

A 20-Year Economic Vision for Regional NSW

February 2021



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The Hon. Gladys Berejiklian
Premier of New South Wales

Premier's foreword

Since the release of the *20-Year Economic Vision for Regional NSW* in July 2018, our regional communities have faced a series of challenges in the form of drought, bushfires, floods and the COVID-19 pandemic.

These events have taken a significant toll on regional industries, jobs, families and individuals but there are already clear signs of recovery in our regions. Housing demand in regional NSW rose in the second half of 2020 and an estimated 17 million tonnes of grain will be harvested over the 2020-21 summer harvest.

The people of regional NSW are resilient and the NSW Government's commitment to you has never been stronger.

\$20 billion has been allocated to regional NSW since 2017. This funding is creating Special Activation Precincts across regional NSW as local employment and investment hubs, delivering our Skilling for Recovery program to provide 100,000 fee-free training places across NSW, and investing \$400 million to improve digital connectivity in our regions. As part of the NSW COVID-19 Recovery Plan, we will deliver 90 new and accelerated regional infrastructure projects worth \$1.8 billion.

The Vision Refresh will drive the next stage of recovery by focusing on the key enablers of economic success. It will ensure regional NSW is connected, with reliable transport and freight infrastructure, secure and sustainable water and energy, strong education and training, quality services and a stable business environment.

Regional NSW will be stronger, more prosperous and more resilient than ever.



The Hon. John Barilaro

Deputy Premier

Minister for Regional NSW, Industry and Trade

Deputy Premier's foreword

Since releasing our *20-Year Economic Vision for Regional NSW*, the world has changed rapidly. Having seen firsthand the unique challenges that have confronted the people and towns of regional NSW, I have been struck by our resilience in the face of drought, bushfires, floods and COVID-19.

In the face of adversity, regional NSW remains the engine room of our economy. It is where the minerals are found to build and power our cities, where the high tech, sustainable agriculture that feeds the country comes from, and where stunning natural attractions draw visitors from across Australia and the globe.

Since 2018, the NSW Government has been hard at work delivering on our vision for regional NSW, committing more than \$8 billion to support regional communities and economies. We have established the \$4.2 billion Snowy Hydro Legacy Fund, which is dedicated to investing in transformational and economically productive infrastructure for regional NSW. I announced priorities that direct the investment of this fund to transform regional NSW – Special Activation Precincts, digital connectivity, water security and freight productivity. This is all about turning our vision for regional NSW into a legacy for regional NSW.

We will invest at least \$1 billion through our Special Activation Precincts program, creating thousands of regional jobs, starting with the Parkes Special Activation Precinct. Work is also underway for precincts in Wagga Wagga, Moree, Snowy Mountains, and Williamstown.

We have partnered with the Commonwealth Government to jointly invest \$1 billion into priority dam infrastructure. This includes delivering the Wyangala Dam wall raising, a new Dungowan Dam, and investigating the Mole River Dam.

We have committed \$400 million to improve mobile and internet connectivity for regional businesses and families – an investment that will be critical in ensuring regional NSW can make the most of a post-COVID digital economy that is more connected than ever.

The Regional Growth Fund has invested \$2 billion in over 2,100 projects to deliver new and enhanced sporting venues and develop arts, cultural and heritage facilities in regional communities.

The NSW Government is committed to delivering on these investments, but our economic analysis tells us that we need to plan ahead for the challenges and opportunities following the devastating drought, bushfires, floods and COVID-19. This is why we have released this refresh to our *20-Year Economic Vision for Regional NSW*.

Our vision is to create the economic terms needed for our services, manufacturing, resources and agriculture sectors to recover quickly and return to growth, while also positioning regional economies to further specialise in innovation and technology focussed industries.

The Vision Refresh also looks to accelerate economic growth in key sectors such as tourism. We will investigate visionary projects that could maximise our unique environmental endowments to take full advantage of tourism opportunities.

We are also looking to a future that is increasingly uncertain. To deliver on our vision in the face of uncertainty, we must develop diversified regional economies able to support people and businesses through future challenges.

I am personally determined to leave a lasting legacy of strong and sustainable regional communities. There is still much work to do. The *20-Year Economic Vision for Regional NSW*, together with this refresh, will help outline how we get there.



Executive summary

The 20-Year Economic Vision for Regional NSW is an ambitious plan for regional NSW

Regional NSW is an economic powerhouse and the backbone of the state's economic success. The regions host a third of NSW's population and produce around one fifth (\$125 billion) of Gross State Product. Despite these strengths, regional NSW has been disproportionately impacted over the past two years by drought, bushfires, floods and COVID-19.

The *20-Year Economic Vision for Regional NSW* is the NSW Government's plan to drive sustainable, long-term economic growth in regional NSW. It is the roadmap to unlock significant economic potential in regional NSW. It guides transformative, once-in-a-generation investment in our regions through the \$4.2 billion Snowy Hydro Legacy Fund, to create jobs now and into the future.

This vision is about going above and beyond 'business as usual' – the NSW Government's objective is to leave a lasting legacy for regional NSW. It sets out a long-term plan and a framework for how the NSW Government will provide the foundations for businesses to invest in our regions with confidence.

Since the launch of the Vision in 2018, the NSW Government has delivered significant investments across regional NSW, growing the economy and creating jobs. But regional communities were devastated by the impacts of drought, bushfires, flood and the COVID-19 pandemic, which in turn changed the economic landscape. To support the resilience of regional communities and economies, this update provides a new, ambitious plan for regional NSW to 2038, and identifies new opportunities to refresh, restart and regrow the regional NSW economy.

There has been record investment into the regions – supported by bold reform

Regional NSW is seeing investment like never before, with over \$8 billion of investment committed to supporting regional communities and economies. The NSW Government's visionary approach has underpinned record investment in regional NSW, which has boosted economic growth and created new opportunities. This approach has resulted in the launch of landmark initiatives backed by the \$4.2 billion Snowy Hydro Legacy Fund, the \$2 billion Regional Growth Fund, and a suite of targeted investment programs.

These investments have had a real impact on regional economies, transforming them forever and leaving a legacy for future generations. Measurable benefits for communities include:

- three new or improved libraries and 40 skate parks that provide young people with more social and recreational opportunities
- 120 new mobile phone towers in regional NSW – and 20 more on the way – that allow people to call their families, run their business from home, or make emergency calls
- 149 projects like walking trails, historic landmarks, museums, galleries and other attractions to give Sydney-siders and international visitors a great reason to spend time and money in our regions

- Seven projects that improve amenity on main streets to make regional towns great places to live and run small businesses
- 11 airport improvements that make the journey to our regions smoother for visitors
- 650 sport projects and 67 cycleways and footpaths to make an active lifestyle in regional NSW even more attractive
- a commitment to building three Doppler radars in western NSW to fill gaps in the provision of high resolution, real time weather information. This information will support decision making in key regional centres in agricultural and mining industries, as well as in emergency management.

The vision has helped guide investment across regional NSW to ensure every region and every community benefits. The 2018 Vision outlined 38 functional economic regions (FERs) (see Our Regions on page 13) that make up our state, and the NSW Government has delivered across every type of regional economy:



The NSW Government's Vision 2018 has been delivering for regional NSW, with annual economic growth in NSW of 1.75 per cent last financial year. This year, annual economic growth is forecast to be 2.25 per cent. This growth translated into over 46,000 new jobs for regional NSW in 2019.

2020 has been a year of challenges for regional NSW

The cumulative impact of drought, bushfires, floods and COVID-19 have made 2020 an exceptionally challenging year for the people of regional NSW. From 2018, NSW fell into the worst drought on record with 100 per cent of the state affected. Many regions in NSW faced the lowest rainfall and driest conditions in 120 years. Regional communities were placed under immense pressure as water shortages worsened and farmers were forced to downscale their operations to survive.

The drought contributed to the catastrophic 2019-20 bushfire season. More than 5.5 million hectares of land was damaged and 2,476 houses and 26 lives were lost, with over \$1.1 billion damage to the agriculture, forestry and horticulture sectors alone. Localised floods exacerbated the impacts of the bushfires in some areas, further damaging property and impacting the natural environment.

The COVID-19 global pandemic has led to Australia's first recession in almost three decades. With regional economies already vulnerable, a loss of momentum puts jobs and business livelihoods at risk. At the height of these impacts in 2020, Gross State Product was 6.5 per cent lower than the business-as-usual baseline, with \$16 billion of the shortfall coming from regional NSW. Employment was 6.2 per cent below the baseline with around 73,000 full-time equivalent jobs disappearing from regional NSW.

These events and other global challenges have changed the global economic outlook and redefined the way local economies need to adapt to a continually changing economic environment.

Regional NSW could grow by 180,000 residents and 64,000 jobs with extra effort

Now more than ever, investment is needed to bolster regional NSW from future shocks and kickstart the recovery from these unprecedented challenges. The impacts of drought, fire and flood in regional NSW have compounded the economic effects of the COVID-19 pandemic, meaning economic recovery will be a significant challenge without additional government investment and bold reforms.

From a population of just over 2.7 million people in 2018, regional NSW is already predicted to grow by 270,000 people by 2038. The Vision Refresh provides the framework for policy and investment decisions that could see an additional 180,000 people living, working and studying in regional NSW.

Similarly, there would have been around 93,000 new jobs in regional NSW by 2038 under a business-as-usual scenario. With the right principles in place, a further 64,000 jobs could be created for regional NSW.

This Vision Refresh affirms the importance of investing in key enablers to foster economic growth. Regional economies need good transport and freight infrastructure, digital connectivity and secure and sustainable access to water and energy. Regional residents need to be skilled and responsive to industry demands and regional NSW's merits need to be promoted. The NSW Government must also provide a stable business environment to encourage investment and provide the services that make regional NSW a great place to live, work and study. Continued investment in Special Activation Precincts, digital connectivity and water security will encourage investment and facilitate the emergence of new high-value, job-creating industries. There are also opportunities for new areas of focus to support job creation through affordable energy and to support new industries in critical minerals, ecotourism, recycling and waste management and high-quality food products.

The drought is breaking and many farmers are expecting record crops this season. Bushfire affected communities are rebuilding and many will be buoyed by unprecedented demand from domestic tourists. In response to COVID-19, governments are announcing record spending to soften the downturn and ready the economy for the jobs of the future.

The events of 2020 have shown us that investing in economic strength and diversity is central to ensuring that regional economies are better able to plan for, withstand and recover from future shocks. The Vision Refresh will ensure that regional NSW comes back stronger than ever and is well positioned for long-term growth.



What's new in the refresh

Since the launch of the *20-Year Economic Vision for Regional NSW* in 2018, major investments and economic shocks have changed the way we think about regional development.

Emerging sectors



Advanced manufacturing



Renewable energy and gas



Technology-enabled primary industries

Future industries



Critical minerals



Ecotourism



Recycling and waste management



High-quality food products

Some enablers and priorities are more critical than ever to economic growth and recovery:

The Vision Refresh identifies a new megatrend of rising uncertainty

which acknowledges the unique challenges faced by regional communities from a changing climate, rising geopolitical tensions and the unknown long-term impacts of COVID-19. Three emerging sectors and four future industries will drive the diversification of local economies.

A new enabler, economic strength and diversity,

reflects the need to support communities to prepare for and withstand external shocks.

2 new investment areas

- Visitor economy infrastructure
- Affordable energy

50 new priorities

to drive long-term stimulus impact through a stronger emphasis on:

- Common user infrastructure
- Digital connectivity
- Education and skills
- Tourism
- Major place-based investments such as Special Activation Precincts and Renewable Energy Zones

Delivering the vision for regional NSW

Transformative infrastructure that will leave a lasting legacy for regional NSW



\$1 billion

partnership with the Commonwealth Government to deliver priority dam projects that will support water security for communities and economic development



\$1 billion

commitment for Special Activation Precincts to create new jobs and attract private sector investment to boost long term growth in the regions, with fast tracked approvals so that businesses can set up and grow



\$400 million

to improve digital connectivity with better internet and mobile phone coverage, starting with a \$100 million investment in the ambitious Gig State project

Investment to grow regional jobs and activate economic potential



\$295 million

under the Resources for Regions Fund to support the prosperity of mining communities



\$500 million

through the Growing Local Economies Fund to unlock local economic potential through enabling infrastructure



\$120 million

for Renewable Energy Zones to unlock a significant pipeline of large scale renewable energy and storage projects, which will support up to \$23 billion of private sector investment and up to 2,000 construction jobs each year



\$221 million

in Fixing Country Roads and \$197 million in Fixing Country Rail funding since 2018 to connect key freight hubs and enhance network capacity for optimised routes to market

Building vibrant, liveable regional towns and cities



\$100 million
through the Regional Sports Infrastructure Fund for quality sport and active recreation facilities



\$400 million
through the Stronger Country Communities Fund to improve local amenity



\$100 million
through the Regional Cultural Fund to showcase regional arts and heritage



\$1.8 billion
to deliver regional healthcare and hospital projects for 2019-20 and 2020-21



\$50 million
from the Connecting Country Communities Fund to expand mobile coverage and internet connectivity

Economic recovery and regrowth after some of the worst events on record



\$140 million
for the Bushfire Industry Recovery Package, to provide direct and immediate term assistance for the recovery and reestablishment of supply chains, job retention and increasing value add production in critical fire affected industries



Over \$4 billion
in drought response since 2017. This includes subsidies and fee waivers for primary producers, increased mental health support for communities, critical water infrastructure builds and programs to stimulate local jobs and investment. It includes \$1 billion committed to the Farm Innovation Fund as part of the NSW Government's Drought Strategy to help farmers improve productivity, manage adverse seasonal conditions and ensure long term sustainability



\$210 million
to fast track critical town water supply projects to meet local demand and support water security

01

Regional NSW today

This refresh of the *20-Year Economic Vision for Regional NSW* considers the impact of the recent drought, bushfires, floods and COVID-19 pandemic on the NSW Government's economic vision for regional NSW.

The forecasts and priorities of the *20-Year Economic Vision for Regional NSW* have been tested and updated in light of these events, and together they set an aspirational long-term vision for regional NSW.

