

# NSW-Japan Engagement: A Shared Recovery – Speech notes 29 July 2020

## Minister Ayres, NSW Minister for Jobs, Investment, Tourism and Western Sydney

NSW and Japan are strong partners, and we are proud to have forged a genuine and lasting friendship over the years. Including through these challenging times.

There is no doubt that this has been a difficult year. I am delighted that so many of you are joining us this evening to discuss how we can work together towards economic recovery under these challenging conditions.

It was only a short while ago, in February this year, that I had the pleasure of meeting many of you, when the esteemed Dr MIMURA led a delegation to visit our State. I sincerely hope that we will soon be able to resume these face-to-face exchanges.

During these challenging times, we continue to prioritise the health and wellbeing of our citizens.

While we recognise the ongoing health crisis and understand there is still much uncertainty, we believe our effective policy response to COVID-19 will make us a competitive long-term economic partner. As more and more businesses can operate in a COVID-safe manner, NSW's economy is likely to be in a stronger position than many other jurisdictions.

Investment into NSW from high-quality businesses such as yours will play a vital role in our long-term economic recovery. NSW has much to offer and is an ideal destination due to our extensive pipeline of investment opportunities, high standard of living, high credit rating and regulatory environment.

But we can't achieve economic recovery alone.

As we look to the future, there are many areas of opportunity for Japanese businesses to invest in NSW across a range of priority sectors including:

### Healthcare

NSW's strong foundations in the healthcare sector, coupled with significant government investment and a clear vision for the future make for a compelling investment proposition.

- The NSW Government has committed to a capital investment of \$10.1 billion into the health sector over the next 4 years.
- NSW is a world leader in health care:
  - 35% of Australia's biotech companies are located in Sydney in key clusters including Macquarie Park and Westmead Health & Innovation Precinct.

- NSW has the highest level of Business Expenditure on R&D (BERD) as a proportion of GSP at 1.13% supported by a large innovation ecosystem.
- The Australian life science industry has around 100 companies listed on the ASX, valued at over \$100 billion, with 55% domiciled in NSW.
- Agencies in NSW Health Department are collaborating to deliver a digitally enabled and integrated health system.
- The strength of our health care sector has been demonstrated by our response and management of COVID-19. Which is why the Government is investing further in supporting this sector with \$800m committed to the health response to COVID19 and \$25m for vaccine trials.
- NSW boasts more than ten dedicated health precincts, for place-based investment opportunities with world-renowned research institutes, state-of-the-art medical facilities supported by a comprehensive health ecosystem. I'll touch on these in more detail later.

### Technology and Innovation:

Sydney is a global hub for technology, innovation and services:

- more than 600 multinational corporations have their regional headquarters in Sydney, including the largest ICT and digital infrastructure companies in Australia (107,000 FTE's).
- Sydney is ranked 10th globally out of 104 financial centres and 7th in the Asia-Pacific in the 2019 Global Financial Centres 26 Index.
- NSW is home to just over 50% of all Australian start-ups and a large innovation ecosystem located in the heart of Sydney.

Sydney is a global destination for creative and post digital and visual effects:

- Sydney is a recognised world leader in screen production, post and digital production, visual effects and animation (PDV) and is home to almost half the Australian industry. Peter Rabbit, Wolverine and The Great Gatsby were all developed in Sydney.
- Supported by the NSW Government, Industrial Light and Magic opened a new studio in 2019 in Sydney establishing NSW as a global destination for creative and post digital and visual effects

Sydney has the talent to support growth in technology and innovation:

- Sydney is home to 6 Australian universities that teach over 250,000 students, 50,000 of which are international students, and the most STEM graduates in Australia at 160,000. Sydney University ranks in the top 50 universities in the world.

And the NSW Government is supporting this sector to grow:

- The NSW Government is investing a record \$1.6 billion into its **Digital Restart Fund** to make the state the digital capital of the southern hemisphere.

## Renewable Energy:

- The NSW Government is committed to taking decisive and responsible action on climate change. The Net Zero Plan Stage 1: 2020–2030 sets the direction to fast-track emissions reduction over the next decade.
- Key opportunities in emerging clean energy technology where Japan already has expertise:
  - Electric Vehicles, Waste to Energy, Grid Infrastructure, Pumped Hydro, Bioenergy, Microgrids and Hydrogen
  - NSW capability is still at early stage and we are therefore looking for long term partnerships to accelerate development
- NSW has established 'Renewable energy zones': Three key zones designed to facilitate renewable energy investment in regional NSW.

## Infrastructure

The NSW Government is committed to the delivery of a \$100 billion-dollar infrastructure pipeline.

