Making it Happen in the Regions:
Regional Development Framework
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Cover Image: View of Tamworth Credit: Tamworth Regional Council

Image: Guided tour of Aboriginal art with Badger Bates, Mutawintji National Park, Outback NSW. Badger Bates is a Broken Hill artist, Aboriginal Elder and Senior Archeological Officer for the NPWS, Broken Hill. Credit: Destination NSW
The NSW Government has a strong record when it comes to delivering for regional NSW. In our first term of Government, we committed over $13 billion to revitalising important infrastructure and improving service delivery in regional communities.

In our second term, we have continued this momentum, with a further $6 billion committed through the long-term lease of 49 per cent of the State’s electricity assets, including:

- $3.7b on regional roads;
- $1b on water security;
- $600m for schools and hospitals;
- $400m for rail freight; and
- $300m for regional tourism and the environment.

This investment is a once-in-a-generation opportunity to fast track infrastructure projects that regional NSW needs and deserves. More importantly, this record investment is converting into business confidence, private sector investment and creating jobs that will unleash the economic potential of regional NSW - and the figures speak for themselves.

Business confidence in NSW is the highest it has been in five years. Regional NSW is leading the nation in jobs growth, with over 56,000 jobs created over the year to June 2016 – which is the highest regional jobs growth rate in Australia. The Regional Development Framework underpins the Government’s priorities to grow business confidence, create jobs and encourage business investment to build a skilled workforce and secure a strong future for our regions.

The Framework is the first of its kind and provides an overall vision across Government for regional development in NSW, building on previous regional plans and will act as a point of reference for future work to deliver for regional NSW.

The Framework will help the Government identify impactful opportunities that can make a real difference to regional communities. An important part of the Framework is a commitment to build the evidence-base for future investments and, through a whole-of-government approach, ensure that these investments maximise the potential for growth and new jobs in each region.

Our efforts are explained as three programs of investment:
1. Providing quality services and infrastructure in regional NSW
2. Aligning effort to support growing regional centres
3. Identifying and activating economic potential

The NSW Government recognises the importance of ensuring all regional communities can access the essential services of a modern economy. We believe our geography brings enormous opportunity, and should not deter people from choosing where they live, work and play.

We have created the right economic conditions for growth with a clear rationale for investment. We will put the Framework into practice to support further growth through:

1. Improved regional structures to facilitate regional development
2. Building the evidence-base for investment in regional development
3. Attracting investment and co-investment
4. Building regional workforce capability

Although the NSW Government has achieved much in the last five years, there is more to do. We continue to work to ensure greater opportunity and prosperity for regional NSW.
Regional development ensures NSW makes the most of its opportunities

Regional NSW is home to about 40% of the total NSW population, and produces about one third of total NSW gross state product. It is also home to resilient and adaptive communities and places of historical and cultural significance. With high levels of natural beauty and diverse lifestyles, regional locations are attractive places to live and work.

The NSW Government recognises the need to be more strategic and better coordinated if it is to make a difference, particularly in addressing some of the serious issues facing regional NSW such as pockets of youth unemployment, social disadvantage, changing economic opportunities and increased competition.

The NSW Government is determined to ensure that regional NSW continues to be a vibrant and growing part of our economy and that people are supported in their decision to live in the regions.

What do we mean by regional development?

The NSW Government is taking a holistic approach to regional development.

The Government’s efforts are aimed at tangible improvements in economic and social outcomes, but also efforts towards protecting our unique environment and enhancing education, health and cultural outcomes.

This can be measured in a variety of ways by reference to economic factors such as jobs, wealth creation and living standards but also by relying on measures such as education levels, skills levels, standard of living and life expectancy.

Importantly, the NSW Government’s approach to regional development is collaborative and based on the idea that regional development is a shared effort that combines the work of all tiers of government, as well as input from regional communities.

Regional development seeks to maximise the potential of regional areas. The NSW Government wants to build on our approach to the natural assets, local skills and expertise, and broader competitive advantages of the regions.