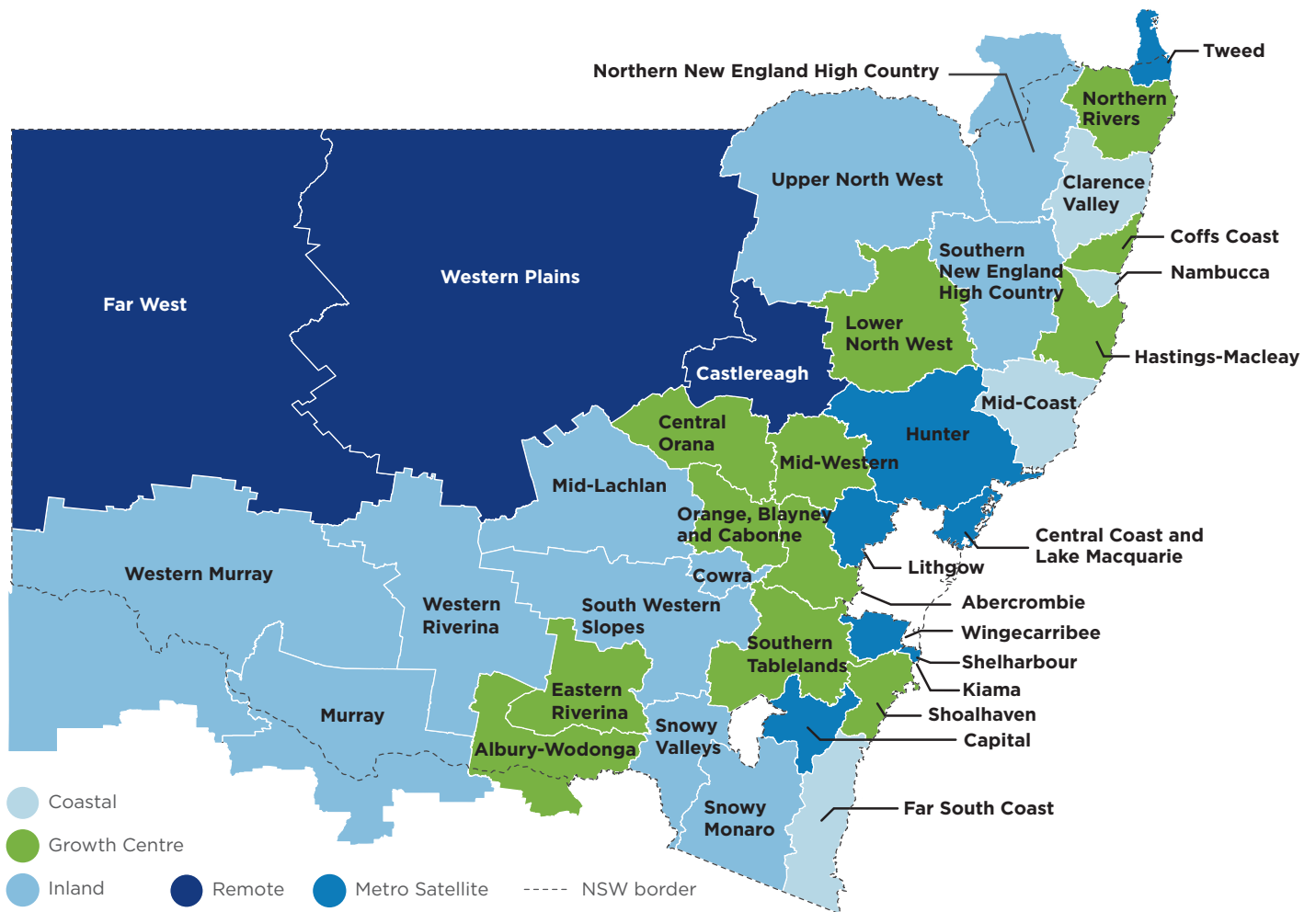
The *Regional Development Framework* highlights the NSW Government's role in facilitating the enablers of economic growth that work best in regional NSW, and this approach is used to identify potential future investment.

Our regions

Regional NSW is divided into five types of regional economies, based on their underlying geography, population and economic features. These are Metro Satellites, Growth Centres, Coastal, Inland and Remote (Figure 1).

Regional NSW is defined as all of NSW, with the exception of the metropolitan areas of Greater Sydney, Newcastle and Wollongong.

Figure 1. The functional economic regions of regional NSW

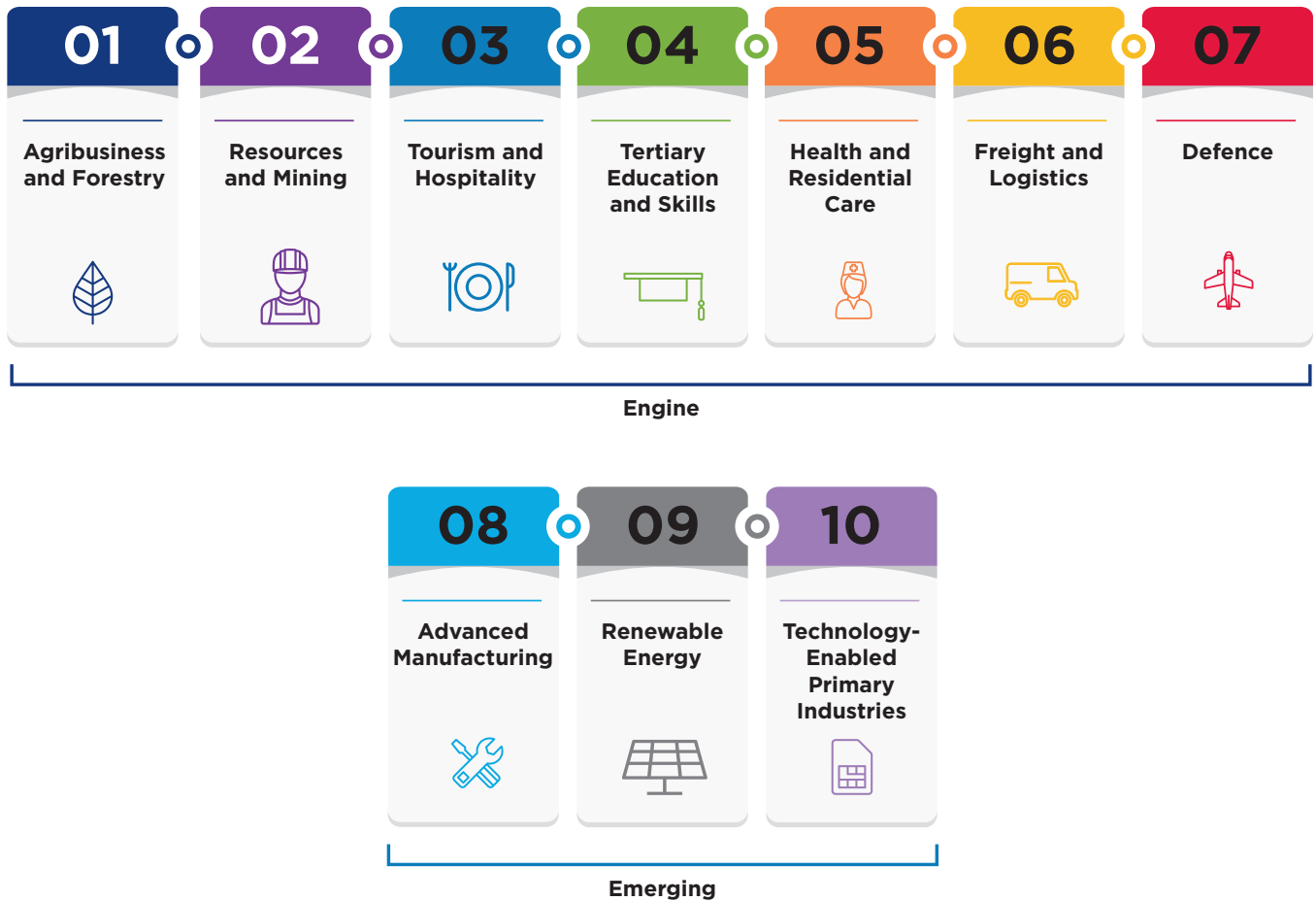


Our industries

These five regional economy categories are also made up of many smaller local economies, thought of as functional economic regions (FERs)¹, that are identified by the industrial specialisation of the region. These key industries are set out below. Known as engine industries, they employ a higher proportion of people compared to other regions, service markets beyond their local region and are often a key driver of population growth in the community.

The engine industries expected to drive regional NSW economies over the next 18 years include seven established sectors and three emerging sectors that are gaining ground in regional economies (Figure 2).

Figure 2. An illustration of regional NSW's engine and emerging industries



1. Appendix A provides the list of FERs and their local government areas.

Regional NSW has seen record investment since 2018

The cornerstones of the NSW Government's plan to deliver unprecedented investment into regional NSW are the \$4.2 billion Snowy Hydro Legacy Fund and the \$2 billion Regional Growth Fund.

The Snowy Hydro Legacy Fund invests in transformative, nation building infrastructure that will produce significant long-term, economic benefits to regional communities. Investment has been targeted in priority areas, guided by the 2018 Vision in Special Activation Precincts, digital connectivity, water security, freight and transport.

To date, a number of commitments under the Snowy Hydro Legacy Fund are well underway:

- a commitment of **\$1 billion to investigate and deliver Special Activation Precincts** in Parkes, Wagga Wagga, Moree, Snowy Mountains, Williamtown and Narrabri, which will attract investment and jobs to regional areas, supported by streamlined planning approvals and enabling infrastructure. This includes \$185.4 million for the delivery of the Parkes Special Activation Precinct
- **\$400 million** to improve mobile and internet access through the **Regional Digital Connectivity program**, including \$100 million dedicated to the Gig State project, which will deliver internet connectivity at city standards in targeted regional locations, as well as the Farms of the Future program that has installed technology at pilot farms in Narromine, Blayney and Coonamble to collect data about how technology helps on-farm productivity and water management
- **\$1 billion in state-significant water security infrastructure**, in partnership with the Commonwealth Government, including \$650 million for the Wyangala Dam wall-raising, \$484 million for Dungowan Dam and pipeline, and \$24 million for investigations to support a new dam on the Mole River. These investments will improve long-term water security and ensure drought resilience in our regions.





The **\$2 billion Regional Growth Fund** has delivered over 2,100 projects to support growing regional centres, activate local economies and improve services. To date the NSW Government has committed:

- **\$100 million under the Regional Sports Infrastructure Fund** to foster quality sport and active recreation participation and performance, delivering infrastructure such as the Queanbeyan Palerang Regional Sports Complex, the Griffith Regional Sports Precinct (Stage 1) and the Coffs Coast Regional Sports Hub (Stage 2)
- **\$400 million under the Stronger Country Communities Fund** to improve local amenity, such as the \$3 million upgrade of Bombala and Cooma Pool facilities, establishment of the Wyong Cultural Hub and revitalisation of the historically significant Deniliquin Town Hall
- **\$295 million under the Resources for Regions Fund** to support mining communities, including \$7.78 million toward the Upper Hunter Regional Mine Affected Roads Program and \$5 million toward the Newcastle Beach Community Infrastructure Renewal Project
- **\$100 million under the Regional Cultural Fund** to showcase regional arts and heritage, approved for projects such as the Bundanon Trust's Riversdale Masterplan (\$8.5 million) and the Mackay Park Arts and Cultural Centre in Eurobodalla (\$8 million)
- **\$50 million from the Connecting Country Communities Fund** to build 140 mobile phone towers and deliver improved internet connectivity in regional NSW
- **\$500 million under the Growing Local Economies Fund** to unlock economic potential, including \$29 million for enabling infrastructure in the Bomen Enterprise Service Area and \$23 million for the South Jerrabomberra Innovation Precinct.

To support resilience and recovery from challenging natural events, the NSW Government has committed record levels of funding including:

- **Over \$4 billion in drought response** in NSW since 2017. including:
 - **\$170 million under the Drought Stimulus Package** to support local businesses and stimulate local jobs and investment through 32 infrastructure projects, such as the \$3.9 million Inland Rail Ready Industrial Precinct at Gilgandra, the \$2.4 million Broken Hill Airport Safety Upgrade, 16 local drought support packages and other initiatives including the Buy Regional campaign.
 - **\$1 billion committed to the Farm Innovation Fund** as part of the NSW Government's Drought Strategy to provide long-term, low interest rate loans for permanent on-farm infrastructure, which will assist farmers to improve farm productivity, manage adverse seasonal conditions and ensure long-term sustainability.
- **\$210 million to fast-track critical town water supply projects** to meet local demand. Developments include the Burrendong Dam deep water storage access project, providing access to an additional 21 gigalitres of water for Dubbo, Wellington, Warren, Nyngan and Cobar, the Chaffey Dam to Dungowan pipeline that will secure Tamworth's water supply during periods of drought, and the Macquarie River to Orange pipeline to allow for pumping outside of high flow events. Additional projects in Dubbo, Bathurst, Nyngan, Walgett, Bourke, Cowra, Tenterfield and Walcha have been fast-tracked to secure town water supplies.
- **\$140 million committed to the Bushfire Industry Recovery Package** to boost NSW's vital dairy, forestry, horticulture, viticulture, apiculture and aquaculture industries, providing direct and immediate term assistance for the recovery and reestablishment of supply chains, job retention and increasing value-add production.
- **\$250 million committed to the Local Economic Recovery Fund**, in partnership with the Commonwealth Government, to support local infrastructure and initiatives to drive economic and social recovery, strengthen morale and help communities get back on their feet.
- Over **\$240 million** paid out to bushfire affected small businesses through the Bushfire Small Business Support Grant program to support struggling businesses that suffered income loss due to the 2019-20 bushfire season.

Additional investments have been made to support the ongoing amenity in regional areas and regional economic development, including:

- **\$120 million for Renewable Energy Zones (REZ)** in the Central West, New England and South West regions to unlock a significant pipeline of large-scale renewable energy and storage projects, which will support up to \$23 billion of private sector investment and up to 2,000 construction jobs each year. To date, **\$40 million has been committed to the Central-West Orana region pilot and a further \$79 million has been committed for the New England REZ.**
- More than **\$1.8 billion to deliver state-of-the-art health capital works** in rural and regional NSW for 2019-20 and 2020-21, plus 45 health infrastructure and services projects delivered since July 2018.
- **\$221 million in Fixing Country Roads and \$197 million in Fixing Country Rail** since 2018 to connect key freight hubs and enhance network capacity for optimised routes to market, including the \$29.2 million Goodooga Road upgrade in Brewarrina, the \$60.4 million Junee to Griffith Line upgrade in Murrumbidgee and the \$39.9 million Berry to Bomaderry Rail Line and OMEGA Tunnels Track upgrade.