- Many Japanese investors have already investing successfully in this sector.
- Our pipeline includes further investment in enabling infrastructure in our Lighthouse precincts, as well as transport, hospitals, schools and social infrastructure projects.
- Our domestic capability and capacity constraints warrant a need to attract further international companies to participate.
- Capability needed in areas such as tunnelling, integrated station development, place-making around key transport assets – areas where Japan has expertise
- NSW Government has stepped up it's investment in Infrastructure in response to the economic impacts of COVID-19. We have committed to \$3b in 'shovel ready infrastructure projects' across roads, health, transport and education.

## Advanced Manufacturing

NSW has strong foundations in the Advanced manufacturing sector:

- NSW manufacturers make up 31% of Australian sector – more than any other state/territory
- Capability is distributed all across the supply chain with majority (67%) of companies in R&D and Production
- We have industry capability in Defence, aerospace, construction technologies

There are many areas of emerging opportunity in NSW including:

- zero emission automotive and circular economy, and the reshoring or creation of redundancies for disrupted global supply chains
- NSW Government lighthouse precincts incorporate these industries and our areas of existing strength and are attracting investment from businesses across the world. These precincts include Western Sydney, Parkes (advanced manufacturing, resource recovery and renewable energy), Wagga Wagga (renewables, sustainability and recycling and advanced manufacturing) and Williamstown (aerospace, defence and space).

The NSW Government's Lighthouse Precincts support the activation of these sectors to create areas of opportunity for investors and the state.

## Lighthouse precincts

### Tech Central

Last month the NSW Government announced \$48.2 million in funding to bring Tech Central to life.

The NSW Government has committed to facilitating 250,000 square metres of office space in the precinct which stretches several kilometres around Sydney's central station.

The size of the redevelopment of Central Station and its surrounding area is similar in scale to redevelopment that is happening in both Shinagawa and Osaka, Japan.

Tech Central will be home to start-ups, scale-ups and innovation ecosystem partners – putting NSW at the forefront of tech development.

This will be Australia's Silicon Valley.

Home-grown technology giant Atlassian will become an anchor tenant of the precinct, basing its Australian headquarters at the new site.

The long-term goal of Tech Central is to create 25,000 innovation jobs and encourage 25,000 new students to focus on Science Technology Engineering and Maths (STEM) and life sciences studies.

Tech Central, which in time will provide 50,000 square metres of affordable space, presents an excellent opportunity for Japanese start-ups and scale-ups looking to set up their business. It is predicted to bring up to 25,000 new jobs to NSW, which will further strengthen the state's economic recovery from COVID-19.

This concentrated ecosystem of Australia's technology capabilities and entrepreneurial talent will be the largest hub of its kind in Australia. A home for tech giants, new and innovative startups and leading talent all in one place, right here in NSW.

For Japanese companies looking to establish their business in Tech Central, there is ample opportunity for R&D collaboration and strategic partnerships to leverage the deep research expertise with both Australian and multinational companies.

And with Japan's extensive experience of large station redevelopments, Tech Central is a perfect opportunity to apply your best in class technology. In particular, as transit-oriented development becomes a platform for smart mobility, Tech Central

is a chance for Japanese communications and tech firms to showcase their smart city capabilities.

### **Western Sydney Aerotropolis**

We are pleased to have many renowned Japanese companies among the 18 Foundation Partners in the Aerotropolis, including Hitachi Australia Ltd, Mitsubishi Heavy Industries Ltd, Sumitomo Mitsui Banking Corporation and the Urban Renaissance Agency. And many more have expressed their interest in being involved in this transformational project.

For over 60 years, Japan has been one of Australia's largest trade and investment partners – and their early involvement in the Aerotropolis is a testament to the strong foundations and shared vision for governance that exist between our two countries.

Earlier this month, the Premier of NSW Gladys Berejiklian and I announced that Australia's national science agency – CSIRO – plans to relocate 450 of its researchers to a state-of-the-art facility in the Aerotropolis. This is huge step forward and confirms the Aerotropolis and Western Sydney as the future epicentre for science, research, innovation and industry collaboration in the Asia-Pacific.

Planning is moving at a rapid pace, despite the challenges posed by the pandemic. Construction of the Airport is underway and on track for completion in 2026, as wide-reaching road and rail networks grow around it, including the recently announced \$11 billion Sydney Metro – Western Sydney Airport rail.

But ultimately, we know that in order to succeed in delivering a truly smart city, we need continued private sector investment, ideas and support. Government has established advanced manufacturing, aerospace, defence and aviation, food and agribusiness, freight and logistics, health, and tourism as well as airport-related services, as the target industry sectors. To support this, a network of transport infrastructure (rail, road and rapid transit) will be required, in step with new construction for residents and growing industry participants.

Japan's world-leading multi-disciplinary capability strongly aligns with the needs of the NSW Government in delivering on its vision for the region. Dr Jennifer Westacott, Chair of the Western Parkland City Authority Board, will shortly discuss in greater detail opportunities for financial investment, project delivery and operations.

Later this year, we will launch the NSW Government's Prospectus, 'A Guide to Investment in the Western Parkland City' into Japan. This detailed document will outline sectors of investment opportunity, our key project pipeline and how Japanese business can get involved with the NSW Government.