One of the strengths of regional NSW is its diversity. The NSW Government recognises that each region requires its own tailored set of strategies to address the specific priorities of each region. This is why we have created this Framework.
The NSW Government has a strong track record of delivery on regional development

The NSW Government is committed to supporting the development of strong, diverse and innovative regional communities across NSW and making those communities appealing places to live, work and invest. Since coming to Government, we have made a significant investment into regional NSW including:

$13 billion investment
We have budgeted $13 billion worth of investment in regional infrastructure projects including better roads, hospitals and schools. This is aided by dedicating 30% of the multi-billion dollar Restart NSW fund to regional infrastructure

$92 million
Investing $92 million via the Office of Regional Development to leverage $4 billion worth of private sector investment and create over 12,500 new jobs

$100 million
Investing in primary industries, including supporting over 1,000 research and development projects

$40 million
Spending over $40 million on regional training and skills, and significantly increasing skills and training opportunities in rural areas

$26 million
Investing over $26 million in the Regional Visitor Economy Fund and the Regional Flagship Events Program as well as a further $11.5 million for arts and cultural activities in regional NSW

In addition, the NSW Government is making a once in a generation investment into regional NSW through Rebuilding NSW. This includes spending $6 billion in regional NSW, including $2 billion for regional freight corridors, $400 million to fix country rail, $1 billion for regional water security and $300 million for regional tourism and the environment.
2. The need for a Regional Development Framework: we can do more if we focus our efforts

The NSW Government has a strong record in ensuring we have the right strategies for regional development. This has been shown from the work completed to date such as:

- The regional plans for development over the next 30 years;
- The State Infrastructure Strategy;
- The Long Term Transport Master Plan; and
- The Economic Development Strategy for Regional NSW.

While the Government is investing significant funds into regional NSW, there are uneven levels of growth across the regions. Some regions are growing strongly both in terms of population and economic opportunity. Industry is thriving in some regional centres, leading to strong jobs growth, and a strong regional economy and future prosperity.

However, some of our regional communities face great challenges in terms of population decline, structural change, distance, and the impact this has on service delivery, infrastructure investment, and cultural and social development.

We should expect that people will follow opportunities and that areas will experience differential growth over time.

The Regional Development Framework provides a scaffold for better coordination, decision making and effort on the ground.

The Framework will be based around a model of investment in regional NSW that:

1. Provides quality services and infrastructure in regional NSW – ensuring a baseline set of services across regional NSW;
2. Aligns efforts to support growing regional centres, acknowledging the needs of areas with strong growth in population, jobs or both; and
3. Identifies and activates economic potential by looking across regional NSW for opportunities to change the economic outlook and activate local economies.

Aboriginal Economic Development

The Framework for Aboriginal economic prosperity is a key initiative of Opportunity, Choice, Healing, Responsibility, Empowerment (OCHRE), the NSW Government’s plan for Aboriginal affairs. The Framework is being developed to coordinate the many activities across government, working with stakeholders effectively to achieve genuine improvements in Aboriginal economic development. The Framework aims to support Aboriginal people to realise their economic aspirations by developing sustainable employment and by building Aboriginal communities’ economic and entrepreneurial capacity.
All people in regional NSW should and will have access to essential services and infrastructure including hospitals, schools, roads, water, police and emergency services. This is our commitment to ensuring that no one in regional NSW should have to choose between where they live and work and having access to the most essential services.

While not all areas will have the same level of investment, we will make sure that all regions receive essential services to support their size and population, and that this is equivalent or superior to the best services and infrastructure investment in comparable regions throughout Australia.

This aligns strongly with commitments under the Premier’s priorities including building infrastructure, improving service levels within hospitals, improving education results, and improving government services.

Existing commitments include over $1.7 billion on rural and regional health infrastructure, the $135 million Bridges for the Bush program, $132 million spent on upgrades to fire, police and ambulance stations and $70 million spent on upgrading educational facilities.

The NSW Government is continuing to improve access to essential services in regional NSW.

Of the $6 billion regional infrastructure program under Rebuilding NSW, a significant proportion is being spent on infrastructure to support essential government services, including:

- **$2 billion for the Regional Road Freight Corridor Program**;
- **$1 billion for a Regional Growth Roads Program**;
- **$1 billion on water security**;
- **$600 million for schools and hospitals - including $300 million to create a 10 year Regional Schools Renewal Program**;
- **$500 million for the Fixing Country Roads Program**;
- **$300m for regional tourism and environment**;
- **$400 million for Fixing Country Rail**; and
- **$200 million to accelerate the Bridges for the Bush program**.

We want to ensure that the people of regional NSW have the best access to essential services and infrastructure in regional Australia.
Making it Happen in the Regions: Regional Development Framework

There are some regional centres that are experiencing strong growth. Growth in this sense has a broad definition. It refers to growth in population, productivity, economic output or jobs. In identifying growing regional centres, a combination of these factors will be considered.

For example, with respect to population, between 1992 and 2015, some parts of New South Wales experienced very high population growth. This included coastal areas such as the Tweed Valley and Port Macquarie, but also inland areas such as Queanbeyan. Figure 2 below shows population trends in regional centres.