Regional job growth has been sustained by bold economic reform

Not only has the NSW Government invested record amounts on infrastructure in regional NSW, it has also delivered major legislative and policy initiatives that give regional businesses and communities the confidence to invest, hire and thrive:

- **Streamlining the regional planning system:** The NSW Government is fast-tracking assessments of State Significant Developments so job creation and productivity enhancing projects can start sooner. The *State Environmental Planning Policy (Activation Precincts) 2020* also supports greater use of complying and exempt development provisions in Special Activation Precincts, reducing the time and costs associated with establishing new businesses.
- **A better future for regional youth:** The *Regional NSW Youth Framework* and *Regional NSW Youth Action Plan* bring agencies across government together to ensure that regional young people have opportunities for meaningful work, accessible health care and education, and feel part of vibrant and inclusive communities.
- **Articulating a clear vision for coal:** The *Future of Coal Statement* sets a consistent framework for coal exploration and mining in NSW that supports investment certainty as the coal mining sector responds to global demand, while helping regional communities manage the effects of an expected decline in thermal coal mining in the state over the longer term.
- **Establishing the Right to Farm and protecting property rights:** New Right to Farm legislation and policy outlines a comprehensive, statewide approach to minimise conflict between law-abiding farmers, neighbours and other land users. By strengthening rights and responsibilities and encouraging the upfront consideration of agriculture's needs in the planning system, this approach gives farmers the confidence that their legitimate activities will be protected by the government.
- **Guaranteeing critical water for regional towns:** The *Water Supply (Critical Needs) Act 2019* fast-tracks water infrastructure developments that are needed to secure water supplies for regional towns during drought. Speeding up the granting or amendment of water licences and approvals means that drought-affected towns can access the water resources they need to survive quickly and efficiently.
- **New Department of Regional NSW offices to boost jobs in the bush:** Regional issues will be at the forefront of government decision-making with hundreds of jobs created in regional communities via new offices coming to Queanbeyan, Armidale, Dubbo and Coffs Harbour.
- **Unlocking the state's metal potential:** The *NSW Minerals Strategy* outlines the NSW Government's ambitions to respond to the growing global demand for metals by supporting sustainable growth of the NSW minerals industry.
- **Identifying opportunities in a low-emissions world:** The *Net Zero Plan Stage 1: 2020-2030* is the foundation for NSW's action on climate change and goal to reach net zero emissions by 2050. Together with the NSW Electricity Strategy, initiatives under the plan will result in more than \$7 billion of investment and 1,700 new jobs in regional NSW.
- **Unlocking new employment opportunities on the Central Coast:** The Greater Sydney Commission is partnering with the Central Coast Council, Hunter and Central Coast Development Corporation and industry stakeholders to develop the Central Coast Strategy. This will leverage proposed investments in healthcare, tertiary education, transport and digital connectivity to unlock new employment and growth opportunities for the region, helping transform the Central Coast from a Metro Satellite to an employment hub in and of itself.



The main sections of this report:

- A snapshot of the five regions in the *20 Year Economic Vision for Regional NSW* is presented in **Chapter 2**. This summarises the environment two years on, describing the economic impacts of drought, bushfires, floods and COVID 19 pandemic and highlighting the focus areas for recovery and growth.
- **Chapter 3** reviews the significant global scale trends affecting regional NSW. This considers the major shifts in the global economic outlook and global events, including the COVID 19 pandemic, that influence regional economies particularly through population, trade and investment.
- The role of government in activating the *20 Year Economic Vision for Regional NSW* and the key economic enablers for growth are explored in **Chapter 4**.
- **Chapter 5** considers the future outlook for regional NSW with the *20 Year Economic Vision for Regional NSW* and Vision Refresh, flagging the opportunities that lie ahead.
- The NSW Government continues to deliver on the priorities identified in the *20 Year Economic Vision for Regional NSW*. Progress since 2018 is set out in **Chapter 6**. This chapter also includes new priorities for government that respond to the impacts of drought, bushfires, floods and the evolving COVID 19 pandemic.

Priorities set by the NSW Government in 2018 have progressed

The launch of the *20-Year Economic Vision for Regional NSW* provided a pathway towards even greater prosperity and quality of life for the people of regional NSW. Already, the NSW Government has made unprecedented investments in regional NSW to make this vision a reality.

In the past two years alone, transformational change has been made through:

Funding commitments



\$4.2 billion
committed to
Snowy Hydro Legacy Fund



\$100 million
committed for the Gig State
project in Dubbo, Wagga
Wagga, Parkes and a corridor
west to Cobar as part of
Snowy Hydro Legacy Fund



\$1.6 billion
commitment to a
Digital Restart Fund



\$2 billion
committed to
Regional Growth Fund



\$120 million
commitment to deliver three
Renewable Energy Zones in
Central-West Orana, New
England and South West regions



\$1.8 billion
to deliver regional healthcare
and hospital projects for
2019-20 and 2020-21

Outcomes or on the ground support



26 water security projects
completed or underway since 2018,
including projects under the Snowy
Hydro Legacy Fund and Regional Growth
Fund (through the Growing Local
Economies Fund)



45 health projects
delivered



35 education projects
completed and underway, including as
part of the Regional Growth Fund



\$221 million
in Fixing Country Roads and \$197 million
in Fixing Country Rail funding made
available for 121 projects



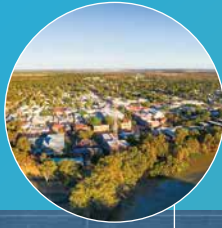
\$124 million
for tourism and culture projects complete,
committed or underway, including as part
of the Regional Growth Fund

20-Year Economic Vision for Regional NSW achievements since 2018



Parkes Special Activation Precinct

The Parkes precinct will leverage its strategic location within NSW's freight and logistics network to establish Australia's largest inland port. Building on already-planned private and NSW Government investments, up to 3,000 jobs will be created across a range of industries, including advanced manufacturing and renewable energy and recycling.



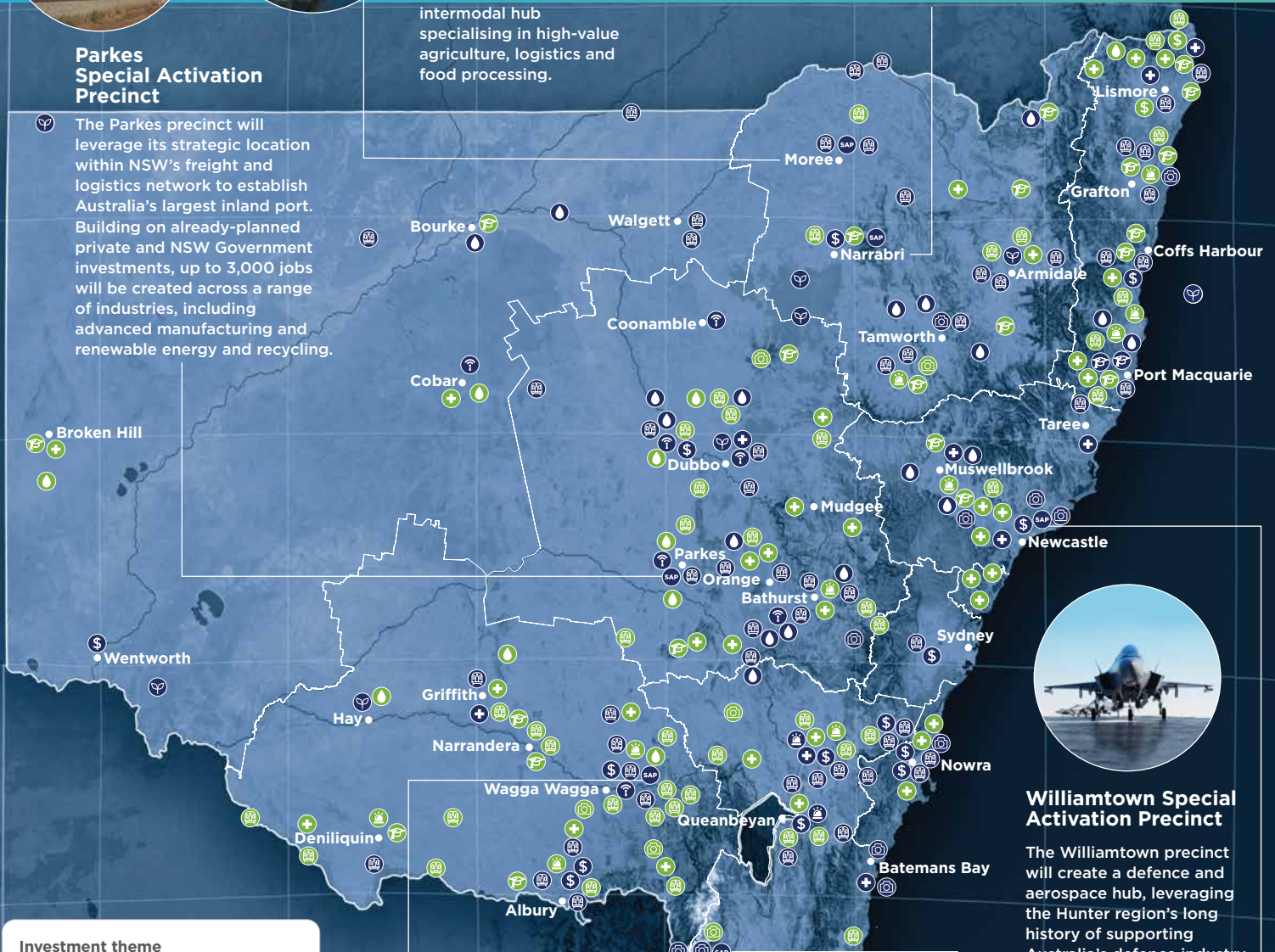
Moree Special Activation Precinct

The NSW Government is investigating the potential for a Moree Special Activation Precinct as a new business and intermodal hub specialising in high-value agriculture, logistics and food processing.



Potential Narrabri Special Activation Precinct

The NSW Government is investigating a potential Special Activation Precinct in Narrabri to leverage opportunities arising from the Narrabri Gas Project, to attract investment and create new jobs. The precinct would be a thriving energy hub that targets engine and emerging industries such as value-added production, manufacturing and freight and logistics.



Williamstown Special Activation Precinct

The Williamstown precinct will create a defence and aerospace hub, leveraging the Hunter region's long history of supporting Australia's defence industry. Preliminary estimates indicate 4,300 new jobs will be created, attracting highly skilled workers and stimulating education and training opportunities.



Wagga Wagga Special Activation Precinct

The Wagga Wagga precinct will capitalise on its strategic location servicing the Riverina-Murray agricultural region to establish a world-class enterprise zone. An estimated 6,000 new jobs will be created across industry specialisations such as freight and logistics, advanced manufacturing, recycling and renewable energy.



Snowy Mountains Special Activation Precinct

The NSW Government is investigating a Snowy Mountains Special Activation Precinct as Australia's Alpine Capital. Opportunities have been identified to drive year-round tourism potential, improve regional amenity and access, and grow the region into a national training base for snowsports.

Investment theme

- Natural environment and resource security
- Business environment
- Digital
- Education
- Freight and passenger transport
- Health
- Police and emergency services
- Special Activation Precincts
- Tourism and culture
- Water security

Project status

- Committed
- Completed

02

Regional economies in 2020

When the *20-Year Economic Vision for Regional NSW* was released two years ago, it was difficult to predict what was ahead. One of the worst droughts in living memory, catastrophic bushfires followed immediately by floods and a recession induced by the global COVID-19 pandemic. It is now clear that the short-term effect of these events on economic activity and employment is significant and negative for many people.



The 2020 environment

This section considers the economic impact in regional NSW of the drought, bushfires and COVID-19 pandemic. The current state of each of the regional economies is outlined, with the indicative impact of these events seen through the estimated change in employment within engine industries.² Focus areas for recovery and growth are highlighted below and expanded on in priority actions for the NSW Government in Chapter 6.

Drought

From mid-2017, NSW experienced one of the most severe droughts on record, significantly impacting regional communities. The impacts of drought are especially pronounced in the agribusiness sector and in the towns that rely on those businesses. Across regional NSW, in the agribusiness and forestry sectors the combined impact of recent drought, bushfires and COVID-19 resulted in 16,000 (19 per cent) estimated job losses in 2019-20. The drought resulted in many town water supplies becoming severely limited and a small number of regional towns, as well as a wider range of industries, have faced the prospect of running out of water.

To safeguard communities and support sustainable economies, there will be a strong focus on the right infrastructure and efficiency measures to increase water security. As some areas of the state start to come out of drought conditions, there is an opportunity to actively pursue research and development, new technologies, and the sustainable land management practices that will support farmers and businesses into the future.

Bushfires

In 2019-20, bushfires burnt an area of more than 5.5 million hectares of land. The aftermath revealed tragic loss of life, extensive damage to property, infrastructure and the environment, as well as severe impacts on the key engine industries of agribusiness and forestry and tourism and hospitality.

In the tourism and hospitality sector, the bushfires alone resulted in 3,800 (seven per cent) estimated job losses in 2019-20. The largest impacts occurred in the coastal regions, where it's estimated one in five jobs were lost in 2019-20.

Agribusinesses and forestry in the Mid-Western Region, Snowy Valleys and all coastal FERs were also badly affected. The fires decimated vast amounts of NSW flora and fauna, as well as large areas of plantation forests, affecting long-term planning of the forestry related manufacturing industry. The fires also resulted in smoke damage to horticulture and viticulture crops and the loss of livestock, buildings and infrastructure.

The focus for recovery will include ensuring critical infrastructure is available to support emergency response, with digital connectivity, transport and water infrastructure that can withstand extreme events, plus strong community networks to help build social resilience.

COVID-19 pandemic

The immediate impact of the COVID-19 pandemic has been felt through the loss of five per cent of all jobs in NSW between March and June 2020. This has been more devastating where communities have been already impacted by drought, bushfires and floods. Young people in regional areas are severely impacted by job losses, with a 13 per cent drop in employment between March and June 2020 for those under 25 years of age. The full extent of the economic repercussions of these events is yet to become apparent, but is likely to be felt for many years.

Restrictions on international and domestic travel in response to COVID-19 has significantly disrupted tourism with a combined impact of bushfires and COVID-19 on the tourism and hospitality sector resulting in 15,000 (28 per cent) estimated job losses in 2019-20.

The broad impacts of the COVID-19 pandemic mean that securing jobs and businesses to support current and future wellbeing is essential to recovery. A wide range of local businesses benefit from tourism. Unlocking areas of significant natural amenity and ecotourism potential will create unique destinations to drive increased visitation and spending in regional NSW.

