

A 20-Year Economic Vision for Regional NSW

July 2018

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Cover image: Goulburn



The Hon. John Barilaro

Deputy Premier, NSW
Minister for Regional NSW

Deputy Premier's Foreword

When people ask me what I want to achieve for regional NSW, the answer is fairly simple.

I want people living in regional NSW to have a great life. Moreover, I want people living outside of regional NSW to look to our regional towns and cities and think 'I could also have a great life there', because they know regional NSW is a great place to raise a family, start and grow a business, get a fulfilling job, participate in vibrant community activities, play sport at quality facilities, and access the quality health and education they deserve.

Since 2011, the NSW Government has been hard at work rebuilding NSW. I'm proud of what we've achieved to date, but the job is far from done. We now have the opportunity not just to improve regional living, but transform it.

Today, NSW's economy has been restored to its proper position as the nation's leading economy, with a first-class infrastructure pipeline that is creating jobs, skilling our young people and ensuring NSW has the infrastructure it needs to meet current and future demands.

Regional NSW is at the forefront of this.

People are sick of governments that are short-sighted – failing to plan properly, and in turn, giving priority to the city over the bush.

This government, however, is determined to ensure we are meeting the needs for today while also making sure we are better prepared for a stronger tomorrow.

We are not just futureproofing our regions (making them more resilient to change, so they thrive, not just survive) but also turbocharging visionary projects – so they don't just sit on paper, but actually become reality.

Our 20-year vision will ensure regional NSW is poised to take advantage of future opportunities for growth.

Most importantly, this is a vision for regional people and businesses. Regional NSW is already a great place to live, raise a family, start a business or visit. We also need to support sustainable, thriving regional communities that have a strong local identity, attract younger generations and offer valued alternatives to city living.

Many of our regional centres have room to grow, draw in more investment and attract skilled workers, as well as provide job opportunities for our children. We want our communities to have access to sporting and cultural facilities, without compromising a sense of community and connectedness.

Through strategic investment we can address issues like skill shortages, the ageing workforce and digital disruption, while capitalising on emerging industries that align with a region's local strengths.

Our vision is to accelerate economic growth in key sectors such as agribusiness, tertiary education and health care, taking full advantage of trade and tourism opportunities with Asia to ensure regional NSW continues to play a critical role in the Australian economy.

This work also brings together long-term planning and existing strategies like the *Future Transport Strategy 2056*, *NSW State Infrastructure Strategy*, and the regional plans.

I am personally determined to leave a lasting legacy of strong, sustainable and vibrant regional communities.

This vision will help outline how we will get there.

01

Regional NSW today



Vineyard near Orange

Regional NSW is Australia's largest and most diverse regional economy. Rich with natural resources, it is home to a third of the state's population, and produces one-fifth of NSW's gross state product. Regional NSW has thriving agricultural, energy and resources industries and strong manufacturing, tourism and service sectors.



In this document, 'regional NSW' refers to all of the state except the metropolitan areas of Greater Sydney, Newcastle and Wollongong.

A state of many smaller economies

Regional NSW can be divided into five types of regional economy, based on their underlying geography, population and economic features. These are:

- Metro Satellite
- Growth Centre
- Coastal
- Inland
- Remote.

Look more closely, and you will see NSW is actually made up of many smaller local economies across these five categories.¹ The NSW Government refers to these smaller economies as functional economic regions (FERs), each mapping out the regional communities that have strong economic links, mainly where people live and work.²

In total, regional NSW can be categorised into 37 FERs, as outlined in the map below. Some of these cross state boundaries into Queensland, Victoria and the Australian Capital Territory (ACT). The FERs are colour coded, to indicate the five types of regional economy.

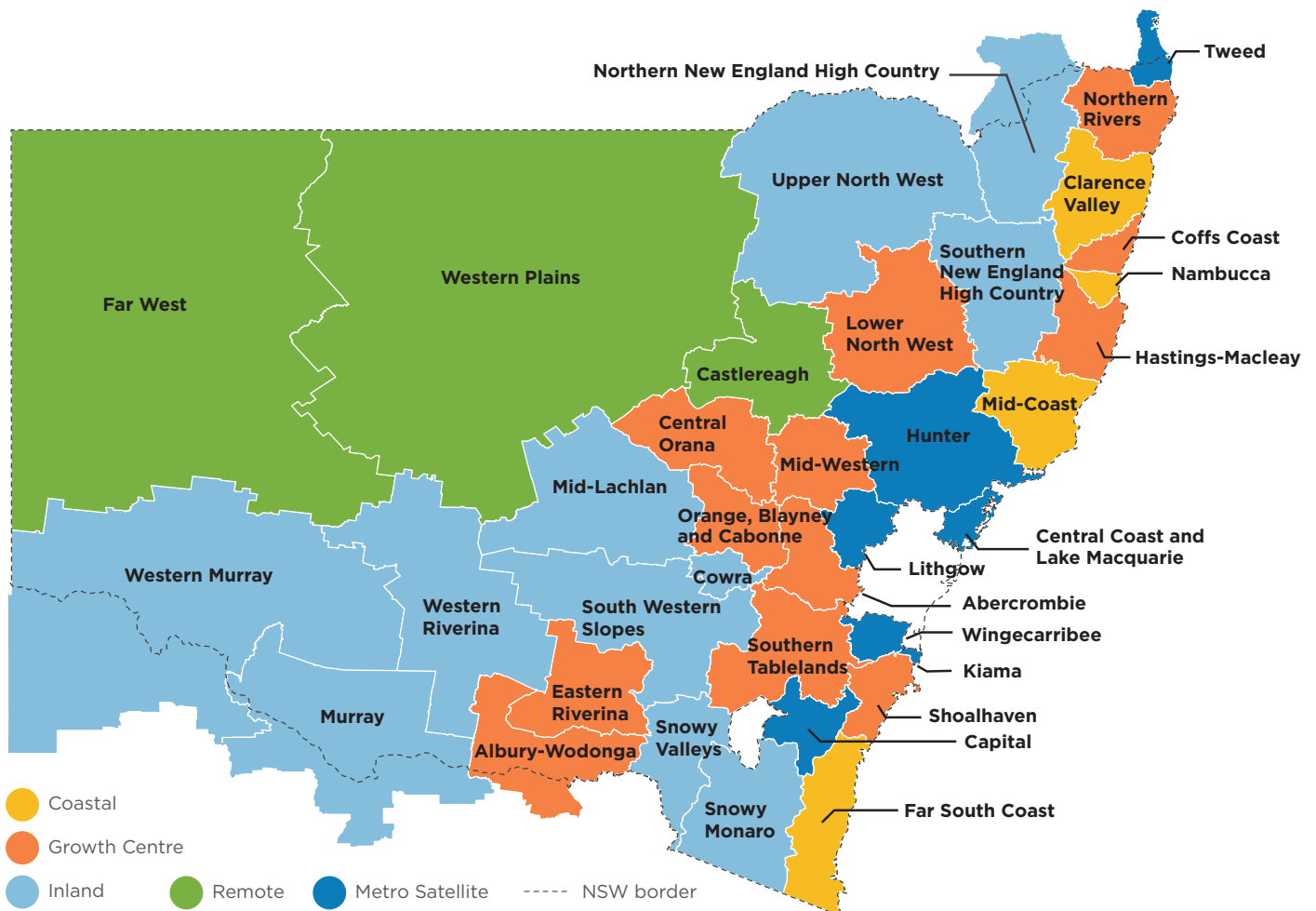


Figure 1: The functional economic regions of regional NSW

Note: following this document being finalised, Shellharbour has been designated as an additional FER.

1 Centre for Economic and Regional Development (2017), *Regional Economic Growth Enablers Report*

2 Also by community input and economic measures


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
Lithgow	Lithgow
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
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



Metro Satellites


Metro Satellites are relatively high-density communities on the outskirts of major centres of economic activity such as Sydney, Canberra, Newcastle, Wollongong and the Gold Coast. Metro Satellite FERs include towns such as Gosford, Queanbeyan, Maitland, Kiama, Lithgow and Tweed Heads. Metro Satellites are home to 53 per cent of regional NSW's population and produce the highest economic output of the five broad categories.

Their higher populations reflect strong economic growth, which is based on traded clusters³, concentrations of industries such as mining, tourism, food manufacturing and residential care, and bolstered by their proximity to growing major cities.



FERs

- Capital
- Central Coast and Lake Macquarie
- Hunter
- Kiama
- Lithgow
- Tweed
- Wingecarribee



Population

- **53.0%** of the population of regional NSW
- Experiencing above-average population growth (**1.7% p.a.** compound annual growth rate (CAGR)*, 2006–2016)



Jobs

- **Gross value added (GVA)** of \$105bn**, with a growth rate of 2.1% annually in the past five years (CAGR, 2011–2016)
- **Health and mining** are key traded clusters, with 26,100 employees and 23,100 employees respectively
- **Unemployment rate of 6.4%** (2016), having grown by 2.0% annually in the past five years (CAGR, 2011–2016)***


* Compound annual growth rate is the average growth rate each year over the long term

** Gross value added is the value of goods and services collectively produced in these FERs

*** Jobs numbers from PwC's Geospatial Economic Model based on ABS 2016 Census data


Growth Centres

These areas are hubs of growth in regional NSW.⁴ Populations are rapidly increasing as people migrate to regional cities such as Bathurst, Orange, Tamworth, Dubbo, Lismore, Wagga Wagga and Coffs Harbour, attracted by their lifestyles and employment industries. The hubs in Growth Centres typically provide sophisticated health, education and cultural services to surrounding Inland areas.