Fig 1 population trends in regional centres

Regional airports play a vital role in the long term viability and growth for communities and economies in regional NSW, and are an essential entry point to the region for tourism, health and emergency services.

The NSW Government has announced $70 million for upgrades to 27 regional airports that will boost their capacity and safety and increase their ability to attract visitors to regional NSW. The projects include passenger terminal upgrades, improved lighting to support airport expansion, and expanding runways or aircraft parking to accommodate larger planes.

The 27 regional airport projects include: Albury, Armidale, Ballina Byron Gateway, Bourke, Coffs Harbour, Dubbo, Griffith, Lightning Ridge, Lismore, Lord Howe Island, Merimbula, Moree, Moruya, Mudgee, Narrandera, Newcastle, Orange, Port Macquarie, Snowy Mountains, Tamworth, Taree, and Wagga Wagga.

$70M for upgrades to 27 regional airports

Image: Coffs Harbour Airport
Credit: Rob Cleary, Seen Australia
Demographers are forecasting further growth for coastal regional centres, including the Tweed, Coffs Harbour, Port Macquarie, Newcastle/Lake Macquarie, Wyong, Gosford, Wollongong and the Shoalhaven. The growth of regional centres and their importance for the regions is a trend that is set to continue.

This will cement the importance of regional centres for the development of the surrounding regional areas. The strength and resilience of regional centres is a major contributor to the prosperity of our regions because they are hubs for economic activity, especially because in areas of strong population growth there is also likely to be some clustering of industry. An economic centre does not necessarily have to be a city of a particular size – centres will vary significantly from region to region, and some will be emerging.

By concentrating investment in growing regional centres, we can respond usefully to the needs of those regions as they arise and ensure that vital investments are made where most of the growth is occurring.

Program 2 will be strongly evidence based. As part of identifying the right regional centres to invest in, the Department of Industry is identifying the key economic drivers for economies in regional NSW.

Fig 2 shows population growth by coastal LGA

Population Growth by Coastal LGA (2001-2015)

Making it Happen in the Regions: Regional Development Framework

$1bn to support regional health

Examples of investment into health infrastructure in regional NSW growth centres include:

- **Gosford Hospital Redevelopment** - $348M
- **Wagga Wagga Rural Referral Hospital Redevelopment** - $270.1M
- **Tamworth Hospital Redevelopment Stage 2** - $211M
- **South East Regional Hospital Bega** - $187M
- **Parkes and Forbes Hospitals** - $113.7M
- **Orange Base Hospital** - $261M
- **Wollongong Hospital Elective Surgery Unit** - $106.7M
- **Port Macquarie Base Hospital Expansion** - $104M

**Investments into health in regional growth centres**

Through Rebuilding NSW the Government has reserved $300 million to accelerate delivery of the Regional Multipurpose Health Facilities Program including a focus on accelerating health facilities in smaller country towns.
Regional jobs growth in NSW remains strong. 56,500 jobs were created in regional NSW over the year to June 2016. This is 58 per cent of all jobs created in NSW, despite regional NSW only accounting for one third of the workforce.

While regional NSW is experiencing strong employment growth overall, some regions and regional centres are struggling economically and demographically. There are opportunities to enliven local economies through strategic investment. This can change the regional economic outlook for the local area or a broader region. In these areas, the NSW Government will look for opportunities where targeted investment can unleash the local economy to bring about major change. This program recognises that often the economic landscape in a region can improve rapidly when government and private sector actors collaborate to capitalise on particular opportunities.

All decisions will be made on the basis of evidence that specific investments are commercially viable and likely to have the desired effect. These decisions will also be guided by acknowledging the important role initial government investment can play in accelerating business development and job creation, especially in smaller regional communities.

Some regions have a strong need for projects that can switch on the local economy, while not necessarily being targeted towards a regional growth centre or aimed at a particular comparative advantage. For example, in a region where a traditional industry may be declining in terms of output or employment, the Government may look to support emerging alternative industries, where there is strong evidence to suggest a self-sustaining boost to employment and economic prospects.

In other instances, a new enabling infrastructure project may have considerable benefits in terms of improved connectivity or connection to freight corridors or opening up areas to tourism. It is likely that in the latter instance, evidence would be pre-existing in local areas and there would be opportunities for co-funding with regional stakeholders. State government agencies would need to analyse the commercial viability of the particular project proposed on a case-by-case basis. Strong partnerships involving local leaders, experienced investors and government support are expected to have the best prospect of success.

In instances where the evidence does not point to the likelihood of beneficial economic change or where there is clearly no commercial viability, investment by government would not be justified.