Activating key centres through Special Activation Precincts, with a coordinated approach to the delivery of enabling infrastructure, will attract new investment. This will drive emerging industries that gain a competitive advantage from local economic and natural endowments, such as critical minerals, advanced manufacturing, value-added food products, waste management and renewable energy generation, to strengthen and diversify local economies, creating new jobs in regional NSW.

2. Indicative estimate based on Centre for Economic and Regional Development modelling, expressed as the employment change since the most recent Australian Bureau of Statistics (ABS) Census from each event on regions and their engine industries (from 2019-20 to 2021-22).

The following is a snapshot of the current state of each regional economy category, with the indicative impact of these events seen through the estimated impact on employment in engine industries.

Metro Satellites

Metro Satellites are home to 55 per cent of regional NSW's population and are relatively high-density communities on the outskirts of large population centres, namely Sydney, Canberra, the Gold Coast, Newcastle and Wollongong. Of the regional economies, Metro Satellites are characterised by greater economic resilience as they are buffered from changes in local industries due to their proximity to growing major cities. Workers are able to commute, boosting and stabilising incomes by taking up opportunities in neighbouring metro hubs.

Their economies are supported by concentrations of industries such as mining, tourism, food product manufacturing and residential care. However, the tourism sector lost assets during the bushfires and lost revenue due to travel restrictions imposed in response to COVID-19 and bushfire evacuations.

These regions will benefit from leveraging the shift in travel patterns and remote working, attracting businesses and increasing population. The focus in these expanding centres will include liveability and support for more diversified economies with the right infrastructure and skills for the future.

|  FERs |  Population |  Impacts |  Our focus |
|---|--|---|--|
| <ul style="list-style-type: none"> • Capital • Central Coast and Lake Macquarie • Hunter • Kiama • Lithgow • Shellharbour • Tweed • Wingecarribee | <ul style="list-style-type: none"> • 54.7 per cent of the population of regional NSW • Experiencing above-average population growth (1.5 per cent p.a.) compound annual growth rate (CAGR* 2009-19) • They continue to grow and absorb population from other regions <p>*Compound annual growth rate is the long-term - CAGR 2009-19 for regional NSW is 1.1 per cent</p> | <ul style="list-style-type: none"> • Combined impacts of drought, bushfires and COVID-19 resulted in 12,000 (three per cent) estimated job losses in 2019-20 • Employment conditions are forecast to improve in 2021-22 • Key engine industries of health, resources and mining not markedly impacted • Significant bushfire impacts across all Metro Satellites • COVID-19 impacts most pronounced in tourism: Central Coast-Lake Macquarie and Hunter FERs | <ul style="list-style-type: none"> • Attract businesses and investment • Manage vital energy and water resources sustainably to ensure supply will meet long-term regional needs • Capture more of the domestic tourism market • Support resilience through more diversified economies, with the right infrastructure and mix of skills in the workforce for sustainable economies and communities • Make regional travel faster and easier between regional centres and metropolitan areas |

Growth Centres

These areas feature prominent regional cities some distance from metro centres that tend to act as service hubs for surrounding areas. Populations are relatively large and rapidly increasing as people migrate to regional places such as Bathurst, Port Macquarie and Wagga Wagga, attracted by their lifestyle, service offering and employment opportunities.

The most common engine industries in these FERs - agribusiness and forestry, mining, tourism and tertiary education - have been directly and indirectly impacted by drought, bushfires and COVID-19. The direct impacts of the drought were significant for primary producers, and more indirectly through the uncertainty of town water supplies in cities like Tamworth, Bathurst and Orange. A COVID-19-induced decline in travellers and students may also have impacts on businesses by reducing the availability of short-term, seasonal workers.

Bushfire impacts in the Shoalhaven and Port Macquarie areas (Hastings Macleay), and smoke damage to 90 per cent of viticulture crops in Mudgee (Mid-Western), weighed on productivity and employment in the tourism and agribusiness sectors. The impact on tourism has been compounded by temporary travel restrictions imposed in response to COVID-19.

As the impacts of these events are fully realised, a shift will occur allowing opportunities for the domestic tourism industry at a time when international travel is curtailed. The future focus for Growth Centres includes opportunities to improve connectivity, ensure water and energy security, and support both engine and emerging industries with the right regulatory settings, research and development and investment attraction.

|  FERs |  Population |  Impacts |  Our focus |
|--|--|--|--|
| <ul style="list-style-type: none"> • Abercrombie • Albury-Wodonga • Central Orana • Coffs Coast • Eastern Riverina • Hastings-Macleay • Lower North West • Mid-Western • Northern Rivers • Orange-Blayney-Cabonne • Shoalhaven • Southern Tablelands | <ul style="list-style-type: none"> • Growth Centres contain key regional centres and host 25.3 per cent of the population of regional NSW • They are experiencing population growth of 1.0 per cent p.a. on average (CAGR 2009-19) | <ul style="list-style-type: none"> • Drought, bushfires and COVID-19 resulted in 19,000 (five per cent) estimated job losses in 2019-20 • Agribusiness experienced significant drought impacts, culminating in an estimated 2,800 jobs lost in 2019-20, with employment conditions projected to improve from 2020-21 • Tourism and hospitality significantly affected by bushfires and COVID-19, particularly in coastal FERs • Several higher education campuses impacted by COVID-19 | <ul style="list-style-type: none"> • Manage vital energy and water resources sustainably to ensure supply will meet long-term regional needs • Provide an attractive environment for business to establish and invest in regional NSW • Build efficiency and redundancy in freight networks to improve supply, reduce disruptions and lower costs • Promote regional universities to attract students and retain expertise |

Coastal

Coastal regions contain a relatively small proportion of the population of regional NSW (six per cent) and are growing slowly. Much of the growth is driven by the migration of retirees. These areas are typically supported by clusters of engine industries such as health services, agribusiness and tourism.

Bushfire impacts were substantial in parts of the Coastal regions. They have since been exacerbated by floods and the COVID-19 pandemic that immediately followed. The most significant impact was on tourism, with the immediate loss of revenue and assets from the bushfires and lost revenue from COVID-19 travel restrictions leading to an estimated loss of 43 per cent of tourism and hospitality jobs in 2019-20.

In the Far South Coast, many properties were damaged or destroyed and over 80 per cent of native hardwood forests burnt. Widespread storms and flooding experienced throughout NSW in early 2020 also impacted the south coast regions. Flood impacts were exacerbated by land that was denuded of vegetation by drought and bushfire, leading to soil erosion and contamination of water supplies.

The focus going forward for these Coastal regions will be supporting communities to build their social resilience and diversify their economies to prepare for, and recover quicker from, natural disasters.

|  FERs |  Population |  Impacts |  Our focus |
|---|---|--|--|
| <ul style="list-style-type: none"> • Clarence Valley • Far South Coast • Mid-Coast • Nambucca | <ul style="list-style-type: none"> • Key coastal areas contain 5.9 per cent of the population of regional NSW • They are experiencing moderate population growth (0.6 per cent p.a., CAGR 2009-19), mainly driven by those aged 65+ | <ul style="list-style-type: none"> • Drought, bushfires and COVID-19 resulted in an estimated 6,000 (eight per cent) job losses in 2019-20 • Catastrophic bushfires destroyed infrastructure, forests, and loss of homes and livestock • Subsequent floods and COVID-19 exacerbated bushfire impacts • Combined bushfire and COVID-19 impacts led to an estimated loss of 43 per cent of tourism and hospitality jobs in 2019-20 | <ul style="list-style-type: none"> • Support resilience through more diversified economies, with the right infrastructure and mix of skills in the workforce • Draw in more domestic and international tourists in areas with tourism potential • Manage vital energy and water resources sustainably to ensure supply will meet long-term regional needs • Provide clear skills pathways and connectivity for jobs in regions • Ensure communities and businesses are prepared to withstand and recover from natural disasters |

Inland

The Inland regions are located beyond the Coastal and Metro Satellite areas, between and around Growth Centres. They are rural in character and have small, stable populations. Agribusiness and forestry are the main engine industries, employing more than 22 per cent of the overall workforce.

The drought had a large impact across most Inland regions. Employment in agribusiness and forestry fell by an estimated 15 per cent in 2019-20 due to the drought, although there were significant regional variations. In the Mid-Lachlan and Western Murray regions, employment in agriculture is estimated to be 18 per cent lower in 2019-20 than expected. In the Upper North West this reduction is estimated to be almost 32 per cent.

Most of the Inland FERs escaped the bushfires, but parts of the New England and Upper North West areas and the Snowy Monaro were impacted. In the Snowy Valleys FER, the damage was substantial as nearly 48 per cent of the region was burnt. The recovery may take longer given extensive damage to softwood plantations, national parks and apple orchards. The damage from bushfires, and the restrictions due to COVID-19, have impacted the tourism sector which plays a significant role as an engine industry in many of the FERs.

Inland regions will benefit from a strong focus on building community resilience. Accelerating research and investment in key enablers, such as climate-resilient water infrastructure and technology use in agriculture and food production, will help support these economies with more productive and sustainable industries.

|  FERs |  Population |  Impacts |  Our focus |
|---|--|--|--|
| <ul style="list-style-type: none"> • Cowra • Mid-Lachlan • Murray • Northern New England High Country • Snowy Monaro • Snowy Valleys • South Western Slopes • Southern New England High Country • Upper North West • Western Murray • Western Riverina | <ul style="list-style-type: none"> • The Inland regions contain 12.7 per cent of the population of regional NSW • They are experiencing stable population growth (0.2 per cent p.a., CAGR 2009-19) | <ul style="list-style-type: none"> • Combined impacts of drought, bushfires and COVID-19 resulted in an estimated 11,000 (nine per cent) job losses in 2019-20 • The severity of the drought combined with extreme temperatures reduced water for irrigation and town water supplies • Bushfires caused severe damage in Snowy Valleys, and in parts of New England, Upper North West and Snowy Monaro • COVID-19 impacted tourism, particularly in Snowy Valleys, Snowy Monaro, New England regions and FERs along the Murray River | <ul style="list-style-type: none"> • Manage vital energy and water resources sustainably to ensure supply will meet long-term regional needs • Develop areas with tourism potential to attract domestic and international tourists • Provide clear skills pathways and connectivity for jobs in regions • Accelerate research and investment in drought resilience |





Remote

These regions support a significant proportion of NSW’s pastoral and mining activity, but have smaller populations and communities. Agribusiness, resources and mining are the main engine industries, employing around 28 per cent of the overall workforce. Although the majority of the Remote regions comprise dryland grazing and cropping, irrigation is important for agricultural production in areas along the main river systems.

The drought has had a substantial impact on the Castlereagh and Western Plains regions that rely on agriculture. These impacts will continue to affect employment over the next few years. It is estimated that the drought has reduced total employment across Castlereagh and Western Plains regions by around five per cent. The regions were not significantly impacted by the 2019-20 bushfires or floods.

The broader economic impacts, particularly from the drought, will be substantial, based on multiple-year crop failures, reduced herds and flocks, and damaged pastures.

Going forward, these Remote regions will also benefit from a strong focus on building community resilience. Research and investment in key enablers such as infrastructure and technology will help support these regions and drive opportunities for emerging industries, based on local endowments, to create more sustainable economies.

|  FERs |  Population |  Impacts |  Our focus |
|---|--|---|---|
| <ul style="list-style-type: none"> • Castlereagh • Far West • Western Plains | <ul style="list-style-type: none"> • Remote areas of the state contain 1.4 per cent of the population of regional NSW • Their populations are declining (-0.7 per cent p.a., CAGR 2009-19) | <ul style="list-style-type: none"> • Combined impacts of drought and COVID-19 resulted in an estimated 1,300 (six per cent) job losses in 2019-20 • Drought was the major cause of economic disruption, but the region was largely unaffected by bushfires • Restrictions to travel, including across borders (COVID-19 impacted tourism, agriculture, education and community activities) | <ul style="list-style-type: none"> • Manage vital energy and water resources sustainably to ensure supply will meet long-term regional needs • Build efficiency and redundancy into freight networks to improve supply and reduce disruptions and costs • Provide clear skills pathways and connectivity for jobs • Research and investment in drought resilience |

03

Global forces are changing

The *20-Year Economic Vision for Regional NSW* articulated four global scale trends affecting regional NSW: the rise of Asia, rapid urbanisation, demographic and social change and digital disruption.

Despite major shifts in the global economic outlook, recent global events including the COVID-19 pandemic have reshaped, but not diminished, the relevance of these key megatrends to regional NSW. However, a new and influential trend has emerged, associated with increasing global uncertainty and the implied impacts on investment.



Megatrend 1: The rise of Asia

Economic power is shifting towards Asia and Australia is strategically positioned to service these growing economies and their burgeoning middle class.

Increasing global trade tensions, along with risks to global supply chains (accelerated by COVID-19) and China's ageing population, are leading to a divergence of economic activity throughout Asia, with activity increasing in a wider range of economies in Asia. Globally, investors are increasingly becoming fast and footloose, suggesting that India and other Asian markets may benefit from this shift.

While regional NSW is strategically positioned to service these growing economies, it will be important to be adaptive and flexible in responding to any shifts in Asia's economic power dynamics as economic change is likely to be rapid. Overall, for regional NSW the diffusion of economic activity across Asia is beneficial, mitigating the risk of trade being too closely tied to any single nation.



Megatrend 2: Rapid urbanisation

Urbanisation continues in NSW, mirroring global trends. Urban centres are drivers of productivity and growth, offering typically higher incomes and a greater range of cultural, leisure and service options. However, people are increasingly moving to NSW urban centres other than Sydney. Regional NSW offers a diversity of choice in terms of lifestyle options, affordability, family and careers. An increased acceptance of working from home, accelerated by COVID-19, is creating additional opportunities and incentives for people to move to regional areas to access the enviable lifestyles on offer.

Nationally, travel restrictions and shifting attitudes to travel induced by COVID-19 are affecting the migration of people to and from other countries and within Australia. The Australian Government has announced expected short-term reductions in net overseas migration, although the timeframe for recovery remains uncertain. The result will be a short-term break in the pace of growth in urban areas. For regional NSW, the preference of most international migrants is to settle in capital cities such as Sydney. This suggests the impact on regional towns and cities will be smaller, although differing by region, with Metro Satellites more likely impacted by a slower pace of growth given their economic links to Greater Sydney.

Megatrend 3: Demographic and social change

COVID-19 is changing the population dynamics of NSW. A steep decline in net overseas migration is expected, with the net intake expected to fall significantly in 2020-21. Australia's migration intake is, on average, young and educated, typically offsetting the ageing population. The result of changing migration patterns will likely be an acceleration of growth in the fastest growing segment of the population – the over-65s.