FERs

- Abercrombie
- Albury-Wodonga
- Orange, Blayney and Cabonne
- Central Orana
- Coffs Coast
- Eastern Riverina
- Hastings-Macleay
- Lower North West
- Mid-Western
- Northern Rivers
- Shoalhaven
- Southern Tablelands



Population

- Growth Centres contain key regional centres and a further **25.9%** of the population of regional NSW
- They are experiencing population growth of **1.0% p.a.** on average (CAGR, 2006–2016)

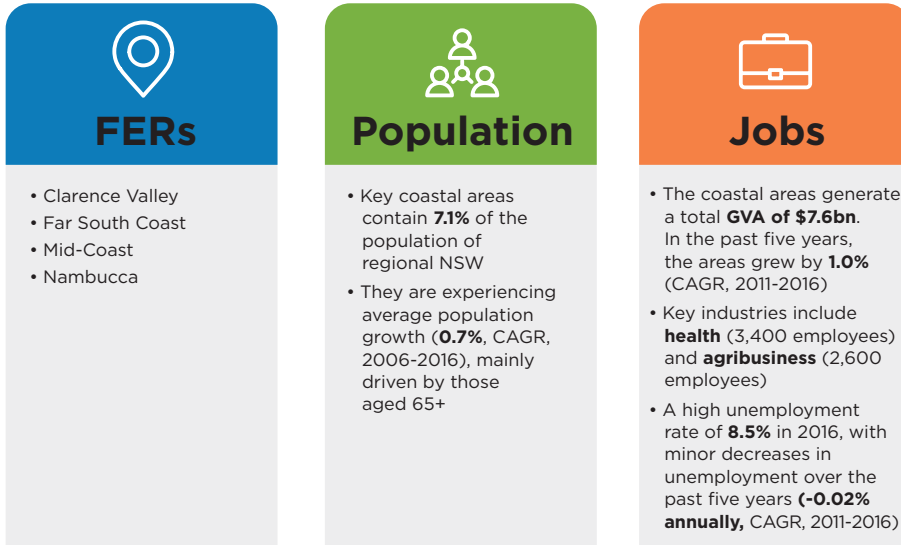


Jobs

- **\$44bn in GVA** in 2016, driven by **1.3% growth** over the five years prior (CAGR, 2011–2016)
- **Agribusiness** is the largest traded cluster in the Growth Centres, with 26,500 employees
- The unemployment rate of the Growth Centres has increased slightly over the years, to **6.6% in 2016**, with a growth rate of **0.5% annually** (CAGR, 2011–2016)

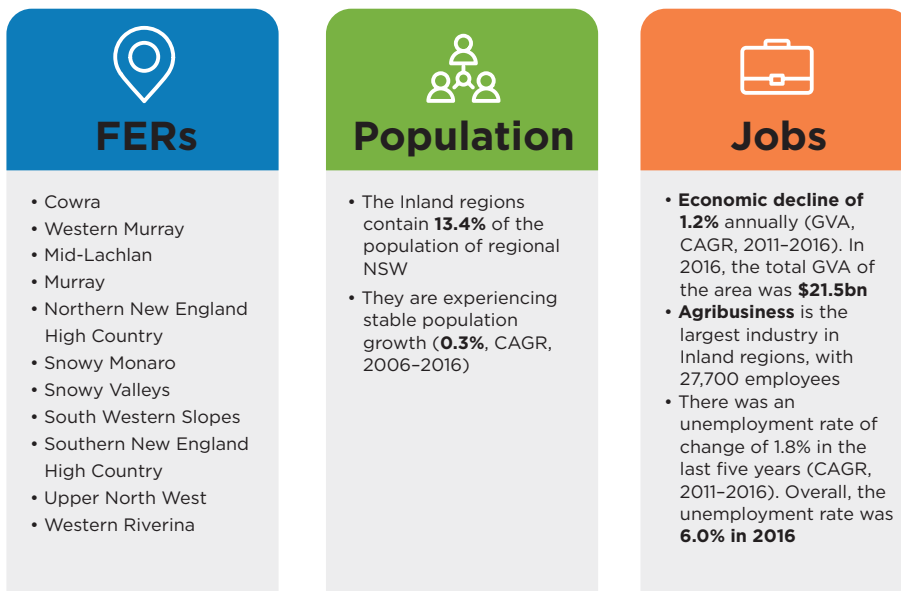
Coastal

Coastal areas contain a smaller proportion of the overall population of regional NSW (7 per cent) but are growing. This growth is mainly driven by those aged 65 and over. Coastal areas have remained relatively stable in terms of employment, with pockets of employment clusters (such as health services, agribusiness and tourism) growing moderately.



Inland

Inland areas radiate further from the metropolitan areas, lying beyond the Coastal and Metro Satellite areas between and around Growth Centres, and are more rural in character. They have relatively small, stable populations.



3 Groups of related industries that serve markets beyond the region in which they are located, i.e. sell to other regions and nations

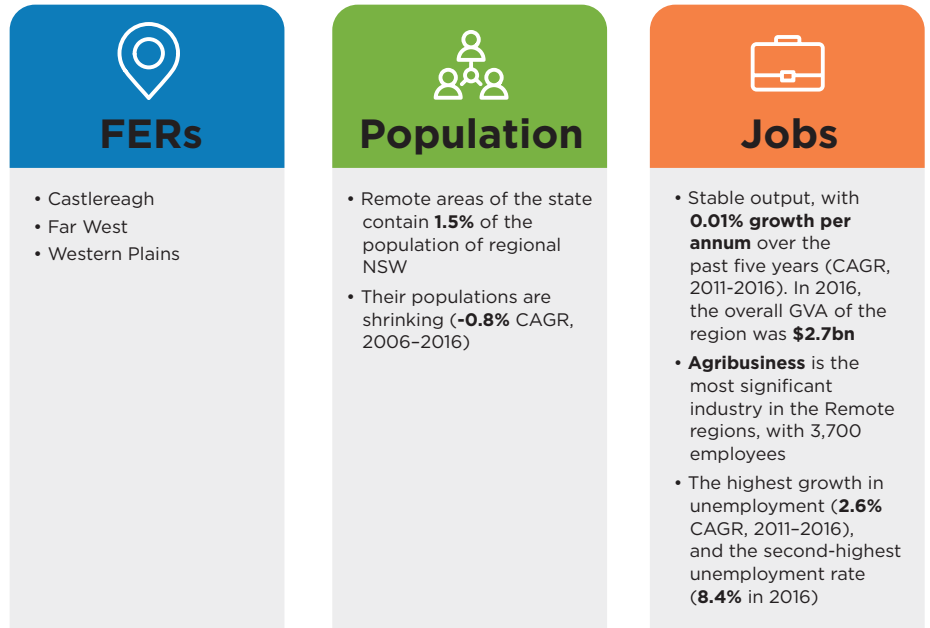
4 Note: Many of these are considered regional centres or regional cities in Transport for NSW's *Future Transport Strategy 2056*, and NSW Department of Planning and Environment's 2016 regional plans



Coffs Harbour

Remote

Remote areas continue to support a significant proportion of agricultural and mining activity in NSW, but are experiencing population decline.



The 'engine' industries driving our regions

Around the world, economies are narrowing and deepening, including in regional NSW. This means that a smaller number of key sectors are employing a larger share of the workforce.⁵

Key regional industries that are surviving or thriving are linked to economic endowments, or an area's inherent or created strengths. For example, areas rich in minerals can sustain strong performance in mining, whereas an area not located between producers and their markets or distributors will likely yield low or unsustainable growth in transport logistics. These sectors and others that service markets beyond their local region are considered 'traded clusters'.

Regions may also have economic endowments in service sectors such as health or residential care. For example, health services are available throughout NSW. However, a region with a health endowment may have a health-service specialisation that will draw people to relocate there – either as employees or patients.

Engine industries are those that employ a higher proportion of people in that region compared to other regions. They usually reflect the area's competitive advantages. In any region, most of the workforce is employed in population-serving industries. However, engine industries are often a key reason why a town or region exists.

Figure 2 shows an illustration of regional NSW's 'engine industries'.

⁵ Centre for Economic and Regional Development (2017), *Regional Economic Growth Enablers Report*



Figure 2: Regional NSW 'engine industries'

Source: NSW Centre for Economic and Regional Development (2017), *Regional Economic Growth Enablers Report*; Australian Department of Employment (2017), *Employment Outlook to May 2022*.

Agribusiness and forestry

NSW is a significant producer of agricultural commodities, using 75 per cent of NSW land and employing more than 60,000 people (6.7 per cent of all jobs in regional NSW). Key products include beef, poultry, wheat, rice, milk, cotton, wool and forestry products, as well as value-added food and beverages.