Regardless of the size of the region or its pre-existing natural advantages, we will be looking at supporting all regional areas where we can identify projects or investments with potential to activate new opportunities.
Walla Walla Internet Connectivity

Through the Murray Darling Basin Regional Economic Diversification Fund bulk handling and silo manufacturer Kotzur Silos and St Paul’s College in the small Riverina community of Walla Walla have been given financial support to deploy business grade, high speed fibre optic internet.

Slow internet speeds were an obstacle for both organisations. Kotzur is experiencing phenomenal growth in its bulk handling projects and this growth was being restricted by a slow and unreliable internet service which struggled to support even a simple Skype meeting.

St Paul’s College, a co-educational day and boarding secondary school, occupying a niche with the provision of equine and agricultural studies, was prevented from using the internet for what many schools take for granted in digital content delivery.

The best news is that this funding for upgraded internet will enable all businesses in Walla Walla to access data and Voice Over Internet Protocol capabilities like Skype at up to 200 megabytes per second.
Putting the framework into practice

So far, the Framework has set out why the NSW Government is focused on regional development and the programs to implement regional development. This part of the Framework contains the mechanisms through which the Government will implement its regional development agenda, building on existing work to enable a more coordinated and focused effort in future.

**Improved regional governance structures to facilitate regional development**

**KEY ACTIONS**

1. **The NSW Government will refresh its current regional governance structures, to ensure they are efficient, coordinated and easy for industry, community and other stakeholders to navigate with a minimum of duplication.**

2. **The NSW Government will seek to establish common regional boundaries for NSW.**

To deliver this Framework, we need new ways of working to ensure all levels of government are acting in concert with strong levels of input from regional stakeholders. We want to ensure these arrangements are efficient, coordinated and easy for industry, community and other stakeholders to navigate with a minimum of duplication.

The new governance framework will help support:

- Clear accountability to lead and innovate in the delivery of the Regional Development Framework and Premier’s and State priorities;
- Improving service delivery;
- Increasing external transparency and accountability for regional outcomes;
- Appropriate place-based policy decisions;
- Stronger coordination among government agencies engaged in regional issues;
- The capacity of the NSW Government to deal effectively with regional issues and maximise opportunities in the regions; and
- Balancing focused outcomes for regional communities against economic, environmental, and social measures.

A refreshed Regional Leadership Group in each region (chaired by NSW Department of Premier and Cabinet) will include the right people from each agency involved in on-the-ground regional delivery as well as representatives from Joint Organisations and/or Regional Organisations of Councils, and the relevant Regional Parliamentary Secretary. The Regional Leadership Group will become the core decision making group for each region.

It will:

- Agree on the priorities for each region;
- Co-design and lead priorities that are cross-government and/or involve multiple agencies or where there is no clear lead agency;
- Resolve barriers and take advantage of emerging opportunities for regional outcomes;
- Establish relevant sub-committees and taskforces to address regional priorities.
In each region, there will also need to be appropriate mechanisms for consulting with Commonwealth and local government representatives and key regional stakeholders. This will ideally allow the regions to leverage existing and emerging opportunities and provide key advice on emerging issues. In addition to this, the Parliamentary Secretary for each region will lead an annual summit to engage with regional leaders and Members of Parliament on the progress and direction of regional opportunities. In addition to this, the Parliamentary Secretary for each region will lead an annual summit to engage with regional leaders and Members of Parliament on the progress and direction of regional opportunities. Joint Organisations of Councils will also make it easier for the NSW Government to work in partnership with local government to drive regional development and priorities.

Coordination at the State level as well as in the regions

At a statewide level, the NSW Government will need to ensure that all agencies that are strongly involved in regional development are communicating and developing policy in concert and in a coordinated fashion. This will involve a regular meeting of a state-wide Deputy Secretaries Committee which mirrors coordination efforts in the regions, as well as ensuring that there is an overall focus within the NSW Government on the regions.

The Regional Coordination Branch within the Department of Premier and Cabinet will have monthly meetings with the Deputy Premier and the Minister for Regional Development to apprise them of various regional issues arising from the work of the Regional Leadership Group.

Boundaries

The Regional Development Framework will be supported by common regional boundaries for NSW agencies. These common boundaries will help address barriers in integrated and multi-agency planning; prioritising policy; programs and service delivery; targeting services in partnership with other agencies and local government; improving decision-making on the critical needs of each region; consistent, whole of region and whole of government reporting and accountability.
Build the evidence-base for investment in regional development

**KEY ACTIONS**

1. The Department of Industry will identify the key economic drivers for regions (through the Regional Enablers Project).