The impacts of COVID-19 and its restrictions have brought on a recession, which in turn is expected to reduce fertility rates. The economy is intricately linked with population change and it is expected that population growth will likely slow in the initial response to COVID-19 and associated economic fragility. In time, it is expected to recover in line with the anticipated economic recovery.

The global pandemic is also influencing the way many people live their lives, by showing that successful careers and businesses do not have to revolve around metropolitan offices and that people can work remotely, be highly productive and enjoy great lifestyles.

Megatrend 4: Digital disruption

Digital technology is driving change in the global economy. One response to COVID-19 has been a major acceleration in digital transformation, as seen in the extensive use of data in public health strategies, online shopping and the rapid adoption of technology by business and consumers to facilitate working from home. The lifestyle of many Australians has undergone a major shift. Two in three Australians who worked from home during the pandemic lockdown expect to spend more time working from home after the pandemic is over.³ Record numbers of Australians have also explored online substitutes for education and entertainment.⁴

COVID-19 restrictions have accelerated the importance of offering services digitally across almost all industries and professions. For regional NSW, this has the potential to transform the future of education, healthcare, local business and standards of living. Notwithstanding the tremendous benefits that will accompany an ongoing acceleration in the digitisation of commerce, there will also be growing risks, with cyber security playing an increasing role in all commerce.

For regional NSW, the choice of residential location is expanded if people are able to work, study or shop online. Changing attitudes, particularly in relation to working from home, will shape future job opportunities and have the potential to increase population and employment in regions. This may manifest in different ways, ranging from people balancing working from home and commuting less often over longer distances, supported by transport services, to 'digital nomads' working from anywhere with an internet connection.

Capitalising fully on this megatrend will not be possible from a standing start. NSW needs to plan for the long term and give people and businesses the tools and environment they need to seize the opportunities that will arise from an acceleration in digital transformation. This will include strategic investment in digital networks, transport infrastructure and skills that enable flexibility in the choice of residential location.

Megatrend 5: Rising uncertainty

Global investment and trade are now set in an environment of rising geopolitical tensions, unknown epidemiological impacts of COVID-19, risks to supply chains, Brexit and accelerating digital disruption. A changing climate is highlighting the vulnerability of communities' water and energy supply, and regions' ecosystems and biodiversity. As the global economic outlook is highly uncertain, so too is the most effective economic response. Mirroring global trends, Australians are increasingly aware that the way they live, work and do business is subject to rapid and frequent change.

It is essential to be resilient in times of uncertainty. This resilience can be enabled by local economies that are sustainable and diverse, reducing the vulnerability of local communities to changing economic conditions and accelerating recovery. Resilient economies may be more diversified and complex, supported by community networks and relationships, have a workforce with the right mix of skills, adaptability and experience and be supported by the right infrastructure.

This has implications for regional NSW, given that in uncertain times businesses will typically invest less and consumers will spend less. In an environment with lower private spending and record low interest rates, governments around the world will likely seek to increase public investment in long-term sustainable assets that will also support jobs and growth in the short term. Facilitating new opportunities in research and development and removing unnecessary barriers to investment can also broaden local economies and mitigate the effects of uncertainty on trade and investment.

3. NBN Co. (2020) Australian COVID-19 Behavioural Change Survey: 8 in 10 experiencing better work/life flexibility.

4. NBN Co. (2020) Australian COVID-19 Behavioural Change Survey: Lockdown brings increased digitisation.

04

Action by the NSW Government

Since 2018, the NSW Government has worked hard to deliver our vision for regional NSW and has taken decisive action to support regional economies withstand and recover from recent adversity.



What are we doing

When the first *20-Year Economic Vision for Regional NSW* was written, the unprecedented scale of the severe drought, bushfires, floods and a COVID-19 induced recession was not anticipated.

The NSW Government has acted quickly and in alignment with its *20-Year Economic Vision for Regional NSW*, with more than \$15 billion in COVID-19 stimulus support measures, and with regional communities benefitting from targeted stimulus packages to directly assist those hit by drought, bushfire, floods and COVID-19:

- further investment under the Regional Growth Fund to invest in critical infrastructure that drives economic growth and sustainability or develops community infrastructure and amenity, supported by the critical role of local councils in identifying needs and facilitating project delivery
- \$1 billion Farm Innovation Fund to support farmers to recover more quickly once drought breaks, enhancing water security and supporting long-term recovery
- support for bushfire affected communities, both in the immediate clean-up and long-term economic recovery, through:
 - \$1 billion Bushfire Infrastructure Restoration Package
 - \$140 million Bushfire Industry Recovery Package
 - Small Business Bushfire Support Grants targeting bushfire impacted small businesses, with \$240 million already paid out to get money directly to enterprises in need
- the \$750 million Small Business Support Fund will provide wide support where regional small businesses account for around 28 per cent of all NSW's small businesses
- an allocation of \$1.8 billion from the Jobs and Infrastructure Acceleration Fund for regional projects, which will turbocharge recovery and set the regions up for a dynamic recovery.

What we need to do

The recent events described above will influence the market opportunities and challenges that will be experienced by regional NSW during the next two decades. Where market failures arise from these influences, government can act to help industries, businesses and communities harness opportunities and overcome challenges to maximise community prosperity.

In practice, addressing market failures that reduce competition and regional growth can include government taking a significant role in coordinating the activation of local economies, reducing regulatory barriers and making strategic public investments. These actions will encourage new private investment and productivity growth in regional NSW.

The NSW Government has three core objectives for investment in regional NSW set out in the *Regional Development Framework* to provide:

| | |
|---------------------|---|
| 1. Potential | Identifying and activating economic potential |
| 2. Growth | Aligning effort to support growing regional centres |
| 3. Amenity | Providing quality services and infrastructure in regional NSW |

The *20-Year Economic Vision for Regional NSW* highlighted four key economic enablers that government can most effectively use to encourage growth and achieve these regional economic development objectives.

However, since 2018 it has become apparent that the uncertainty created by increasingly frequent natural disasters and geopolitical trade tensions will periodically disrupt economies. This means that government needs to consider how to build a level of resilience into local economies.

Enabling resilient economies will require increasingly diversified regional economies with a strong competitive advantage based on local endowments and the right infrastructure and mix of skills in the workforce. The Vision Refresh adds **economic strength and diversity** to the NSW Government's economic enablers to produce more sustainable economies and communities. The key enablers of economic growth in regional NSW are:

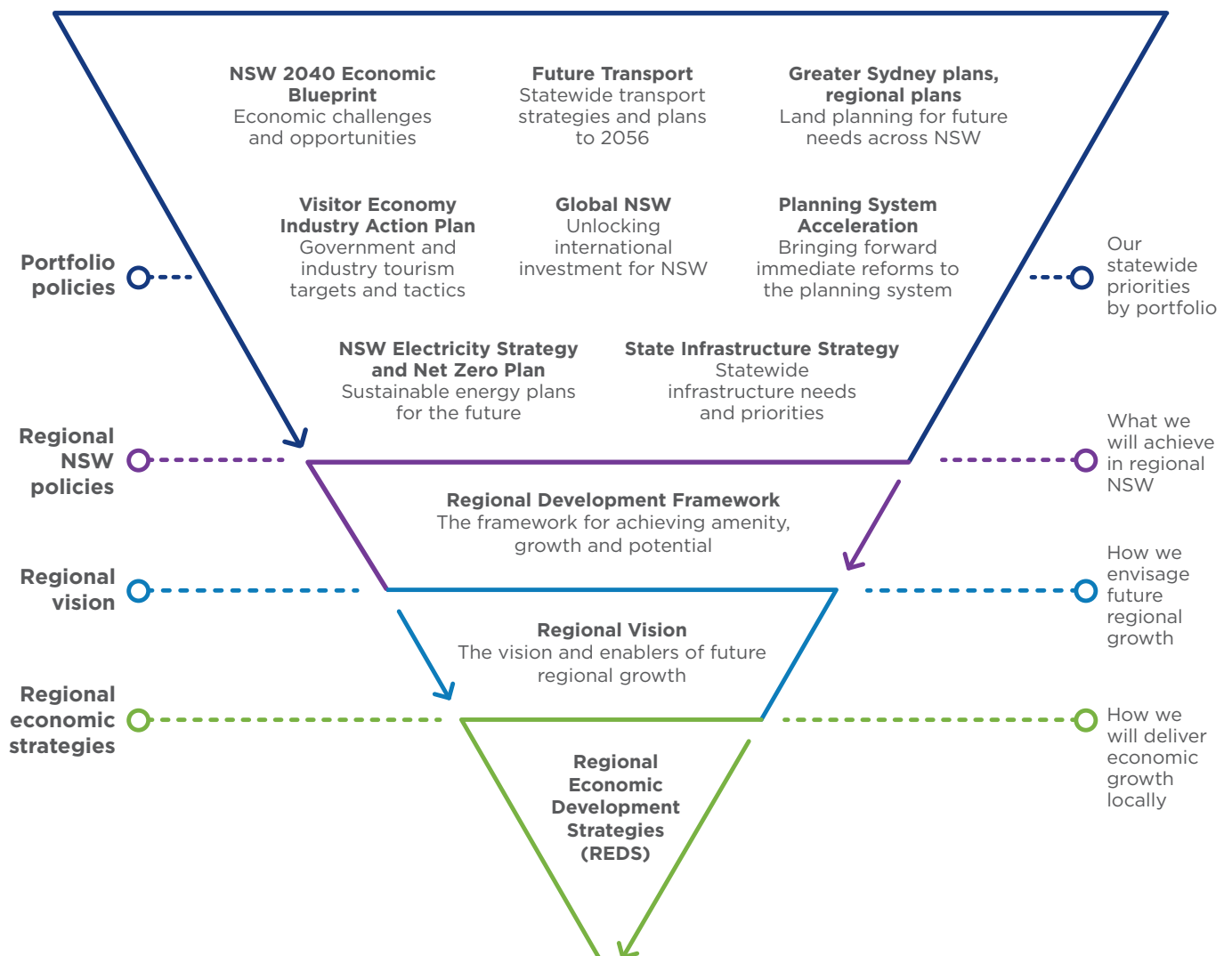
- infrastructure
- skills
- advocacy and promotion
- economic strength and diversity
- providing a growth-conducive business environment

Priorities within each of these enablers have been set and are being pursued.

In addition, at a local level the *Regional Economic Development Strategies* have been reviewed in bushfire affected FERs to ensure the strategies respond to changing priorities. The purpose of these strategies is to assist in identifying potential new focus areas for Local, State and Commonwealth Governments to consider when prioritising industry and place-based funding.

These strategies are also supported by regional growth plans, the *NSW State Infrastructure Strategy*, *Future Transport Strategy 2056* and other whole-of-government strategies that provide long-term roadmaps (Figure 3). Working together with the economic enablers and priorities in this document, these strategies shape sustainable growth and amenity across the state.

Figure 3: Related NSW Government policies and strategies

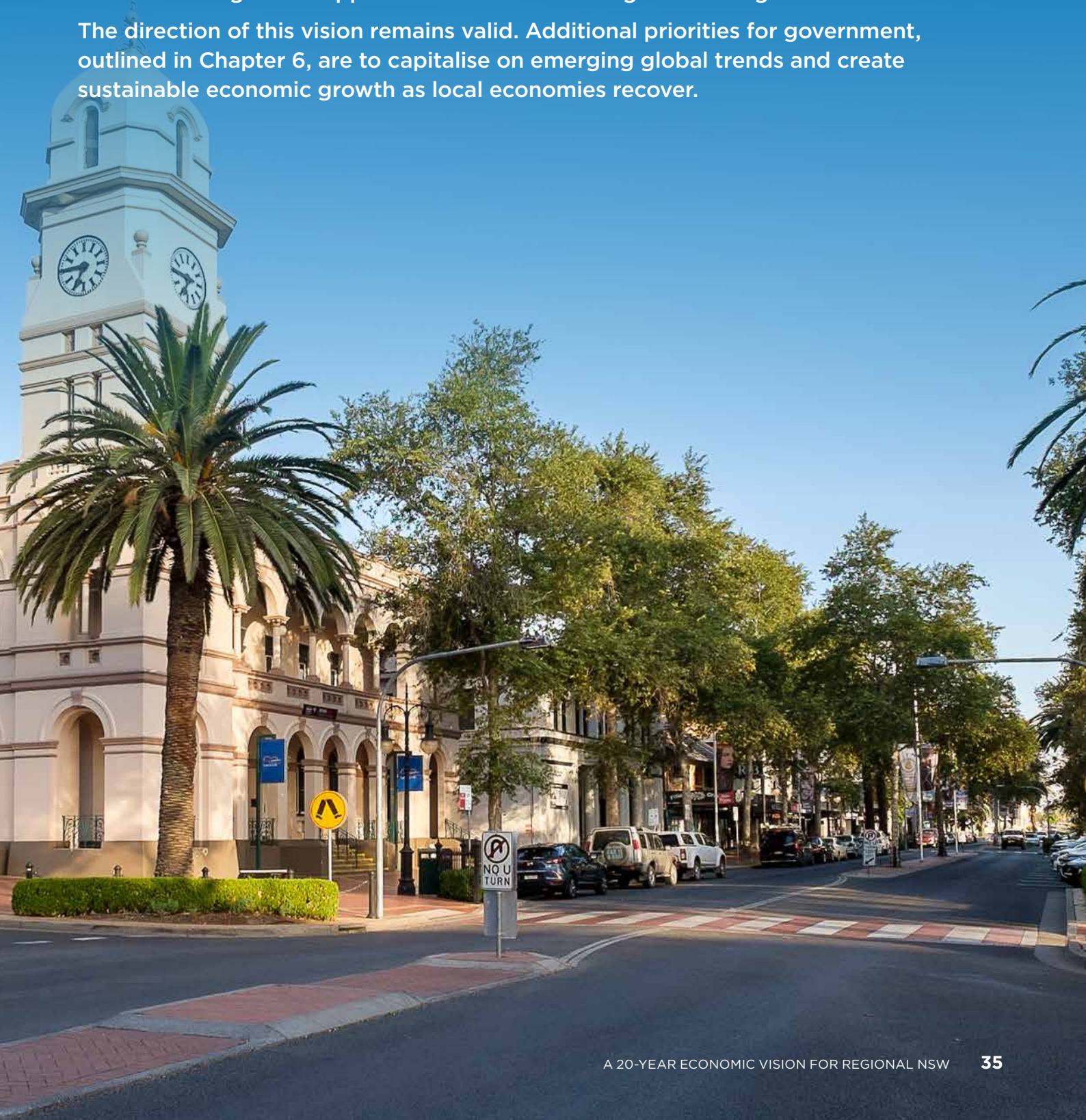


05

The future is in regional NSW

The Vision Refresh considers the impacts of drought, bushfires, floods and COVID-19 on the challenges and opportunities for economic growth in regional NSW.