Resources and mining

For more than a century, regional NSW has been a significant source of resources. Our reserves of coal, gold, copper, zinc, lead, silver, nickel and cobalt are in high demand, while lithium and rare earth deposits may serve future industries. Regions with large-scale mining have had the highest jobs growth since 2005⁶, with more than 23,000 jobs in mining in NSW today.

Tourism

Regional NSW's hospitality and diverse natural beauty – including outback, country, alpine, coastal, island and subtropical landscapes – draw more visitors from Australia and overseas every year. Each year from 2012 to 2017, overnight visitor numbers to regional NSW grew by 5 per cent. Altogether, overnight visitors to regional NSW spent more than \$12.4 billion in the year to December 2017.⁷ More than 81,000 regional jobs – 9 per cent – support tourism.

Tertiary education

The \$1.9 billion education sector in regional NSW serves a growing domestic and international market for high-quality education. Leading research centres in agricultural technology have emerged in Orange,

Armidale and Wagga Wagga, while renewable energy research centres have developed in the South East and Tablelands region. More than 82,000 regional jobs – 9 per cent – are in tertiary education and skills.

Health and residential care

Increasing life expectancy and population growth are driving demand for health and aged care facilities in regional NSW, particularly along the mid and north coast. There are almost 139,000 jobs – or 14.9 per cent of regional jobs – in this sector. Regional providers have a key cost advantage. In 2016, they had the lowest expenses per day on average.⁸

Freight and logistics

Freight, logistics and distribution services are the backbone of regional NSW, providing more than 32,000 regional jobs in towns like Albury-Wodonga, Dubbo, Moree, Tamworth and Wagga Wagga.⁹ These towns – given they are near major roads and/or freight rail lines to large freight terminals – play a crucial role in connecting businesses to markets throughout Australia and across the world.

Defence

NSW is home to the most defence bases and facilities in Australia¹⁰, with several in regional areas such as Wagga Wagga, Singleton, Bungendore and Nowra, and defence industry clusters in the Shoalhaven and the Hunter. Defence industry capabilities in NSW include systems integration, cybersecurity and advanced materials. Defence and related industries employ 40,000 people across regional NSW.

6 NSW Regional Investment Prospectus: investregional.nsw.gov.au

7 Destination NSW tourism statistics accessed at: www.destinationnsw.com.au/wp-content/uploads/2018/01/regional-nsw-snapshot-ye-sep-17.pdf

8 NSW Regional Investment Prospectus: investregional.nsw.gov.au

9 Centre for Economic and Regional Development (2017), *Regional Economic Growth Enablers Report*

10 Department of Industry, investregional.nsw.gov.au/sectors/defence-and-aerospace

People moving to regional NSW

People are moving to regional NSW every year, with it attracting 12,000 more residents overall in the 2015-16 financial year. Close to 90,000 people moved into regional NSW, with many of these new residents coming from Greater Sydney. This continues a long-term trend of migration out of Sydney towards growing regional centres in NSW. Large proportions of new residents are also moving from Queensland and Victoria. While some people are also moving away from the regions, net migration to regional NSW is still positive.

Although overseas migration typically contributes less to growth in regional NSW than in Sydney, some international migrants and refugees are settling in regional areas.

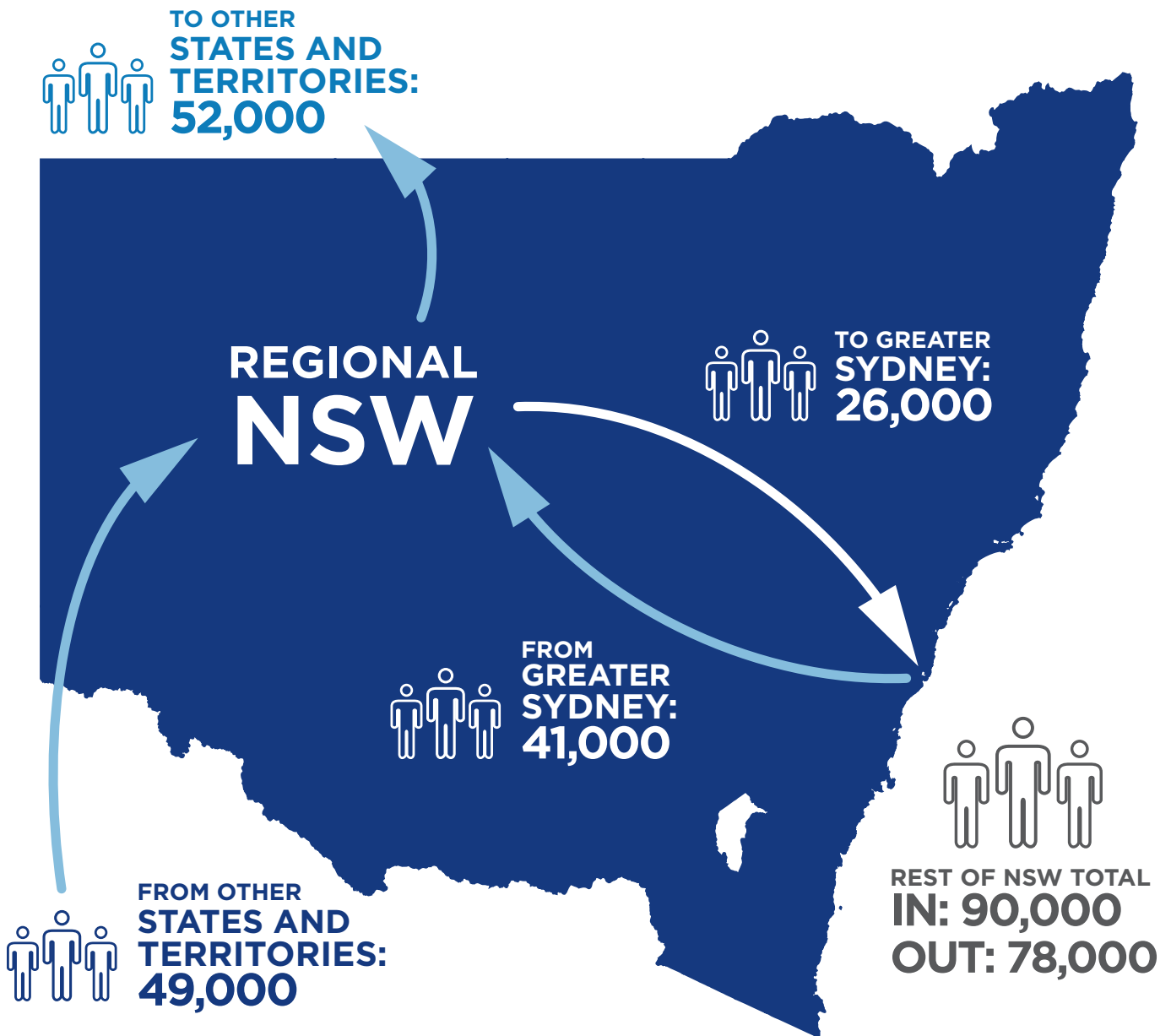


Figure 3: Regional internal migration estimates by region of arrival and departure, 2015-16¹¹

¹¹ ABS regional internal migration estimates by region of arrival and departure (SA4 and above) 2015-16: <http://stat.data.abs.gov.au>. Note, the referenced data includes Wollongong and Newcastle in regional NSW, while this vision document excludes them

02

Global forces shaping our regional economies



Santos gas fields near Narrabri

Since 2000, the global environment in which NSW competes has radically changed. With the pace of change likely to increase in coming years, we need to consider the implications of trends.

'Megatrends' represent major shifts in environmental, social and economic conditions that change the way people live. While megatrends are often big-picture changes occurring overseas, they influence us too. For example, ageing populations will affect our population's lifestyles, the services they demand, and the structure of the labour force.

There are four key megatrends affecting regional NSW.

