’ over 55
- Introduce the $7000 regional relocation grant scheme
The establishment of Transport for NSW, to bring all agencies under one umbrella, has been a positive move, however the proof will be in the coordination and roll out and of key strategic initiatives that require multi-channel cooperation. The process for developing a Transport Master Plan has commenced. The Government has integrated Metro Light Rail into MyZone and has indicated it will commence trialling electronic ticketing by the end of 2012.

The Government needs the business community in order to deliver on its own commitments. Premier O’Farrell, Treasurer Baird and Finance Minister Pearce have been engaging with the business community across all levels since the election and have a willingness and commitment to make the ‘business of business’ a much smoother process in NSW during what are trying economic conditions.

Returning Quality Services

- Develop NSW Gov Apps
- Discount the cost of monthly, quarterly and yearly Cityrail tickets
- Create an integrated Transport Authority
- Commence review of speed limits and cameras
- Integrate light rail into My Zone ticketing system
- Sign up to national OH&S system
- Establish a Customer Service Commission
The establishment of Infrastructure NSW was one of the “10 Big Ideas to grow NSW” and its creation in the early days of the O’Farrell government was a very positive move. Infrastructure NSW has hit the ground running with a clear agenda, strong leadership, and a willingness to engage with the business community that encourages partnerships aimed at delivering outcomes. Infrastructure NSW is currently working on its 20 year strategy, due to be released in the second half of 2012. 

For too long in this State, infrastructure planning and funding had been driven by the former government’s need to make media announcements and with a lack of design, delivery, funding co-ordination and expertise. The true challenge now for the Government will be in providing Infrastructure NSW with the necessary funding resources needed to develop and then implement its State Infrastructure Strategy.

To that extent, the NSW Business Chamber believes the Government missed a golden opportunity to provide that impetus with its decision to only partially privatise the electricity sector. Not only would a full privatisation provide Infrastructure NSW with the funding it needs, it would have also sent a clear message across the country, especially in the business community, that NSW wants to be the leader in the way it deals with the challenges of infrastructure funding. While appreciating that the full privatisation of the electricity sector is contrary to a pre-election commitment, the changing economic circumstances require this issue to be part of any pre-election commitment ahead of the next poll in 2015.
Real change in Government structures and processes is always a long term program but one that is vital in order to re-energize the State. This was never about a quick fix, but rather about removing blockages and barriers that were inhibiting progress across the State.

The NSW Business Chamber led the call for the audit of government services and performance, and welcomed the release of the Schott Report. The Chamber looks forward to the implementation of the recommendations.

The business community is continually frustrated by the regulations, duplication and burdens placed on it by all levels of government.

The appointment of Yasmin King as the State’s first ever Small Business Commissioner was another positive step, and again one that the Chamber advocated for in the “10 Big Ideas to grow NSW”. There is finally an Office, and in Ms King, a great advocate, for the small business community in this State.

### Restoring Accountability to Government

- Appoint a Small Business Commissioner
- Appoint a NSW Public Service Commissioner
- Appoint an independent Open Government Commissioner (Information Commissioner)
- Ensure government agencies pay bills on time
- Remove Part 3A of the Planning Act
- Establish ethics and values for Ministers and public service
- Overhaul State’s planning legislation
- Strengthen whistle-blower protection (establish Protected Disclosures Unit, standard guidelines, protection, requirement to investigate, seek damages)
- Introduce legislation for Auditor-General to approve advertising
- Introduce Cabinet reporting for major infrastructure and service commitments
- Develop Strategic Land Use Plans to protect and improve agricultural productivity
- Strengthen the powers of ICAC and require Ministers to report possible corrupt conduct
The O'Farrell led Coalition Government has made a good start following its big election victory in March, and has performed well in its first year in office, justifying its overall rating of 7.5 out of 10.

There is a determined vision amongst the Government to deliver on key policy areas and a willingness to engage with the business community to deliver on that vision.

However, the good start of 2011 needs to be turned into results in 2012. The State cannot afford for 2012 to be a year of missed opportunities.

Now that the Government has had a year in office following a long period in opposition, the benefit of the doubt and blame game is over. It can no longer point the finger and blame the previous incumbents. The Coalition is in charge now and will be judged by the people on what they do and not what they say.

There is no doubt, NSW needed to be rebuilt. It was not going to be a quick fix.

In any large building project, laying the foundations are the important first steps. Those foundations have now been laid and we now need to see progress in the reconstruction.

The New South Wales Business Chamber has been active in maintaining pressure on the NSW Government to deliver on critical reforms that will improve growth prospects for the state and foster an efficient business environment.

The implementation of the recommendations contained in the Commission of Audit into the NSW Public Service will be an important priority for the O'Farrell Government. Maximizing the skills, knowledge and experience of the Public Sector in NSW while at the same time ensuring its efficiency and effectiveness will be a challenge that requires constant attention. NSW needs to change the output of the Public Service.

The Transport Master Plan and State Infrastructure Strategy are two vitally important documents due to be released in 2012 that will have wide ranging impact on the business community in NSW. The Government must ensure both plans contain the appropriate foresight to guide the State in a co-ordinated manner in the years ahead.

The Chamber maintains that there are a number of areas highlighted in “10 Big Ideas to Grow NSW” last year that have not been adequately addressed. In fairness, the Government has not necessarily committed to all areas the Chamber has raised, but based on feedback from members, these areas will make the greatest difference to the business environment.

Accordingly the Chamber will continue to seek direct action from the O’Farrell Government on:

- Local Government reform and amalgamation of the 41 Sydney councils into 10 larger, better resourced councils;
- Continued reform to the HSC to cater for students who do not undertake tertiary study and pursue Vocational Education opportunities;
- Reducing payroll tax rates;
- Encouraging regional funding and the establishment of a Develop Regional NSW Fund;
- Consider addressing the privatisation of electricity related infrastructure in 2015 to free up capital to allocate towards addressing the State’s infrastructure backlog.

The Government’s Economic Growth Plan & “Make NSW Number 1 Again” both included a commitment to establishing industry action plans in key sectors. To date the Government has established several panels to make recommendations including the manufacturing taskforce which the Chamber’s CEO, Stephen Cartwright, has been appointed to. This is a good initiative and gives a greater voice to NSW business, and one that the Chamber hopes will be expanded to other industries during 2012.