The direction of this vision remains valid. Additional priorities for government, outlined in Chapter 6, are to capitalise on emerging global trends and create sustainable economic growth as local economies recover.



Our core objectives

This section considers the future outlook for regional NSW with the *20-Year Economic Vision for Regional NSW* and Vision Refresh priorities, flagging the opportunities that lie ahead. These priorities work together with broader government strategy to position thriving and resilient regional communities to:

- **be an appealing alternative to city living**, with enhanced connectivity via the hub and spoke model described in the *Future Transport Strategy 2056* and improved local amenity through programs that improve digital connectivity, local infrastructure and access to services
- **contribute to future transformation** envisaged under the *Global NSW Strategy*, with globally significant precincts in technology, food and agribusiness, logistics and advanced manufacturing
- **remain at the forefront of Australia’s drive for high productivity** and world-leading infrastructure, with a highly educated, creative workforce and a global source for trade, investment and tourism, as outlined in the *NSW 2040 Economic Blueprint*.

How we are looking to the future

Two economic and demographic scenarios⁵ were modelled to see the outcomes of the *20-Year Economic Vision for Regional NSW*. These were:




1. business as usual (BAU), based on current trajectories of economic growth
2. a scenario based on the NSW Government applying the *20-Year Economic Vision for Regional NSW’s* principles to guide economic development decisions until 2038.

Exciting opportunities lie ahead





In the future, new and innovative industries will be needed to support future markets and communities. It will be important to match these new and expanding industries to the features and endowments of the particular regions that will give them the best competitive advantage.

The NSW Government is prepared to investigate the potential of these emerging industries and make evidence-based decisions to create an environment that will give new and expanding industries the best chance at success. This will include a focus on the critical enablers of digital connectivity, water security, affordable energy and common user infrastructure.

Industries that could develop rapidly in regional areas include:

| | | | |
|----------|---|--|---|
| Emerging |  | Advanced Manufacturing | <ul style="list-style-type: none"> • affordable energy to encourage value adding, supported by regional endowments • coordination of Special Activation Precincts to attract businesses and create jobs |
| |  | Technology-enabled Primary Industries | <ul style="list-style-type: none"> • boosting internet capacity and extending access to mobile services to improve connectivity and lift productivity and growth in regional businesses |
| |  | Renewable energy | <ul style="list-style-type: none"> • the NSW government is working toward a reliable, affordable and sustainable energy future that supports a growing economy |

5. Updated with NSW Department of Planning, Industry and Environment December 2019 population projections.

| | | | |
|--------|---|---------------------------------------|---|
| Future |  | Critical minerals | <ul style="list-style-type: none"> • technological change is driving global demand for critical minerals, and as demand grows there are significant economic opportunities for NSW • with potential rich deposits of rare earth elements and other critical minerals across central and western areas, NSW is well positioned to develop these resources and mitigate risks to supply due to geological scarcity, geopolitical tensions or trade policy |
| |  | Ecotourism | <ul style="list-style-type: none"> • investing in new infrastructure to create major ecotourism destinations and capitalise on the rich natural and cultural resources in regional NSW through ecologically sustainable tourism |
| |  | Recycling and waste management | <ul style="list-style-type: none"> • growing the circular economy in regional NSW, leveraging the availability of lower cost land and a rapidly changing global waste management system |
| |  | High-quality food products | <ul style="list-style-type: none"> • maximising the potential of the state's agricultural production by growing opportunities to drive value add in the food technology sector |

To support these new industries, the NSW Government will focus on delivering existing commitments and identifying innovative new investments that kickstart jobs and growth. Through the \$4.2 billion Snowy Hydro Legacy Fund, the NSW Government is already delivering priority water infrastructure that will give a wide range of industries the certainty to continue to invest in regional NSW. It is also opening up new opportunities through the Special Activation Precincts, which provide common user infrastructure and streamlined planning approvals in strategic locations, making it easier for high-growth industries to set up in regional areas.

Looking forward, investments that put downward pressure on energy prices, such as increased supply and access to renewable energy and gas, could encourage energy-intensive industries, including advanced manufacturing, to set up new facilities in regional NSW. There is also a once-in-a-lifetime opportunity to capitalise on growth in domestic tourism by supporting regional areas to transform into iconic, must-see destinations.

The future this vision can deliver

By continuing to apply the principles in the *20-Year Economic Vision for Regional NSW*, including the updated approach described in the Vision Refresh, regional NSW will experience higher population and jobs growth than under business as usual. Regional NSW is already forecast to grow by 270,000⁶ people by 2038. However, our visionary approach could boost this by more than 180,000, so that regional NSW grows by close to half a million people.

Metro Satellites

Metro Satellites will continue to emerge as major hubs in their own right, spurred on by the global trend of rapid urbanisation. There will be more jobs in professional services, increasingly supported by a COVID-19 induced acceptance of remote working. Transport links are essential to existing and future Metro Satellites and nearby Growth Centres, to enable the flow of commuters, goods and services amidst shifting transport needs.

In the coming 18 years, the population of Metro Satellites could grow by more than 280,000. Most of these increases will be in the Central Coast and Lake Macquarie, where populations will reach nearly 695,000, and the Hunter, where numbers will reach almost 345,000.

Over the next two decades there will be 90,000 new jobs in Metro Satellites. Metro Satellites' key employment industries of health care and social assistance (23,000 jobs), particularly in the Central Coast and Lake Macquarie, and mining in the Hunter Region, are expected to continue to provide significant employment and economic growth in the Metro Satellites.

6. Updated with NSW Department of Planning, Industry and Environment December 2019 population projections.

Value-added manufacturing is envisaged to provide new jobs across Metro Satellites on the back of competitive advantages offered by being near the large cities, and with growing populations. Tourism is expected to remain an important source of employment despite the disruption from bushfires and COVID-19.

Growth Centres

As important regional hubs, Growth Centres have the potential to welcome more than 180,000 new residents in the next 18 years and add close to 70,000 extra jobs. Long-term planning will be important to support this anticipated growth to ensure these areas have the right infrastructure and services.

Population is increasing, with Orange, Shoalhaven, Coffs Coast and Bathurst recently experiencing high growth. In the decades ahead Growth Centres will particularly benefit from their larger size, with the potential for increases in population-serving sectors to support surrounding areas, engine industries and the new residents.

Healthcare will remain a major employer across Growth Centres, with Orange continuing to grow as a hub of medical and health excellence. Other large employment sectors are expected to be accommodation and food services (6,000) and construction (15,000), although growth in the tourism sector may be subject to short-term disruption from COVID-19. Agricultural production across the Growth Centres is expected to meet new demands in the predicted growth of diverse export markets in Asia.

Tertiary education will continue to provide jobs in regional university campuses, such as in Bathurst, Wagga Wagga and Albury, even with the potential short-term fall in international students from COVID-19.

Coastal

By 2038, Coastal regions could grow by more than 11,000 people, particularly around the Mid-Coast. Together, these regions have the potential to add more than 3,000 jobs to the NSW economy by 2038.

The natural beauty of coastal areas should see further growth in tourism and continued migration from across NSW despite recent publicity associated with bushfires and COVID-19. Other sectors envisaged to lead jobs growth include retail, health and residential care industries. This reflects ongoing opportunities for further expansion of the residential care market in line with a forecast growth in demand.

In the next two decades, there will be additional opportunities from new technology and infrastructure to attract skills and workers to Coastal regions, as attitudes to working remotely continue to shift.

Inland

Inland areas specialise in a number of trade industry clusters, including agribusiness and mining, which can take advantage of future export opportunities and growing domestic demand. They also continue to support a significant proportion of agricultural and forestry activity in NSW. However, following one of the worst droughts on record, most primary producers will take some time to recover.

Investment in technology and productivity improvements will build on existing strengths and catalyse opportunities that will emerge from recovery. Strong links exist between primary producers and value-added food and beverage manufacturing across the Inland regions. The predicted growth of Asia will also unlock new export opportunities.

Remote

Remote areas continue to support a significant proportion of agricultural and mining activity in NSW and are vital to maintaining supplies of beef, wool and minerals. Key challenges for remote areas are the availability of labour, particularly key skills, against the backdrop of ongoing population decline. Regional centres such as Broken Hill will continue to play an important role in servicing communities in remote regions, while building effective transport and communication links across the region will remain essential.

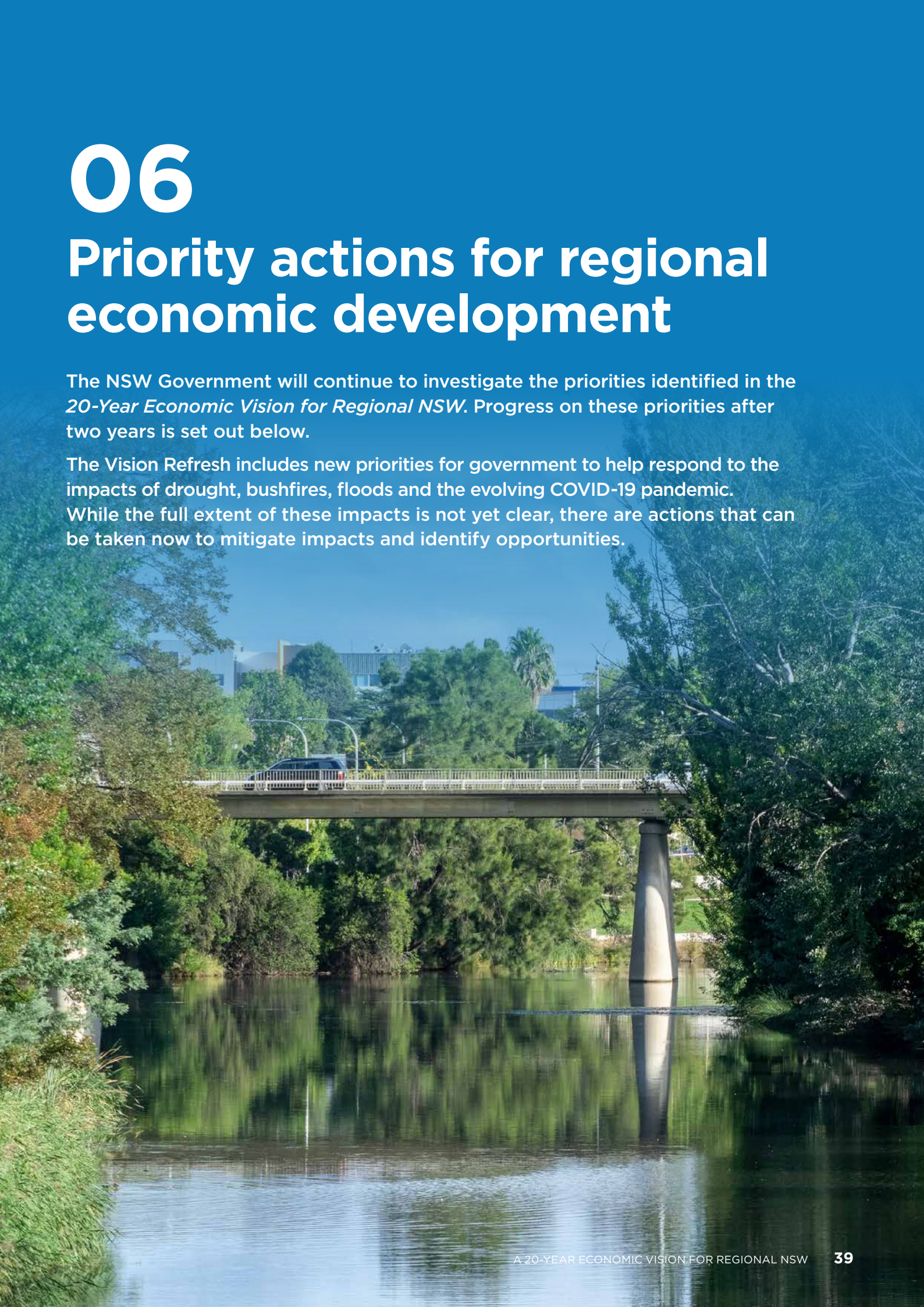
Government will play an important role in ensuring these remote areas are supported with necessary services and infrastructure. New technologies can provide opportunities for improved access to high-quality education and services.

06

Priority actions for regional economic development

The NSW Government will continue to investigate the priorities identified in the *20-Year Economic Vision for Regional NSW*. Progress on these priorities after two years is set out below.

The Vision Refresh includes new priorities for government to help respond to the impacts of drought, bushfires, floods and the evolving COVID-19 pandemic. While the full extent of these impacts is not yet clear, there are actions that can be taken now to mitigate impacts and identify opportunities.



The NSW Government will investigate the following actions to drive the key enablers of economic growth

1. INFRASTRUCTURE



PRINCIPLE 1: Affordable, reliable and fast mobile and internet connectivity to support people and businesses

Fast, reliable connectivity supports business growth, helps rural communities thrive, improves health and wellbeing, and makes it easier for people to access online public services.

In the *20-Year Economic Vision for Regional NSW*, the NSW Government said it would: **Leverage existing infrastructure and other technologies in Growth Centres for a digitally connected future.**

Within 5 years we will investigate:

- improving digital connectivity across regional NSW beyond the NBN
- technology-enabled regional public transport such as on-demand transport
- innovative delivery methods for essential services in areas such as health, education and justice, to improve access and quality.

Over 5 to 10 years we will investigate:

- options to provide uninterrupted mobile phone and internet connectivity along major state and regional roads
- low-bandwidth infrastructure for agricultural areas for tech-enabled production and monitoring methods.

In the next 10 to 20 years we will investigate:

- planning for and activating smart cities technologies in Metro Satellites and Growth Centres.