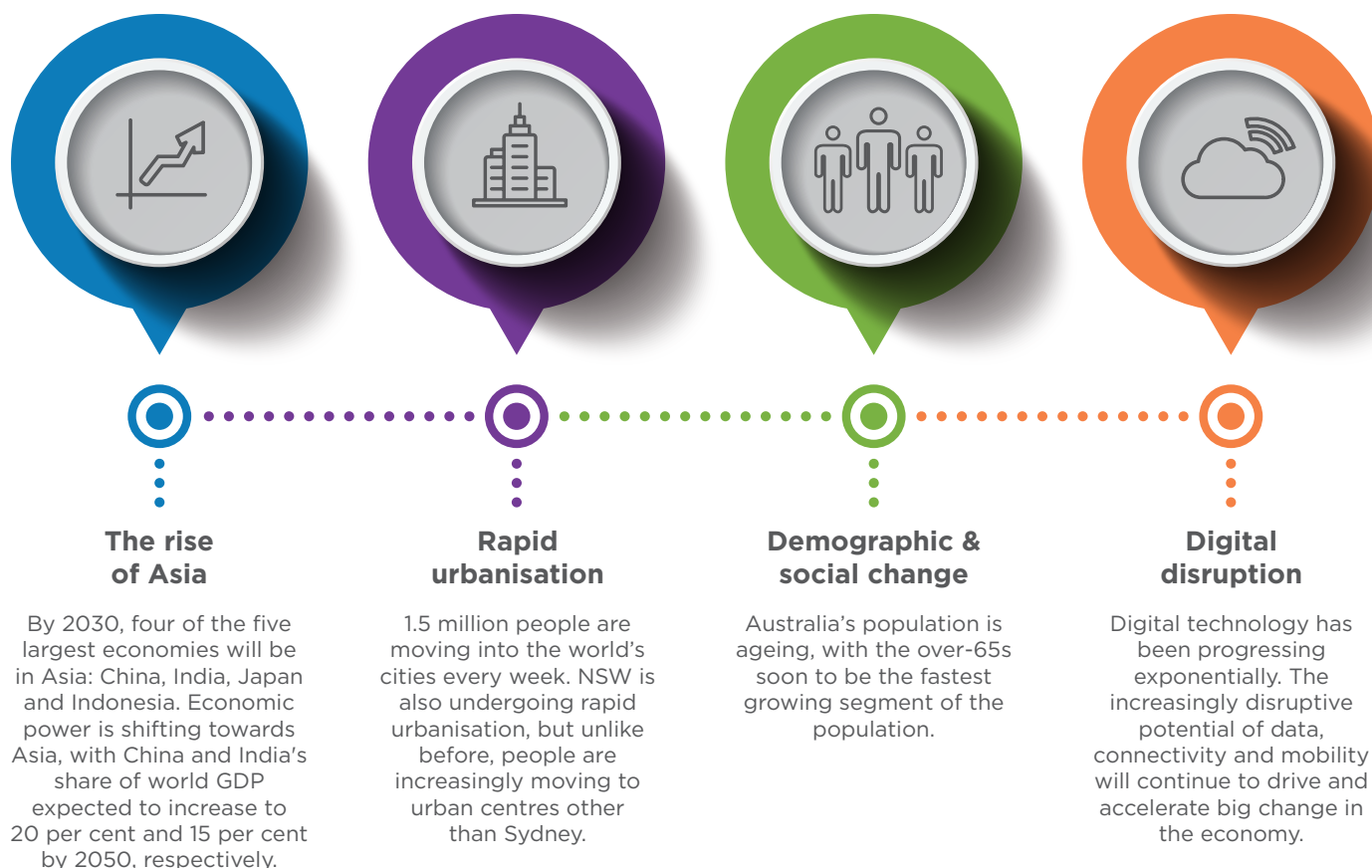


Figure 4: Megatrends affecting regional NSW

Source: PwC analysis of open-source data, including megatrends considered by Transport for NSW, NSW Department of Planning and Environment, and CSIRO in their paper *Our Future World*

Megatrend 1: The rise of Asia

A considerable economic shift is taking place, transitioning away from the traditional 'West' and towards Asia. By 2030, four of the five largest economies will be in Asia, with China already the largest economy in the world. Australia is strategically positioned to service these growing economies and their burgeoning middle class.

As incomes in Asia rise, the spending power of younger generations is rapidly increasing, creating a growing market for premium products and quality goods and services. NSW cannot feed all of Asia, but is well-positioned to be its delicatessen, producing and marketing value-added food products. The evolution of the social and consumption patterns of the new middle class will shape the export profile of regional NSW. This is also increasing spending on tourism and higher education, both of which could be significant for regional NSW, particularly with the deregulation of Chinese tourism and consequent growth in the number of independent travellers. Additionally, the advent of longer-distance non-stop international flights will open up more timely market access for regional businesses.

Megatrend 2: Rapid urbanisation

For the first time in 2015, more than half the world's population lived in cities. Urban centres are drivers of productivity and growth (due to 'agglomeration'), generating 85 per cent of global GDP. Mirroring global trends, regional NSW is also experiencing a movement away from its rural areas towards regional cities and towns. This is not to suggest everyone is moving to Sydney, as people choose where to live based on a wide variety of career, family, affordability and lifestyle considerations. Regional NSW offers a diversity of choice in terms of lifestyles, and the increasing importance of regional centres is reflected in the hub-and-spoke model underpinning the *NSW Future Transport Strategy 2056*.

The geographic constraints of Greater Sydney have seen nearby areas of NSW grow. Described in more detail in Section 1, these 'Metro Satellites' are a key destination for people moving out of the dense environment of Sydney. These regional areas have the potential to unlock and capitalise on urban productivity and innovation, but this must be balanced by providing infrastructure and developing cities that are smart and sustainable.

Megatrend 3: Demographic and social change

Developed countries are all experiencing ageing populations, and Australia is no different. This is driven by two factors: Australian families are, on average, having fewer children; and people are living longer. The result is that the fastest growing segment of the population will be the over-65s.

This has implications for regional NSW, as the younger generations move to cities and regional centres looking for education and employment opportunities. However, regional NSW has the potential and opportunity to provide the workforce to serve the older population. The rise in demand for aged care and health services and the changing economic and social patterns provide new opportunities for careers in health care and social assistance, with over 34,000 additional jobs forecast by 2022 in regional NSW.¹²

¹² Australian Department of Jobs and Small Business, 2017 Industry Employment Projections, <http://lmip.gov.au/default.aspx?LMIP/GainInsights/EmploymentProjections>. Note, this report includes Wollongong and Newcastle in regional NSW, though this vision excludes them



Shanghai, China



Installation of the National Broadband Network in Wollongong

Megatrend 4: Digital disruption

Digital technology is driving big changes in the global economy. Increasingly, we are seeing the power and potential of data connectivity and mobility, enabled by technological progress. Australia is on a digital evolution to leverage the potential of technology in accelerating economic change, productivity and growth.

Advances in digital technologies and connectivity have also facilitated an ideal environment for entrepreneurship. Ranked fifth in the world for our favourable entrepreneurship environment¹³, Australia is a great place for entrepreneurs, start-ups and innovators. NSW has the greatest opportunity of all states and territories to increase small business income over the next decade, with the potential to unlock up to \$16 billion of additional economic output if those businesses can fully leverage mobile and internet technologies.¹⁴

For regional NSW, state-wide digital connectivity and disruptive technology have the potential to transform the future of farming, education, healthcare, local business and standards of living. This potential is described in more detail in the *NSW State Infrastructure Strategy*.

Whether they choose to work for established businesses or start their own, people will have choices about where to live and how this affects their work, as the need to live close to an office in a metropolitan city reduces. This may manifest in different ways, from people balancing part-week commuting with part-week working from home, to 'digital nomads' working from anywhere with an internet connection.

Regional NSW is well positioned to take advantage of the opportunities presented by these megatrends. It has the quality goods and services demanded by the Asian middle class, and an advanced agriculture and manufacturing base supported by some of the best research and development organisations in the world. Moreover, it has a favourable climate for agriculture with access to global markets; the beaches, parks and bush coveted by tourists and retirees; and the know-how to take advantage of new technologies in freight and logistics, and agricultural technology.

Capitalising on these megatrends 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 those opportunities when they arise.

¹³ Global Entrepreneurship and Development Institute, 2018 Global Entrepreneurship Index, <http://thegedi.org/global-entrepreneurship-and-development-index/>

¹⁴ PwC (2015), Small Business: Digital Growth, www.digitalinnovation.pwc.com.au/small-business-digital-growth/index.html

03

Rising to the challenge



Costa Tomato Exchange in Guyra

What it will take

NSW is an economic powerhouse for Australia and an internationally competitive economy in its own right. For regional areas to further flourish, they depend upon these key points:

- Strong trade agreements and relationships – International trade and investment makes up a large proportion of the NSW economy. Relationships and trade agreements are central to driving regional growth in the long term, particularly trade with other Asia-Pacific nations.
- Migration and foreign investment – These will become more important as more skilled workers are demanded by regional businesses, accompanied by a shift in family-owned businesses such as farms being bought by international companies. An emphasis on younger migrants can also serve to balance ageing populations. With the right local support, migrants settling in regional NSW can play a role both in helping to fill immediate workforce shortages and to create new jobs.
- A strong and thriving Sydney – The success of regional NSW is tied to the continued success of Sydney, Australia’s largest city and most important global gateway.
- Governments working together – With Commonwealth and local governments working alongside the NSW Government, we can create a growth-friendly environment, from facilitating favourable terms of trade, to providing water connections and streamlined planning approvals.
- Governments and industry working together – Rising to the challenge will overwhelmingly benefit the private sector. We can create a business-friendly environment by ensuring regulatory settings protect the community while not hindering enterprise, and leveraging private-sector investment where benefits are largely private.
- Governments and communities working together – Engaging communities in government decision-making helps local economic development initiatives better address the needs of different community members, and forges a joint commitment to better outcomes.
- Aboriginal economic participation – Aboriginal economic activity is a vital and growing area that will build a stronger foundation for social, economic and cultural prosperity in NSW. Supporting greater participation and opportunities for Aboriginal people will create jobs and employment, lift education and skills, and activate regional economic potential.
- A focus on growth – Targeting investment in regional centres that are forecast to grow will prioritise efforts for the greatest and most sustainable growth, and cement those regional centres as hubs for their surrounding areas, in line with the *Future Transport Strategy 2056* hub-and-spoke model.