2. The Department of Industry will identify economic opportunities and infrastructure priorities.

3. The Department of Industry will research and develop a method of enhancing its cost benefit analysis to take into consideration non-market benefits as a way of improving justification for regional projects and investments.

The Government is strongly committed to making investment decisions based on sound economic evidence, as demonstrated in the Long Term Transport Master Plan and Rebuilding NSW – The State Infrastructure Strategy.

To continue to build the evidence base that informs government decision making, the NSW Department of Industry will be leading three important evidence gathering and analysis projects.

**The Regional Enablers Project**

The Regional Enablers Project seeks to identify the key economic drivers for regions so that investments can be targeted to those sectors. This project has already been piloted in three regions and is being rolled out across the State.

**The Regional Economic Opportunities and Infrastructure Prioritisation Project**

The Regional Economic Opportunities and Infrastructure Prioritisation Project will involve a comprehensive literature review of proposals from all levels of government and non-government organisations, and targeted stakeholder engagement to identify the key economic opportunities and barriers in regional NSW. The project will apply modelling to prioritise projects so that information can inform the work of Infrastructure NSW.

**Enhancing Cost Benefit Analysis**

The Department of Industry is looking at ways of enhancing its cost benefit analysis to ensure that estimates are accurate, reliable and based on comprehensive information. This will involve taking into consideration non-market benefits and commercial assessments of flow on prospects. In using this methodology, it is expected that resources will be more efficiently allocated to activities with the best long term benefits for regional communities and the State.
Guyra and surrounding communities have more job prospects on their doorstep as one of the largest tomato greenhouse facilities in the Southern Hemisphere has expanded and created more than 170 new jobs. Two new hi-tech five hectare glasshouses will augment Costa’s current 20 hectare facilities already in operation at Guyra.

The State Government has funded the roadworks and the construction of the new entrance from the New England Highway to the location of the new glasshouses, providing easier and safer access to Costa Group’s two new hi-tech five hectare glasshouses, located adjacent to the New England Highway, north of Guyra.

Costa is a major Australian grower, packer and marketer of fresh produce and supplies to Australian supermarkets and wholesale markets, as well as exporting to Asia, North America and Europe. Costa Group’s operations at Guyra now employ over 500 people and produce around 14.5 million kilograms of tomatoes each year.

Guyra Tomatoes

Costa employs over 500 people and produces around 14.5 million kilograms of tomatoes each year.
Attracting investment and co-investment

KEY ACTIONS

1. The Department of Industry will work with local bodies to develop and publish Regional Prospectuses.

2. The Department of Industry will work with the Department of Premier and Cabinet to ensure that international investment attraction efforts include region-specific actions.

Under Programs 2 and 3, the NSW Government will look for key opportunities for investment and co-investment with the private sector and will attract that investment into regional NSW.

The Department of Industry is currently leading work to develop a Prospectus that will attract investment to NSW, particularly our regions and key industry sectors.

These prospectuses will provide potential investors with the ‘how’, ‘who’ and ‘what’ to be able to invest with confidence, including information on:

- the underlying economic strengths of each region;
- the best economic opportunities now and into the future; and
- possible locations for investment or co-investment with government.

The prospectuses will be live and dynamic web-based documents able to be updated as new information comes to light, to ensure that potential investors have the most current information on opportunities in NSW.

This work will align with whole of government international investment attraction efforts to ensure that the regions have a strong presence overseas.
The NSW Government is building capability in the workforce through developing the skills of workers for the jobs of tomorrow. At the moment, we have a once in a generation opportunity to do so.

The NSW infrastructure program offers the opportunity to improve productivity through infrastructure investment in transport, utilities, health and education. The Department of Industry’s Skills Legacy initiative will increase the skills base in order to meet the needs of the growing economy, make NSW a leader in the global marketplace and an attractive place to do business.

KEY ACTIONS

1. The Department of Industry will undertake the Infrastructure Skills Legacy Program.

The Department of Industry is working with the construction industry to help build their future skills base by engaging their workers in skills development programs.

The Infrastructure Skills Legacy Program will target expanding the talent pool of skilled workers for the building and construction sector through developing the skills of workers; increasing the pool of women participating in civil infrastructure and general construction; as well as increasing the participation rate of Aboriginal and Torres Strait Islander peoples. The benefits of a strong talent pool will flow onto future infrastructure projects as well as to other industry sectors including the commercial and residential sectors.

The NSW Government is investing over $68 billion on major infrastructure programs.
Image: Mudgee streetscape at sunset Credit: Amber Hooper. Destination NSW