Our progress 2 years on

- We are investing \$100 million through the ambitious Gig State project, which aims to deliver metropolitan level internet speeds and service quality to key regional and remote locations. This investment will help regional businesses compete with the world, making regional NSW an even better place for high tech employers to invest.
- We have committed \$300 million from the Snowy Hydro Legacy Fund to significantly improve mobile coverage across regional NSW, with scoping studies due for completion in early 2021. We have also invested almost \$40 million through the Mobile Black Spot Program to deliver 140 towers in regional NSW, with 120 now operational.
- Released in August 2020, the NSW Smart Places Strategy significantly accelerates the planning for and activation of smart cities technologies in Metro Satellites and Growth Centres. Actions to implement the strategy focus on the on standards and policies, partnerships and procurement, and places, services and people.
- The 'Farms of the Future' pilot is showcasing the opportunities that agricultural technology (ag tech) can deliver for drought resilience, improved productivity and enhanced water security.
- Improved access to specialist health services, such as the Centralised Telehealth Service and treatment pathway for country hospitals, is connecting patients in regional areas to city-based neurologists for stroke diagnosis and treatment.

The 2020 environment

- COVID-19 has pushed businesses and families to move more of their communication, work, service needs and purchases online. This has opened up new opportunities and challenges for our regions – both in the midst of the pandemic and in the recovery phases.
- Digital acceleration has proven that remote and altered working patterns have some real advantages, creating opportunities for regional communities to harness this new attitude if the right technologies and services are in place.
- Increased reliance on digital access has shown that services which have traditionally been delivered in person can be effectively provided using digital means. For example, telehealth can enable quicker access to a broader range of specialist services for regional NSW residents, leading to significant wellbeing benefits.
- Continued public and private investment in improved digital connectivity, such as mobile networks, regional data centres and fibre networks across NSW will present new opportunities for individuals and businesses.
- In an increasingly digital world, cybercrime is growing and potentially exposing government and business to attacks that reduce trust and productivity.
- Catastrophic events such as the 2019-20 bushfires highlight how important digital connections are for communities and responders during emergencies.

In addition, within 5 years we will investigate:

Leveraging the power of a digital economy by:

- accelerating and expanding access to metro-equivalent digital infrastructure and services (mobile/broadband) to drive productivity in regional businesses, attract investors and workers to regional areas and meet community expectations for services such as telehealth and online education
- preparing regional NSW for the introduction of 5G to ensure new digital divides do not emerge, and that regional businesses and families can take advantage of new technologies as they become available
- adding network infrastructure to support uptake of ag tech on-farm to maximise agribusiness productivity and resilience
- working with the Commonwealth Government to support investment and policy settings that expand mobile and internet connectivity for remote and very remote communities.



PRINCIPLE 2: Improved travel between regional centres and from regional centres to international gateways

Better transport infrastructure and services enable increased business activity, a wider labour market and better lifestyles.

In the *20-Year Economic Vision for Regional NSW*, the NSW Government said it would: Make regional travel faster, easier and safer between and within regional centres, and to metropolitan areas.

Within 5 years we will investigate:

- more day-return services to, from and between regional centres
- regional public transport to assist commuters to travel to metropolitan areas and regional centres to access work opportunities
- options to improve public transport services to access regional centres from surrounding areas.

Over 5 to 10 years we will investigate:

- rail and road upgrades on lines between regional centres
- seamless digital ticketing for public transport within NSW and across borders.

In the next 10 to 20 years we will investigate:

- higher-speed rail links between Sydney and regional centres that have Metro Satellite or commuter hub potential.

Our progress 2 years on

- \$1.26 billion Regional Rail Fleet, providing a modern rail fleet, along with a new purpose-built maintenance facility in Dubbo to stimulate regional economies
- *A Fast Rail Future for NSW* outlines early work on a fast rail corridor, including identifying four potential routes and key considerations for a future network
- Expanded public transport services to improve the commute to metropolitan areas and regional centres with new coach and bus trials in operation across regional NSW, additional weekly rail services including a second Bathurst Bullet, and the rollout of the 16 Regional Cities Services Improvement Program
- On-demand public transport trials currently operating in Central West, Mudgee to Dubbo, Moree, Coffs Harbour, Northern Rivers, Albury, Holbrook, Sapphire Coast, and South Coast to Canberra
- Transport for NSW rolling out integrated ticketing across regional NSW over the public transport network.

The 2020 environment

- Restrictions in response to COVID-19 have meant more people are working remotely or have changed travel patterns, such as reducing travel, shifting to longer distance but less frequent travel (e.g. by air), changing modes or travelling at quieter times.
- More industry sectors have recognised the feasibility of staff working remotely, expanding the potential labour pool, improving job-worker matchings and increasing location options for both workers and firms.

In addition, within 5 years we will investigate:

Taking advantage of changing work and travel patterns to better link cities and regions through:

- acceleration of the hub and spoke transport network to support regional businesses and workers.

Increasing liveability with:

- options to improve active transport in regional NSW with walking and cycling investments in regional cities for better health, social and environmental outcomes.



PRINCIPLE 3: Freight networks that will increase the competitiveness of key regional sectors

Efficient freight transportation underpins the viability and competitiveness of key and emerging sectors. High-performing freight networks are essential for regional NSW to compete in the global marketplace.

In the *20-Year Economic Vision for Regional NSW*, the NSW Government said it would: Improve freight networks from regional NSW to global gateways, to increase exports.

Within 5 years we will investigate:

- inland intermodals near the production of agricultural products
- more efficient transport between inland intermodals and global gateways.

Over 5 to 10 years we will investigate:

- optimising or increasing container flows through ports
- benefits that can be realised from Inland Rail.

In the next 10 to 20 years we will investigate:

- more efficient east-west transport connections, including between inland NSW and Newcastle, Sydney and Wollongong
- air freight potential in regional areas.

Our progress 2 years on

- We are boosting the efficiency of the rail network and trade gateways with the *NSW Freight and Ports Plan 2018-2023*, facilitating new technology and improved coordination of Port Botany freight movements.
- The Fixing Country Roads and Fixing Country Rail programs are improving the quality of roads and rail networks for lower cost and quicker transport for freight.
- Parkes, Wagga Wagga and Moree Special Activation Precincts leveraging the Inland Rail and intermodal facilities to drive new investment and establish highly efficient transport hubs that provide a competitive advantage for businesses.
- The Western Sydney International (Nancy-Bird Walton) Airport will expand export opportunities through an agribusiness precinct in the Western Sydney Aerotropolis, which is expected to handle incoming produce from NSW farms for global export.

The 2020 environment

- The global economy is highly interconnected, as evident in the speed at which global supply chains shut down in response to COVID-19, forcing many global factories and air/sea freight carriers to pause operations. Moving forward, risks to supply and options to address fragility will be key considerations in production. Supply chain resilience strategies may drive adaptability and job creation in many industries.
- Regional NSW remains an attractive supplier of agricultural and other exports with close proximity to Asia, where there is strong demand for high quality products and a growing desire for a more diversified supply chain.
- Years of drought, followed by the devastating bushfires and floods, have damaged major infrastructure, including vital transport networks, increasing the focus on risk assessment and strategic investment in long-term sustainable assets.

In addition, within 5 years we will investigate:

Elevating regional NSW as a supplier to the world by:

- enabling supply chain infrastructure and facilities to improve export efficiency and access from regional NSW to international markets, including cold chain storage and smart logistics
- optimising rail, road and air links to make regional products more competitive in overseas markets.

Creating sustainable infrastructure and transport networks by:

- removing barriers to investment and innovation in new transport technologies, including hydrogen, to provide cost-competitive clean fuel for road and rail freight
- ensuring alignment in land use and transport infrastructure planning to maximise investment.



PRINCIPLE 4: Reliable accessible water and energy

Energy and water are vital to people and business. Securing climate-resilient water supply is particularly important for key industries and digital advances will largely require reliable energy.

In the *20-Year Economic Vision for Regional NSW*, the NSW Government said it would: **Manage vital energy and water resources sustainably to ensure supply meets long-term regional needs.**

Within 5 years we will investigate:

- the potential for energy zones and transmission requirements
- research and development investment in energy and water security and resilience, particularly for engine industries.

Over 5 to 10 years we will investigate:

- focused energy projects relevant to engine industries
- climate-resilient water infrastructure options.

In the next 10 to 20 years we will investigate:

- ongoing infrastructure to provide safe and secure water to regional communities.

Our progress 2 years on

- Renewable Energy Zones (REZs) identified for the Central West, New England and South West regions will combine generation, transmission upgrades, storage and system strength services to ensure affordable and reliable energy systems. The REZs are expected to unlock a significant pipeline of large-scale renewable energy and storage projects, while supporting up to \$23 billion of private sector investment in the regions and over 2,000 construction jobs.
- The Climate Change Fund is investing \$1.4 billion between 2017 and 2022 in programs that deliver energy efficiency, reduce emissions, and increase resilience to a changing climate.
- The Snowy Hydro Legacy Fund is investing in water infrastructure including the Wyangala Dam Wall Raising, Dungowan Dam and Mole River Dam investigation, to help secure the future of regional industries and townships.

The 2020 environment

- Set against a background of a changing climate, with the most recent drought one of the worst on record, highlights the need for ongoing planning and future proofing of regional NSW's water resources.
- As more people and businesses call regional NSW home, increased demand for water may test the reliability of water supplies for towns and industry in periods of catastrophic drought.
- The NSW Government has committed to net zero emissions by 2050 and to make NSW more resilient to a changing climate.
- The *Future of Coal Statement* acknowledges the need to diversify coal-reliant economies as thermal coal mining is phased out.

In addition, within 5 years we will investigate:

Increased water security and efficiency with:

- refinements to water sharing arrangements to ensure that state-of-the-art climate analysis can be made between competing uses for water by towns, industries and the environment
- promotion of industry uptake of water efficiency measures and demand management to buffer variable resource availability.

Supporting the NSW Government's commitment to net zero emissions by 2050 by:

- extending the reach of the REZs through strategic coordination of transmission and industry attraction activities, to accelerate and diversify regional development and job creation
 - harnessing regional NSW's significant gas reserves to supplement renewable energy sources while putting downward pressure on electricity prices
 - exploring the potential of hydrogen to deliver reliable clean energy, including storage for renewables, support for energy intensive industries and as a future export opportunity.
-

2. SKILLS



PRINCIPLE 5: A skilled labour force for current and future needs of the regions

Helping people reskill, upskill and reinvent careers is essential for regional workforces to exploit future opportunities. This includes investing in research and development for jobs for the future.

In the *20-Year Economic Vision for Regional NSW*, the NSW Government said it would: Provide clear skills pathways to jobs in regions.

Within 5 years we will investigate:

- models for greater integration of students' learning and work experience, prioritising growth industries in regional areas
- training support to improve student success, including mentoring, accommodation and transport assistance
- targeted skills and work experience approaches for groups that are under-represented in regional economic participation, including Aboriginal people
- advocating the benefits and attractions of relocating to regional NSW, including campaigns and targeted initiatives for skilled workers.

Over 5 to 10 years we will investigate:

- specialised vocational and technical high schools
- innovative training delivery models that leverage online learning, mobile classrooms and hybrid learning models.

In the next 10 to 20 years we will investigate:

- flexible models to acquire job-oriented skills and qualifications, which facilitate a shift from training and work as separate activities to a more integrated simultaneous progression.

Our progress 2 years on

- The Regional Skills Relocation Grant offers a reimbursement of up to \$10,000 for skilled workers moving to regional NSW.
- Smart and Skilled allows training providers to deliver training face-to-face or online, or a combination of both. For example, TAFE NSW's Connected Learning Centres in regional areas offer a range of blended learning modules.
- The Higher Education Apprenticeship Pathway allows students to undertake academic study while undertaking related apprenticeship training in a trade vocation.

The 2020 environment

- As a result of COVID-19, the number of migrants coming to Australia will be reduced in 2019-20 and 2020-21.
- Following the cumulative impacts of drought, bushfires, floods and COVID-19, the labour market has deteriorated to its worst point since the 1990s recession.
- Vulnerable workers, including young people, casual and self-employed, are more likely to bear the brunt of the impacts on the labour market.
- COVID-induced changes to the demand for some products and services and an increase in remote working may mean that many regional workers will need or benefit from new skills relevant to the future jobs market.
- COVID-19 has shown how the apprenticeship model makes NSW's skills pipeline vulnerable to economic downturns. Apprentices cannot train unless they can find work. As COVID-19 causes business demand for workers to weaken and new hiring to slow, many prospective apprentices will struggle to find employment.

In addition, within 5 years we will investigate:

Working with industry to enhance alignment between regional skills supply and demand by:

- accelerating the development of flexible models to acquire job-oriented skills and qualifications as additional career pathways
- creating opportunities for better access and more flexible offerings from VET providers, including TAFE NSW and universities for regional students
- supporting redeployment, reskilling and upskilling measures, including regional skills and employment brokerage, that focus on both immediate recovery and long-term workforce planning
- co-developing courses and learning models that meet local workforce needs
- promoting digital and cybersecurity capabilities in regional communities and businesses.

Mitigating the impact of reduced skills migration by:

- working with regional universities, schools, local industries and across government to increase awareness of key expertise areas needed in regional NSW.



Boost regional NSW's knowledge economy and excellence in innovation, particularly in agricultural technology, aged care, energy, aerospace, logistics, advanced manufacturing and other areas linked to the future of regions.

Within 5 years we will investigate:

- industry, government and university partnerships to tackle specific regional NSW issues such as economic and social challenges, or growth sector opportunities to become national leaders in niche fields.

Over 5 to 10 years we will investigate:

- partnerships to elevate areas of strength from being nationally recognised to internationally recognised.

In the next 10 to 20 years we will investigate:

- opportunities to foster industry clusters in sectors of future strength in regional NSW.

Our progress 2 years on

- The Global Ag-Tech Ecosystem initiative is fast-tracking research and development through its offering of access to the deep technical expertise, collaboration with research and development organisations and on-farm testing.
- \$18 million Boosting Business Innovation fund is supporting tech start-ups across NSW, helping the state's universities and the CSIRO work more closely with business and industry to drive innovation.

The 2020 environment

- Unprecedented droughts and the summer of bushfires have put many engine industries in survival mode. With this uncertainty, investment priorities and timing may change, limiting the capacity for long-term planning or research and development activities.
- Recent events and disruption to supply chains have demonstrated the desirability of greater industrial diversity in some parts of regional NSW, which in turn requires a more diverse range of skills in the workforce.

In addition, within 5 years we will investigate:

Increasing flexibility and diversity in local economies by:

- coordinating cross-industry and cross-sector research and training partnerships within Special Activation Precincts, REZs and other major government initiatives to drive innovation and diversification.

Leveraging increased connectivity and digital innovation with:

- options to accelerate ag tech innovation and uptake to boost productivity and the capacity to upscale.
-

3. ADVOCACY AND PROMOTION



PRINCIPLE 6: Recognising each region's strengths and underlying endowments

Each of regional NSW's areas is distinct and claims its own natural, human or built endowments. This requires bespoke government decision making.