Industries driving the economic future of regional NSW

The ‘engine industries’ that will drive regional NSW economies over the next 20 years include seven established sectors, and three emerging sectors that are gaining ground in their share of the regional economy.



Figure 5: Future ‘engine industries’ in regional NSW

Source: NSW Centre for Economic and Regional Development (2017), *Regional Economic Growth Enablers Report*; Australian Department of Employment (2017), *Employment Outlook to May 2022*

1. Agribusiness and forestry

Regional NSW will continue to be a significant producer of agricultural commodities. The shape of employment will change as primary producers move to value-added products and capitalise on the premium branding status of NSW produce. In addition to value-added food and beverages, key products will include meats, vegetables, grains, milk, cotton, wool and forestry products. Success is underpinned by productive farmland, diverse growing conditions, efficient technology use and a reputation for quality.

2. Resources and mining

Resources and mining will continue to be an economic specialisation in a small number of regions. Raw materials from this sector will continue to be in demand across a broader number of regions and in industries such as construction. Advances in automation and digitisation are expected to transform the future mining workforce, reducing total jobs in these industries and increasing the proportion of highly skilled and technical jobs.

3. Tourism and hospitality

A growing international tourist market from Asia and beyond will visit NSW looking for different travel experiences. Regional NSW's diverse and natural beauty will continue to draw domestic and overseas visitors, with opportunities growing for niche and personalised travel experiences championed by small and medium-sized businesses.

4. Tertiary education and skills

Both the domestic and international market for tertiary education will grow, boosted by increasing urbanisation and the rapid economic growth of Asia. Innovation in tertiary education, and vocational education and training will help ensure regional NSW adapts to increased automation in traditional industries while leveraging new opportunities offered by digital disruption.

5. Health and residential care

Australia's population is not only projected to grow and age, but to have an increased life expectancy. Moreover, ageing will be more pronounced in regional NSW. By 2038, the health and residential care industry will employ almost 80,000 extra people, accounting for nearly 20 per cent of regional jobs. Advances in digital and telehealth may accelerate support for older Australians to 'age in place', enabling people to stay in their own home longer if they choose.

6. Freight and logistics

Freight, logistics and distribution services are already a backbone industry of regional NSW. Better freight connectivity with and along the east coast will enable more efficient and cost-effective logistics solutions, and could drive the development of distribution centres in Metro Satellite regions.

7. Defence

Defence and supporting industries will capitalise on the Australian Government's policy of having a locally developed and built defence supply chain, supported by the newly-created Defence NSW organisation and NSW Defence and Industry Strategy. Developing defence industry precincts and networks will focus on locally relevant projects that build on a region's comparative strengths. Each \$1 billion in government operational spending on defence in NSW contributes \$1.4 billion in Gross State Product and 10,000 jobs.

8. Advanced manufacturing

With state-of-the-art facilities and cutting-edge technology across regional NSW, advanced manufacturing is driving economic growth. Leading manufacturers are attracted to regional areas by skilled workforces, low-cost environments, and access to markets and leading research centres. High-tech design and development, innovative research, product customisation, and client-focused support and repair services are all future drawcards.

9. Renewable energy

NSW has excellent renewable energy resources by international standards. Strategic infrastructure projects such as regional energy zones would capitalise on the state's significant energy resources, and signal to the market new high-potential areas for renewable energy project development, to support a more secure, affordable and clean energy system for people and businesses in regional NSW.

10. Technology-enabled primary industries

Agricultural technology – or 'agtech' – businesses have developed partnerships with research institutions to lead technology advances in regional NSW. Developing local innovations in agricultural practices including planting, fertilising, feeding, monitoring, pest control, harvesting and monitoring livestock movements could significantly grow this sector. Agtech could become an economic engine industry in its own right.

The role of government

Market forces and megatrends will continue to generate economic opportunities and challenges during the next two decades.

Government has the potential to help industries, businesses and communities to better harness those opportunities as they arise.

This means working more closely with regional economies and stakeholders, and better coordinating across government agencies. Fundamentally, each region of NSW is unique and decision-making should be tailored, rather than 'one size fits all'.

The NSW Government should identify and remove market failures that serve as obstacles to competition and regional growth. In doing so, it is important to avoid unsustainable industry assistance. However, where a market failure can be addressed through better coordination, regulatory improvements or efficient public investment, the government can and should act to promote sustainable growth.

The *Regional Economic Growth Enablers Report*, released in 2017, identified key economic enablers that government can most effectively use to encourage growth. These include:

- infrastructure
- skills
- advocacy and promotion
- providing a growth-conducive business environment.

The regional growth plans, *NSW State Infrastructure Strategy* and *Future Transport Strategy 2056* provide a long-term road map of how the government will use its enablers of infrastructure and planning (which shape the business environment) to maximise long-term sustainable growth and amenity across the state.

A great example of where the government has been able to directly foster growth in regions is the health sector in Orange. This vibrant sector has grown from the foundations of basic service provision through government planning, including investment in a new base hospital. It has grown to become the largest employing industry in Orange¹⁵, encompassing not just government services but private industry, tertiary medical education and allied health; and providing services well beyond the local population.



15 Regional Development Australia, investnswcentralwest.com.au/opportunities-by-region/orange-2

Summer Street in Orange

Our government's framework for regional economic development

Our 20-year vision is an extension of the Regional Development Framework, which launched three core objectives:

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

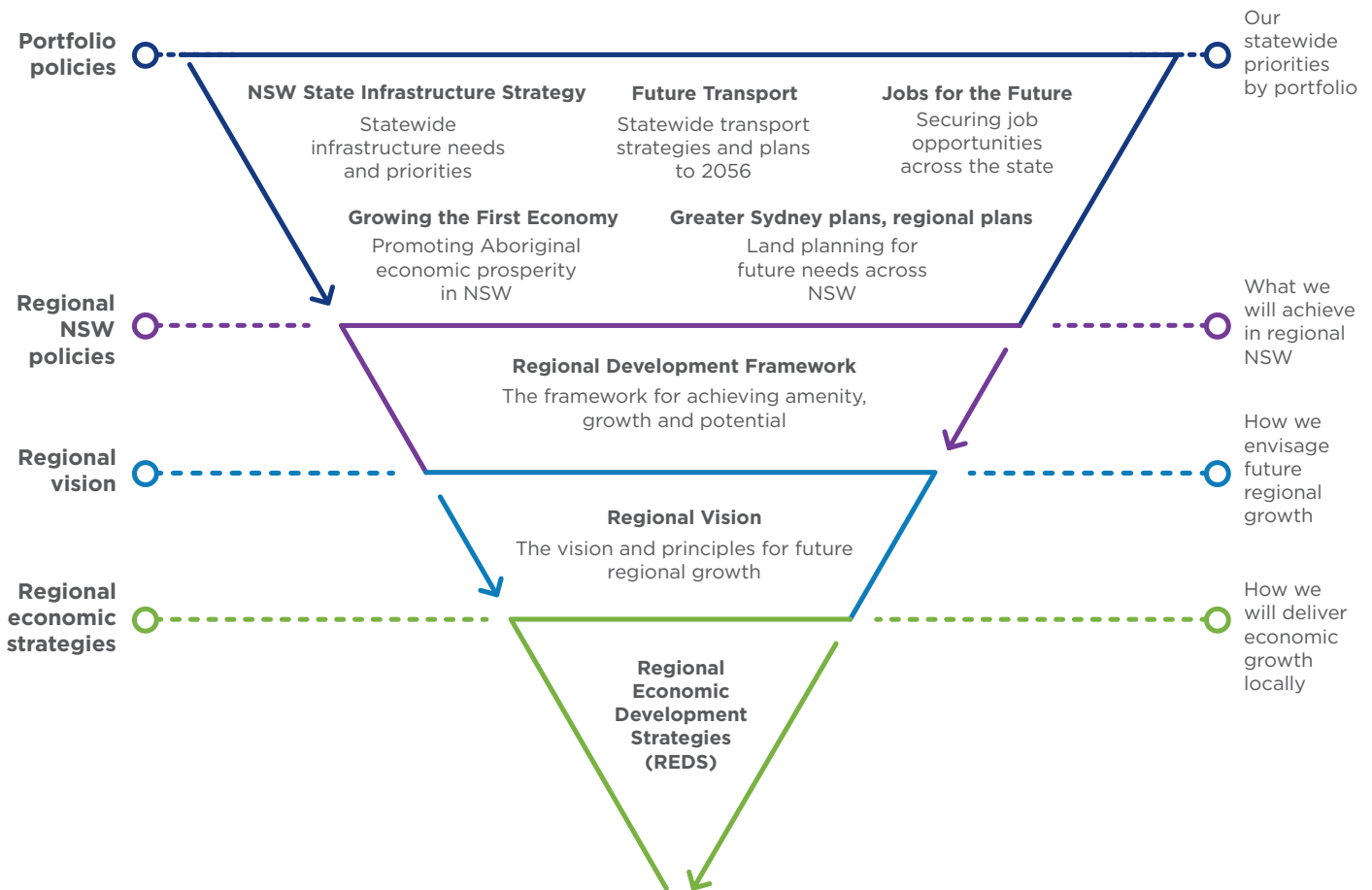






Figure 6: Related NSW Government policies and strategies


Principles for future investment

On top of the Regional Development Framework's three core objectives, we are focused on seven key principles to guide us when making decisions on regional economic development. These principles are aligned with the economic enablers.¹⁶


INFRASTRUCTURE

- **1. Improved travel between regional centres and from cities and international gateways** Better transport infrastructure and services enable increased business activity, a wider labour market and better lifestyles.
- **2. 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.
- **3. Affordable, reliable and fast internet 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.
- **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.