### **Westmead Health and Innovation Precinct**

The Westmead Health and Innovation Precinct is one of the largest health, education, research and training precincts in Australia.

Spanning 75 hectares, the precinct brings together world leading medical institutions, including Westmead Hospital, The Children's Hospital at Westmead, Westmead Private Hospital,

The Westmead Institute for Medical Research, the Children's Medical Research Institute, two university campuses and the largest research-intensive pathology service in NSW.

## Conclusion

While circumstances have evolved over the past six months, NSW remains committed to expanding our international footprint under the Global NSW framework, and welcomes high-quality international investment.

We deeply value our close trade and investment relationship with Japan. In these trying times, maintaining and growing this relationship will be vital to the economic recoveries of our respective jurisdictions. Thank you.

## Mr Tim Reardon, Secretary DPC

### NSW's response to COVID-19

- Like Japan – and the whole world – NSW is grappling with the serious health and economic impacts of COVID-19.
- From the outset, the NSW Government took strong and decisive measures to ensure the health and wellbeing of NSW citizens.
  - Acted early to restrict non-essential movement and gatherings.
  - Severe restrictions on international travel and caps on international arrivals to Sydney Airport.
  - Strong public messaging, including encouraging testing and the importance of physical distancing and hygiene.
  - Compulsory hotel quarantine for all new arrivals - who have accounted for the vast majority of cases in NSW.
- NSW has world-class contact tracing capabilities and large-scale testing.
  - More than 1 million tests in NSW since January
  - Health authorities can identify and treat new clusters quickly
- NSW procured around \$1 billion of PPE to protect medical staff, frontline emergency workers and the general public.
- Anyone who can is encouraged to work from home
  - including the people who work for me - the NSW public service.
- However, public transport has continued throughout the pandemic - additional services and physical distancing increased safety.

- More recently, the government temporarily closed the NSW-Victoria border in response to high rates of community transmission in that state. [8 July]
  - This decision was not made lightly and is the only border closure NSW has put in place.

### **NSW Premier's Six Point Plan for economic recovery**

- The government's focus now is on providing certainty and confidence - keeping people employed and providing business continuity.
- On 15 July, the Premier unveiled her Six Point Plan to bring NSW out of the COVID-19 crisis stronger and more competitive than ever.

#### **1 The government is rolling out a \$100 billion infrastructure pipeline.**

- It will create around 88,000 jobs over the next four years in engineering, design, project management and many, many more.
- Includes a \$3 billion accelerator fund
- Creating new opportunities for Japanese partnerships and participation in key projects including metro, rail, and roads.

#### **2. Planning reforms and precincts will help grow world-leading industries.**

- Planning System Acceleration Program reforms to unblock the system and unlock investment and job opportunities
- 49 projects approved so far including Snowy 2.0 Main Works and Sydney Fish Markets
- As the Minister has highlighted, the Tech Central precinct will be the biggest technology hub of its kind in Australia - home to 25,000 start-up, scale-up and innovation jobs.
  - It will establish NSW as a global leader in innovation and technology,
- The Western Sydney Aerotropolis will host industries including defence, food and agribusiness, and advanced manufacturing.
- The Government has also committed \$1 billion to five regional Special Activation Precincts.

#### **3 NSW is reviewing our education and vocational education and training systems to make sure our young people are ready for the jobs of the future.**

- We need a skills sector that responds to areas of need and prepares students for the digital age.
- Greater industry involvement in designing courses.

- 4 **Digitisation** creates opportunities in everything from telehealth to cyber security, again an area for Japanese partnerships with the NSW government and industry
  - Digital health services like contactless consultations have improved rapidly recently.
    - 700 per cent increase in use of digital health services between February and May 2020. [compared to the same period in 2019]
    - NSW Government investing \$75 million in e-health over two years
  - Government's \$1.6 billion Digital Restart Fund includes \$240 million to establish the Cyber Security Management Centre in Bathurst.
  
- 5 NSW to be a hub of **advanced manufacturing** with strong **local supply chains**.
  - Recent experience has highlighted how agile and innovative NSW businesses are.
    - 1950 businesses registered to supply or produce PPE at the height of the crisis.
  - Aerotropolis will position Western Sydney as Australia's advanced manufacturing capital, including a new collaborative research and development centre at its heart.
  
- 6 The time is ripe to reform how **Federal and State governments work together**.
  - National Cabinet has proven different levels of government can work effectively and efficiently together.

### Next Steps

- We know that international engagement – in both trade promotion and investment attraction - will be key drivers for NSW in forging a post-COVID 19 path.
- We welcome initiatives such as today's, which provide a platform to discuss how we can work together with our valued international partners to navigate our way forward.
- Our government is open for business and looks forward to supporting our Japanese partners as you grow your presence here in NSW.