In the *20-Year Economic Vision for Regional NSW*, the NSW Government said it would: Draw in more domestic and international tourists in areas with tourism potential.

Within 5 years we will investigate:

- infrastructure and transport to support tourism to wine and produce regions – particularly where those goods are exported internationally, and NSW's brand is recognised overseas.

Over 5 to 10 years we will investigate:

- increasing the efficiency of east-west transport connectivity including across the Blue Mountains
- options to activate tourism potential based on regional endowments and cultural heritage
- opportunities for underutilised public land and infrastructure to play a bigger role in tourism – for example, as rail trails.

In the next 10 to 20 years we will investigate:

- the potential to sustain a new global gateway in what is currently regional NSW (air or sea) for both people and goods.

Our progress 2 years on

- Regional NSW's largest wine region, the Hunter Valley, will see improved safety, traffic efficiency, network reliability and freight access from major upgrades to the Golden Highway, which will also support produce hubs between Dubbo and Newcastle.
- \$300 million committed from the Regional Growth - Environment and Tourism Fund to invest in infrastructure to increase tourist visitation to regional NSW based on regional endowments and cultural heritage.
- The Snowy Mountains Special Activation Precinct focuses on increasing year-round tourism by creating year-round employment opportunities and investing in the region's infrastructure.
- The *Visitor Economy Industry Action Plan 2030* is providing guidance and direction for the Government to work together with industry to drive the economic benefits of the visitor economy.

The 2020 environment

- Strict travel restrictions and the physical impacts of bushfires on natural endowments and tourism infrastructure have dramatically altered the tourism market, crippling short-term demand from international tourists while accommodating Australian residents unable to holiday overseas.
- The tourism market will experience a challenging environment in the medium term as the impacts of COVID-19 continue to influence international travel, making significant NSW tourist destinations vital in capturing the domestic tourism market.

In addition, within 5 years we will investigate:

Driving the growth of ecotourism and domestic tourism through:

- supporting local, regional and state organisations to establish distinctive value propositions in tourist destinations based on regional endowments
- opportunities to improve access to, and management of, areas of significant natural amenity and ecotourism potential
- innovative models to promote the preservation and enhancement of natural endowments.



Attract more domestic and international students to regional NSW.

Within 5 years we will investigate:

- marketing and promotion to further raise the profile of regional NSW's education, training and research strengths.

Over 5 to 10 years we will investigate:

- dedicated campuses or precincts for international students to study in regional NSW.

In the next 10 to 20 years we will investigate:

- tertiary-accredited integrated work-study qualifications in sectors of strength in regional NSW.

Our progress 2 years on

- Interactive NSW Research Map showcases the state's higher education, science, and research and development facilities in an easy-to-use geospatial format to bring awareness to research going on at regional NSW universities.
- Funding through the Regional Growth Fund for Stage 2 of Charles Sturt University's Port Macquarie Campus, bringing more opportunities to study nursing and science courses.
- Supporting regional and rural students through an \$8 million investment in the Country University Centres initiative, enabling more students to study locally.

The 2020 environment

- Travel restrictions have decimated the international student market, making future enrolments unclear and requiring universities to think outside the box on how to maintain international student enrolments.
- A more challenging labour market increases opportunities to tap into a new local demand for study.

In addition, within 5 years we will investigate:

Improving flexibility in the international student market through:

- creating opportunities to facilitate international student retention or attraction through more effective remote learning, and marketing the competitive advantages of regional NSW's institutional endowments.



4. BUSINESS ENVIRONMENT



PRINCIPLE 7: Regulation and planning to promote commercial opportunities

Planning and regulation settings must maximise employment and income-generating opportunities. Better coordination, cohesive governance and clear signals to attract industries to targeted locations will optimise local advantages.

In the *20-Year Economic Vision for Regional NSW*, the NSW Government said it would: Provide an attractive environment for businesses to establish and invest in regional NSW locations, consistent with regions' economic endowments.

Within 5 years we will investigate:

- improving the customer experience of planning processes for business investment, set-up and expansion in regional NSW
- initiatives to attract skilled labour to regions, and increase the participation of women and older people in the regional labour force
- potential growth areas (hubs) for targeted industries in specific locations
- options to encourage greater in-country value-adding in engine industries such as agriculture and manufacturing.

Over 5 to 10 years we will investigate:

- streamlining regulatory requirements to attract related and co-dependent businesses in engine industries
- supporting engine industries through international trade advocacy, maintaining favourable trade relationships, and considering regulatory and other supports
- building flexibility into Crown land use to better respond to economic opportunities while protecting environmental, cultural and other significance.

In the next 10 to 20 years we will investigate:

- cooperative business investment models with key trading partners.

Our progress 2 years on

- Special Activation Precincts will become economic growth hubs focusing on specific industries that will:
 - create an estimated 18,000 jobs across precincts in Narrabri, Parkes, Wagga Wagga, Moree, the Snowy Mountains and Williamstown.
 - benefit from a new Activation Precincts State Environmental Planning Policy (SEPP), which has been legislated providing streamlined, fast-tracked planning and certainty for businesses
 - see the NSW Government invest an estimated \$1 billion across the program, including investment attraction and a business concierge service to support businesses to set up and grow in each precinct.
- \$20 million Regional NSW Investment Attraction Package is supporting businesses in regional NSW through:
 - an investment concierge service to provide end-to-end support for businesses wishing to set up or expand their operations
 - financial incentives, including bespoke grants, available for businesses that are 'footloose' or in a Special Activation Precinct, in eligible industries, and are creating or retaining jobs
 - the Regional Skills Relocation Grant, which will increase the availability of skilled and experienced workers.
- The *NSW Advanced Manufacturing Strategy* sets out targeted, practical initiatives to grow the sector, build the capability of businesses and foster a supportive external business environment.

The 2020 environment

- Widespread global uncertainty is contributing to a slowdown in economic activity, especially in investment and trade.
- Drought, bushfire, floods and COVID-19 have created a more challenging and uncertain business environment, increased awareness of climate risks and the potential consequences for businesses and markets.
- Planning system reforms will support productivity, investment and jobs during COVID-19, with the Planning System Acceleration Program fast-tracking planning projects and enabling new construction jobs and construction work to continue.
- The rise of flexible working has removed the barrier for some to live and work in regional areas.

In addition, within 5 years we will investigate:

Encouraging development and investment in regional NSW by:

- reviewing planning regulatory settings to create an environment more conducive to attracting income and employment-generating opportunities, supported by local endowments
- leveraging government procurement to maximise employment and training opportunities
- working closely with the NSW Productivity Commissioner to reduce regulatory barriers to growth in regional areas
- ensuring initiatives to support small businesses are effectively implemented in regional areas impacted by COVID-19 drought, bushfires and floods
- measures to identify and increase the economic sustainability of strategic agricultural land.



Grow vibrant places to live, work and study to encourage business and population growth.

Within 5 years we will investigate:

- cultural infrastructure investment across regional NSW
- investment models to improve recreational infrastructure in growing regional centres, to enhance wellbeing and lifestyles.

Over 5 to 10 years we will investigate:

- planning arrangements in all growing regional centres that ensure appropriate housing, utilities and transport to support growth, while maintaining liveability, sense of community and local identity
- opportunities to activate regional town centres with growth potential, to support night-time economies.

In the next 10 to 20 years we will investigate:

- management of coastal land to optimise accessibility and balance commercial and residential uses.

Our progress 2 years on

- Investment is strengthening regional arts, screen, culture and heritage, and revitalising local communities through the \$100 million Regional Cultural Fund.
- Building stronger communities by supporting volunteering in regional NSW through the NSW Volunteering Strategy.
- Improving community facilities such as town halls, recreation facilities, shared paths and playgrounds through the \$100 million Regional Sports Fund.
- Resources for Regions is supporting infrastructure projects and community programs that address the unique and diverse needs that arise in mining communities.
- The 10-year Marine Estate Management Strategy is managing the social, cultural, economic and environmental value of this significant natural asset.
- \$1.8 billion to deliver regional healthcare and hospital projects for 2019-20 and 2020-21. Two-thirds of the NSW hospital redevelopments or upgrades underway are located in rural and regional parts of NSW.

The 2020 environment

- Widespread global uncertainty is contributing to a slowdown in economic activity, especially in investment and trade.
- The rise of flexible working has removed the barrier for some to live and work in regional areas.
- COVID-19 restrictions have highlighted the importance of easy access to enjoyable public spaces and natural environments, and has increased interest in living in non-metro areas.

In addition, within 5 years we will investigate:

Accelerating economic activity by:

- supporting existing businesses to expand, and attracting growing businesses likely to enjoy a competitive advantage in regional NSW, by developing programs to incentivise businesses to invest, innovate and hire in regional NSW
- promoting agreements for Aboriginal joint access, use and management of Crown Land and promoting economic, environmental and cultural outcomes for land owned or managed by Aboriginal communities.

Increasing wellbeing and liveability with:

- local neighbourhoods supported by urban systems and amenities, that can support preferences for short local journeys and remote working
- opportunities to coordinate local planning and investment in cultural and social networks, active transport and open space infrastructure to grow liveability
- investment in quality green, open public space that is walkable, safe, connected and accessible
- maximised social, economic, environmental and cultural benefits of the marine estate.



5. ECONOMIC STRENGTH AND DIVERSITY



PRINCIPLE 8: Sustainable economies and communities are better able to recover from shocks

A new enabler is needed to drive economic growth: a more resilient regional NSW prepared for future challenges and faster recovery. Rebuild regional NSW into more sustainable and adaptable economies.

The 2020 environment

- Global investment and trade are increasingly subject to rising geopolitical tensions, impacts of the pandemic and risks to supply chains.
- More frequent and severe events including droughts, bushfires and floods are creating a more challenging and uncertain business environment.
- The NSW energy market is facing increasing pressures, with changes to investment in electricity generation.

Within 5 years we will investigate:

Improving natural disaster preparedness through:

- accelerating public safety mobile broadband to support a rapid response from emergency services, improve safety for emergency personnel and reduce the impact of emergencies such as bushfires and floods
- upgrading strategic and vulnerable transport infrastructure to improve its ability to withstand extreme weather events
- supporting communities in building their social resilience, including collaboration between local councils and community organisations.

Better support for regional communities through drought and other economic shocks by:

- investigating climate-resilient water infrastructure options
- helping farmers, businesses and their communities to better prepare for, withstand and recover quickly from drought
- promoting sustainable land management practices and support for agricultural research, focusing on more drought resistant plants, sufficient groundcover, retention of soil moisture and enhancement of soil carbon
- providing access to an array of support services for businesses to plan, develop and adapt to mitigate risks to their businesses and expand their customer base.

Creating new opportunities in regional economies and supporting access to markets by:

- integrating Aboriginal economic participation, education and skills development into government priorities focused on regional NSW, to increase Aboriginal employment and enterprise development
- building in efficiency and redundancy across freight networks to make supply chains more resilient, better diversified and less vulnerable to disruption.



Promote agility by diversifying regional economies.

The 2020 environment

- Regional communities with a narrower industrial base are experiencing greater sector-specific risk in increasing economic uncertainty and more frequent and severe droughts, bushfires and floods.
- The delivery of new infrastructure across regional NSW will increase opportunities to develop economically sustainable diversification based on the competitive advantages provided by regional endowments.
- The *Future of Coal Statement* acknowledges the need to diversify coal-reliant economies as thermal coal mining is phased out.

Within 5 years we will investigate:

Options to mitigate the effect of natural disasters and cyclical fluctuations on local economies by:

- improving energy access, reliability and affordability to induce investment in energy intensive industries in new areas.

The capacity of businesses and industries to adapt through:

- opportunities for value adding and diversification through high-value manufacturing supported by regional endowments
 - facilitating a strong research and development pipeline to support the commercialisation and export of new innovative products emerging from NSW universities, research organisations and businesses, including ag tech, food-tech and the circular economy.
-



Appendix A. Functional Economic Regions (FERs) local government areas

| FER | Included local government areas |
|-----------------------------------|--|
| Abercrombie | Bathurst Regional, Oberon |
| Albury-Wodonga | Albury, Federation, Greater Hume Shire |
| Capital | Queanbeyan-Palerang Regional |
| Castlereagh | Gilgandra, Warrumbungle Shire |
| Central Coast and Lake Macquarie | Central Coast, Lake Macquarie |
| Central Orana | Narromine, Dubbo Regional |
| Clarence Valley | Clarence Valley |
| Coffs Coast | Bellingen, Coffs Harbour |
| Cowra | Cowra |
| Eastern Riverina | Coolamon, Junee, Lockhart, Wagga Wagga |
| Far South Coast | Bega Valley, Eurobodalla |
| Far West | Broken Hill, Central Darling, Unincorporated NSW |
| Hastings-Macleay | Kempsey, Port Macquarie-Hastings |
| Hunter | Cessnock, Dungog, Maitland, Muswellbrook, Port Stephens, Singleton, Upper Hunter Shire |
| Kiama | Kiama |
| Lower North West | Gunnedah, Liverpool Plains, Tamworth Regional |
| Mid-Coast | Mid-Coast |
| Mid-Lachlan | Forbes, Lachlan, Parkes |
| Mid-Western | Mid-Western Regional |
| Murray | Berrigan, Edward River, Murray River |
| Nambucca | Nambucca |
| Northern New England High Country | Glen Innes Severn, Tenterfield |
| Northern Rivers | Ballina, Byron, Kyogle, Lismore, Richmond Valley |
| Orange, Blayney and Cabonne | Blayney, Cabonne, Orange |
| Shellharbour | Shellharbour |
| Shoalhaven | Shoalhaven |
| Snowy Monaro | Snowy Monaro Regional |
| Snowy Valleys | Snowy Valleys |
| South Western Slopes | Bland, Gundagai, Hilltops, Temora, Weddin |
| Southern New England High Country | Armidale Regional, Uralla, Walcha |
| Southern Tablelands | Goulburn-Mulwaree, Upper Lachlan, Yass Valley |
| Tweed | Tweed |
| Upper North West | Gwydir, Inverell, Moree Plains, Narrabri |
| Western Murray | Balranald, Hay, Wentworth |
| Western Plains | Bogan, Bourke, Brewarrina, Cobar, Coonamble, Walgett, Warren |
| Western Riverina | Carrathool, Griffith, Leeton, Murrumbidgee, Narrandera |
| Wingecarribee | Wingecarribee |





More information

www.nsw.gov.au/20YearVision

Contact us

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