SKILLS

- **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.

ADVOCACY AND PROMOTION

- **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.

BUSINESS ENVIRONMENT

- **7. Regulation and planning to promote commercial opportunities** Planning and regulation settings must maximise employment and income-generating opportunities. Better coordination, joined-up governance and clear signals to attract industries to targeted locations will optimise local advantages.

¹⁶ Note, this does not replace, supersede or negate the important role of business cases, cost-benefit analyses and other investment analyses to determine projects and funding; the principles are a higher-level guide to, for example, the types of project that should be prioritised for further examination. The most efficient funding mechanism would be considered - which may, but would not necessarily, include government spending.

04

An even brighter future



Our vision charts economic growth in key sectors, increased regional populations, and supporting infrastructure and services.

This 20-year plan focuses on economic growth that promotes wellbeing in regional communities. It maximises economies of scale in infrastructure and services, while minimising ‘big city’ characteristics of traffic congestion, pollution and affordability issues.¹⁷ Many regional centres have room to grow to a size that can bring benefits including greater cultural and leisure activities, knowledge economies, and more specialist goods and services, without compromising a sense of community and connectedness.

We envisage more employment opportunities in regional NSW, which in turn retains and attracts younger generations and creates sustainable, thriving regional cities and towns. We see our regions retaining their local identity, rather than becoming more like Sydney. Regional areas will offer valued alternatives to city living and connect via the hub-and-spoke model described in the *Future Transport Strategy 2056*.

Sustainable jobs growth will be supported by regions’ endowments, created or natural. Innovation in regional NSW will develop high-value service and commodity sectors to leverage cutting-edge technology. For example, NSW already has nascent industries working on generating and storing energy to meet our future needs. We also see opportunities for innovation on issues such as retaining experienced employees in the workforce for longer, and better connecting young regional people to the training, job exposure and mentorship that those experienced workers can provide.

How we are looking to the future

We modelled two economic and demographic scenarios¹⁸ to see the outcomes of our 20-year 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 this vision’s principles to guide economic development decisions.

We looked at trends observed in recent years and forecast using well-regarded economic modelling methodologies and population projections. However, we do not suggest regional NSW’s future is constrained by what happened previously, nor can we predict events of the next 20 years. However, based on what we know, there is a wealth of opportunities for regional NSW. Forethought and evidence-based decisions are needed to realise these opportunities.

For example, scenarios that could drive this growth are:

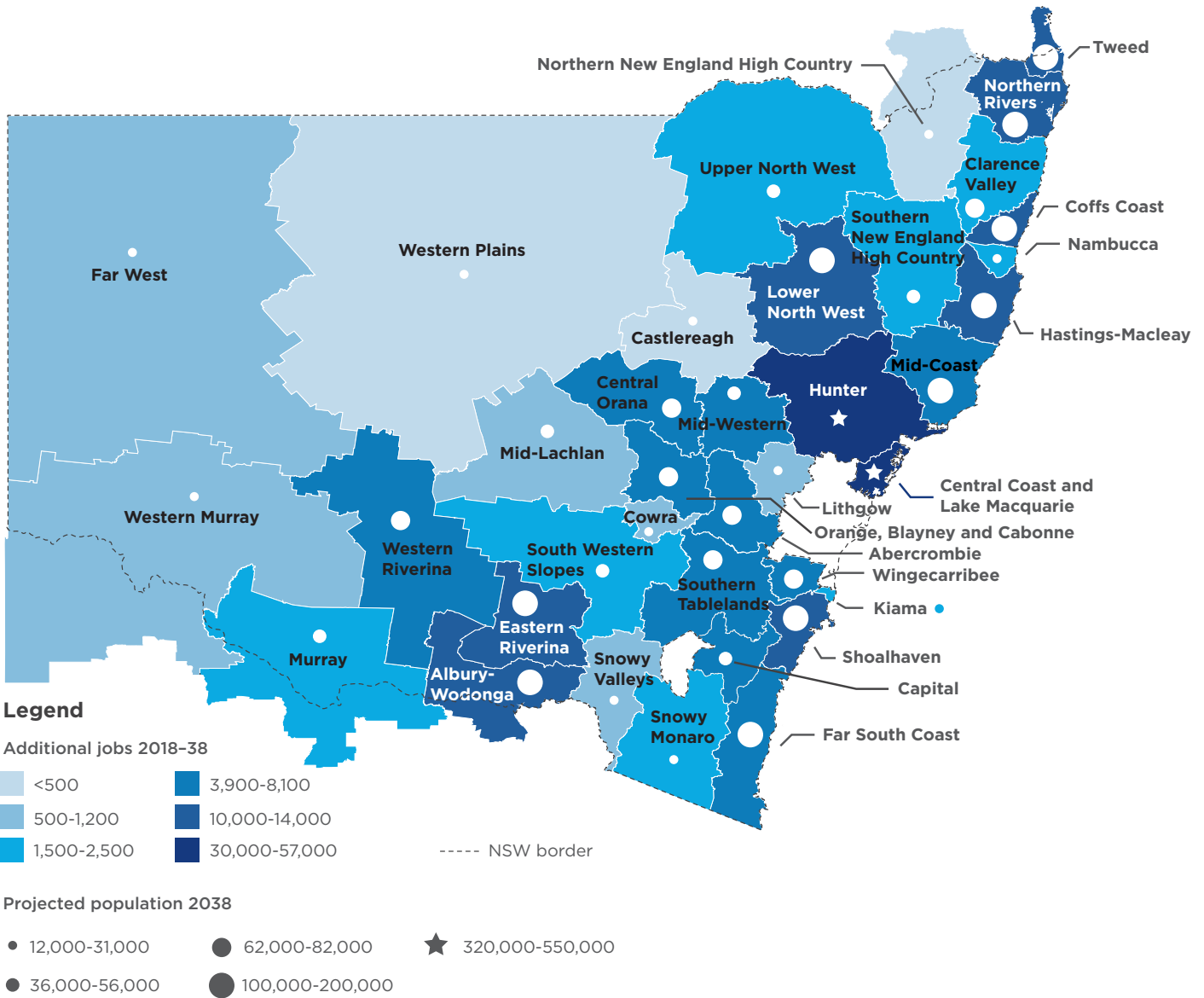
- investing in transport infrastructure to enable faster and more affordable business links to global supply chains to open new high-value export opportunities
- providing programs for faster and more reliable digital connectivity to complement the Australian Government’s National Broadband Network (NBN) rollout. This could increase uptake of tech-assisted production in sectors like agriculture
- prioritising skills and support programs to target youth unemployment in key sectors
- improving regulatory settings to encourage productivity.

17 Pugalis, Lee (2017) ‘Optimal Spatial Development Distribution in NSW: Key Issues Associated with New Towns and Accelerated City Development’, University of Technology Sydney

18 The ‘business as usual’ scenario forecast jobs increases to 2038, constrained by the Department of Planning and Environment’s NSW 2016 Population Projections. The ‘vision’ scenario shocked key sectors’ growth by different percentages in line with NSW regional investment commitments, and the results were cross-checked against previous instances of investment-induced growth. The ‘vision’ scenario population figures are not constrained by other population projections, and are based on the vision employment projections and assuming a participation rate derived from demographic projections. The baseline year for both scenarios was 2016, to align with population data and to reflect the impact of the Regional Development Framework and Regional Growth Funds from 2016. Note that employment figures are based on place of work while population figures are based on place of residence.

The future this vision can deliver

We believe that applying these principles will result in higher population and jobs growth. Regional NSW is already forecast to grow by 620,000 people by 2038. However, our visionary approach could boost this by more than 185,000 extra people, so that the regional NSW population grows by close to a million people.



Biggest growth

The Capital region is expected to be the fastest growing, adding more than 65 per cent more people, followed by Hunter, which will grow by close to 50 per cent. Across NSW, projected population growth is on average more than 29 per cent greater than BAU.

Areas forecast to add the most people are Central Coast and Lake Macquarie, and the Hunter, which are estimated to reach approximately 725,000 people and 405,000 people respectively.

Significant growth

The regions which include Albury, Maitland, Coffs Harbour, Wagga Wagga, Port Macquarie, Tamworth, Byron-Ballina-Kyogle, Shoalhaven and Tweed could reach populations of more than 100,000 people. The Mid-Coast area could exceed 90,000 people.

Regional NSW could add over 260,000 jobs between now and 2038. In total, that means almost 1.1 million jobs in the regions by 2038.



Metro Satellites

In the next two decades, Metro Satellites will transform from satellite areas of bigger cities, to become major hubs in their own right, attracting large numbers of families seeking new lifestyle and employment opportunities. Transport links are essential to existing and future Metro Satellites and nearby Growth Centres, to enable the flow of commuters, goods and services.

Most of these increases will be in Central Coast and Lake Macquarie, where populations will reach nearly 725,000, and Hunter, where numbers will reach nearly 406,000. The Capital region and Kiama will also see particularly strong population growth. In the coming 20 years, we forecast the population of Metro Satellites could grow by more than 426,000.

In 20 years there will be more than 110,000 new jobs in Metro Satellites, an increase of 34 per cent from today. There will more jobs in the construction, retail, accommodation and food service industries. As these areas become major hubs, their self-sufficiency will increase and employment sources will shift towards local industries that provide goods and services beyond the immediate region. Metro Satellites' key employing industry will be healthcare and social assistance, which will have almost 25,000 more jobs between now and 2038. This will be particularly apparent in areas such as Tweed, the Hunter and the Central Coast, where growing populations of retirees will generate demand for health and lifestyle services.

Employment sectors in Metro Satellites are diverse, spanning health (particularly in the Central Coast and Lake Macquarie), mining (in the Hunter region), defence (near Singleton), and tourism (linked to the Gold Coast and Hunter Valley). While mining is a particularly large job cluster, future employment is hard to predict due to increasing automation and variable commodity prices. Mining in these areas will face significant competition from other states, and will need to improve productivity to remain competitive. Implementing our vision could see nearly 89,000 more people and 25,000 more jobs across all industries in Metro Satellites compared to BAU.

Growth Centres

Spread along the coast and across inland regional areas, Growth Centres have the potential to welcome more than 300,000 new residents in the next 20 years, and add almost 117,000 jobs. That is almost 90,000 extra people and 35,000 extra jobs compared to BAU. Supporting this anticipated growth will require long-term planning and additional investment to ensure there is adequate infrastructure, housing and services.

Over a third of the regions' population growth and almost half of its jobs growth will be in Growth Centres. While all will grow, the largest growth rates will be in and around Wagga Wagga, Albury, Nowra-Bomaderry, Port Macquarie-Hastings, Tamworth and the Northern Rivers (including Lismore and Ballina). These places will particularly benefit from growth in population-serving sectors that will drive rises in living standards and contribute to more vibrant communities.

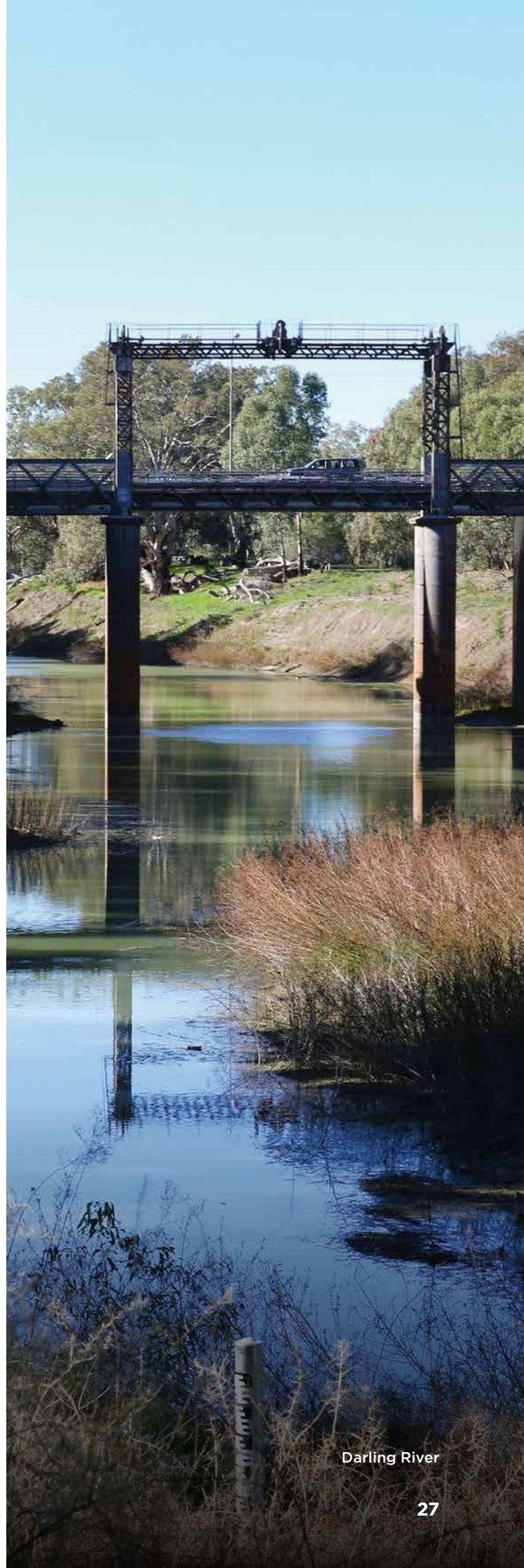
Almost 26,000 new jobs are expected to arise in health care and social assistance, with a further 20,000 in construction, 10,000 in accommodation and food services, and 10,000 in education and training. Other large employment sectors are expected to be retail (adding almost 5,000 jobs) and agriculture, forestry and commercial fishing (9,000 jobs).

Tertiary education will provide a range of jobs in Bathurst and Wagga Wagga; the defence sector will provide more roles in Shoalhaven and Wagga Wagga; while Orange is a centre of medical and health excellence. Agribusiness is also a key employer across regional NSW, and is well-positioned for opportunities presented by increasing international 'food bowl' demands. These areas will need to continue to attract a younger workforce to ensure they have the right skills to support growth.

Coastal

In 2038, we see the opportunity for Coastal regions to grow by more than 35,000 people, primarily in the Mid Coast and Far South Coast – in towns like Taree, Forster-Tuncurry, Myall Lakes, Hawks Nest, Batemans Bay, Moruya, Narooma, Bega and Eden. Together with Nambucca – and the towns of Macksville and Nambucca Heads – and the Clarence Valley towns of Grafton and Yamba, these regions have the opportunity to add more than 14,000 jobs to the NSW economy between now and 2038, with the retail, and health and social care industries being key local employers (adding almost 4,000 and 3,000 new jobs respectively). Other sectors leading jobs growth include administrative and support services (1,400 new jobs) and accommodation and food services (1,300).

The natural beauty of coastal areas should see further growth in tourism and continued migration from across NSW. A challenge will be to see how further expansion of a residential care market can drive ongoing employment opportunities while boosting related sectors such as construction and maintenance.



Darling River



Broken Hill

Inland

We expect more than 19,000 new jobs in Inland regions over the next two decades, with most of these in agriculture, forestry and commercial fishing (4,100), construction (2,500), healthcare and social assistance (2,400) and administrative and support services (2,400). Mining, which is a smaller employer in these regions, could add an extra 39 per cent to current job figures. Population growth in the Inland areas will be led by the Southern New England High Country area (which includes Armidale and Walcha), followed by Murray (containing Deniliquin and Moama), Western Riverina (Griffith, Leeton and Narrandera), Upper North West (containing Moree, Inverell and Narrabri), and South Western Slopes (Young).

Inland areas have specialisation in a number of traded clusters – including agribusiness – and are well positioned to take advantage of future export opportunities as well as growing demand in NSW. However overall economic output has declined in recent years, suggesting further specialisation and productivity improvements are required to build on existing strengths.

Underpinning this is the need for better transport connections, as Inland areas still suffer from relative remoteness and perceptions of distance. Improving connectivity to other regional centres and capital cities will help to boost business activity, deepen labour force pools and improve the overall pull of Inland regions as a destination for people and business. Population growth of almost 47,000 people is expected (almost 3,500 greater than BAU).

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, raw commodities and minerals. Key challenges for remote areas are ongoing growth in these industries and the resilience of local businesses, against the backdrop of ongoing population decline. Regional centres such as Broken Hill will continue to play an important role servicing local communities.

Government will play an important role in ensuring those in remote areas are supported with services and infrastructure appropriate to their populations, supporting potential opportunities and offering pathways for transition into other industries and locations. The government is also committed to funding local innovation, and investing in emerging industries with growth potential.

Life in 2038

Our goal is for people living in our regions in 2038 to enjoy higher standards of living, greater cultural and community engagement, and healthier and happier lifestyles than today. This will be through better incomes, job opportunities, services, infrastructure, access to housing, and support from youth through to old age.

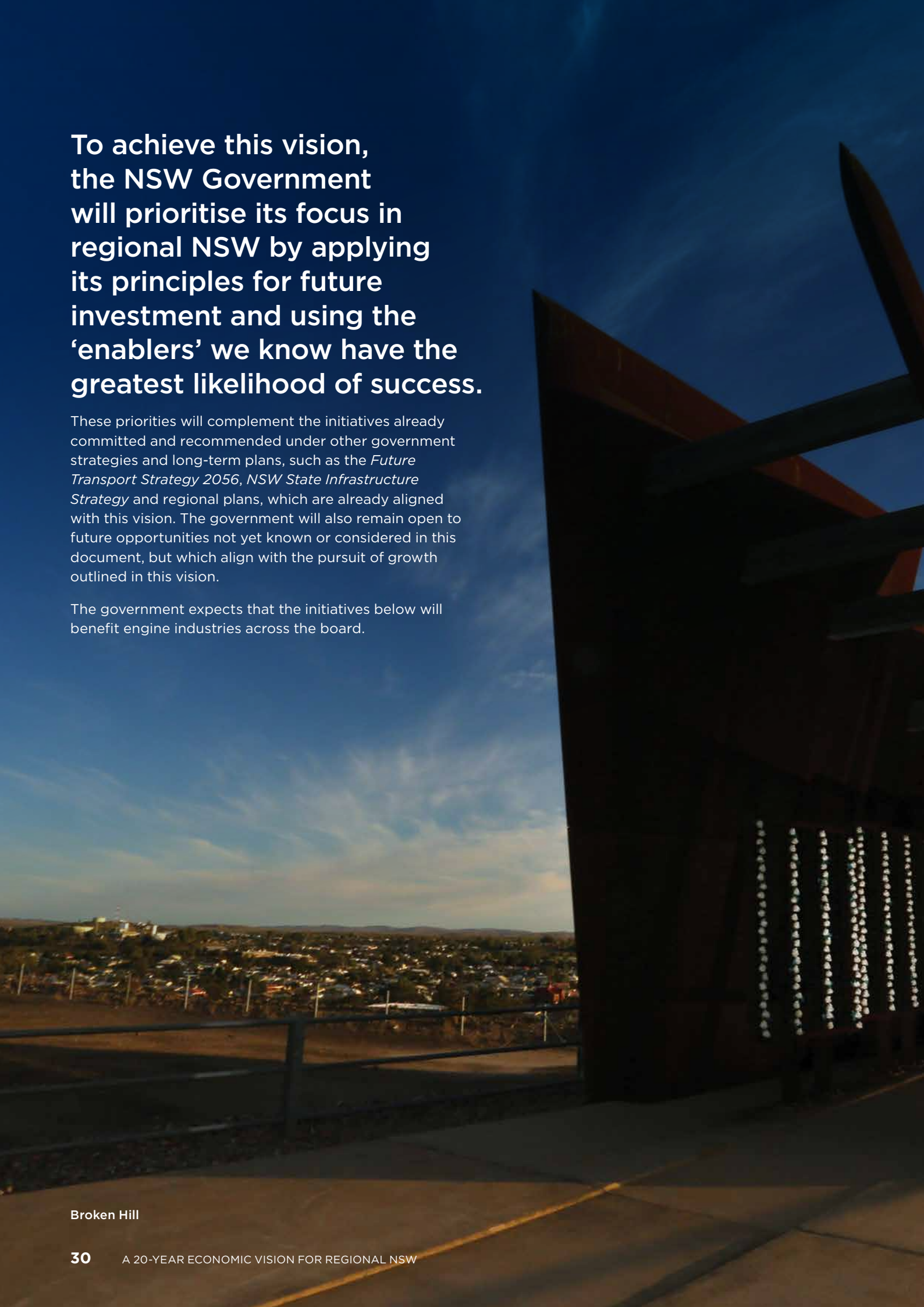
People will have access to high-quality education. New technologies will provide engaging learning experiences. People will build skills through both face-to-face and virtual training, completing simulated and real projects with classmates and teachers from across the state. Education and training pathways will see young and lifelong learners achieve qualifications from well-respected institutions, applying their skills as they learn and gain workplace experience.

People in regions will use fast, reliable internet. They will travel easily to regional centres for work, services or amenities. There will be better access to a regional lifestyle's benefits, yet greater connectivity to larger cities and what they offer. People will upskill more regularly through accessible future-oriented training as skill demands shift. There will be a wider choice of where to live, knowing that quality aged care services are widely available.

We see businesses in our regions in 2038 specialising in key sectors based on each region's competitive advantages. They will employ a local and remotely skilled workforce in a business-friendly regulatory environment. Large amounts of data will be easily accessible to provide insights and real-time updates on multiple business facets. A growing customer base will easily find, order and enjoy boutique regional products. Our regions' businesses will access efficient freight options and online opportunities to connect to ever-expanding markets through global gateways.

05

Priorities now for the NSW Government



To achieve this vision, the NSW Government will prioritise its focus in regional NSW by applying its principles for future investment and using the ‘enablers’ we know have the greatest likelihood of success.

These priorities will complement the initiatives already committed and recommended under other government strategies and long-term plans, such as the *Future Transport Strategy 2056*, *NSW State Infrastructure Strategy* and regional plans, which are already aligned with this vision. The government will also remain open to future opportunities not yet known or considered in this document, but which align with the pursuit of growth outlined in this vision.

The government expects that the initiatives below will benefit engine industries across the board.

INFRASTRUCTURE

The government will:



1. Leverage existing infrastructure and other technologies in Growth Centres for a digitally connected future.

Within 5 years we will investigate:	Over 5 to 10 years we will investigate:	In the next 10 to 20 years we will investigate:
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> planning for and activating smart cities technologies in Metro Satellites and Growth Centres.



2. Make regional travel faster and easier between and within regional centres, and to metropolitan areas.

Within 5 years we will investigate:	Over 5 to 10 years we will investigate:	In the next 10 to 20 years we will investigate:
<ul style="list-style-type: none"> more day-return services to/from and between regional centres regional public transport to assist commuters to travel to Sydney and regional centres to access work opportunities options to improve public transport services to access regional centres from surrounding areas. 	<ul style="list-style-type: none"> rail and road upgrades on lines between regional centres seamless digital ticketing within NSW and across borders. 	<ul style="list-style-type: none"> higher-speed rail links between Sydney and regional centres that have Metro Satellite or commuter hub potential.



3. Improve freight networks from regional NSW to global gateways, to increase exports.

Within 5 years we will investigate:	Over 5 to 10 years we will investigate:	In the next 10 to 20 years we will investigate:
<ul style="list-style-type: none"> inland intermodals near the production of agricultural products more efficient transport between inland intermodals and global gateways. 	<ul style="list-style-type: none"> optimising or increasing container flows through ports benefits that can be realised from Inland Rail. 	<ul style="list-style-type: none"> more efficient east-west transport connections, including between inland NSW and Newcastle, Sydney and Wollongong air freight potential in regional areas.



4. Manage vital energy and water resources sustainably to ensure supply will meet long-term regional needs.

Within 5 years we will investigate:	Over 5 to 10 years we will investigate:	In the next 10 to 20 years we will investigate:
<ul style="list-style-type: none"> the potential for energy zones and transmission requirements research and development investment in energy and water security and resilience, particularly for engine industries. 	<ul style="list-style-type: none"> focused energy projects relevant to engine industries climate-resilient water infrastructure options. 	<ul style="list-style-type: none"> ongoing infrastructure to provide safe and secure water to regional communities.

SKILLS



5. Provide clear skills pathways to jobs in regions.

Within 5 years we will investigate:	Over 5 to 10 years we will investigate:	In the next 10 to 20 years we will investigate:
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> specialised vocational and technical high schools innovative training delivery models that leverage online learning, mobile classrooms and hybrid learning models. 	<ul style="list-style-type: none"> 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.



6. 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:	Over 5 to 10 years we will investigate:	In the next 10 to 20 years we will investigate:
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> partnerships to elevate areas of strength from nationally recognised to internationally recognised. 	<ul style="list-style-type: none"> opportunities to foster industry clusters in sectors of future strength in regional NSW.

ADVOCACY AND PROMOTION



7. Draw in more domestic and international tourists in areas with tourism potential.

Within 5 years we will investigate:	Over 5 to 10 years we will investigate:	In the next 10 to 20 years we will investigate:
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> the potential to sustain a new global gateway in what is currently regional NSW (air or sea) for both people and goods.



8. Attract more domestic and international students to regional NSW.

Within 5 years we will investigate:	Over 5 to 10 years we will investigate:	In the next 10 to 20 years we will investigate:
<ul style="list-style-type: none"> marketing and promotion to further raise the profile of regional NSW’s education, training and research strengths. 	<ul style="list-style-type: none"> dedicated campuses or precincts for international students to study in regional NSW. 	<ul style="list-style-type: none"> tertiary-accredited integrated work-study qualifications in sectors of strength in regional NSW.

BUSINESS ENVIRONMENT



9. 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:	Over 5 to 10 years we will investigate:	In the next 10 to 20 years we will investigate:
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> cooperative business investment models with key trading partners.



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

Within 5 years we will investigate:	Over 5 to 10 years we will investigate:	In the next 10 to 20 years we will investigate:
<ul style="list-style-type: none"> cultural infrastructure investment across regional NSW investment models to improve recreational infrastructure in growing regional centres to enhance wellbeing and lifestyles. 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> management of coastal land to optimise accessibility and balance commercial and residential uses.





More information

www.nsw.gov.au

Contact us

Website: dpc.nsw.gov.au/contact-us

Phone: (02) 9228 5555

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