



**MID NORTH COAST**  
REGIONAL DEVELOPMENT BOARD

24 June 2008

The Secretary  
Standing Committee on Infrastructure, Transport,  
Regional Development & Local Government  
House of Representatives  
Parliament House  
Canberra ACT 2600

Dear Sir/Madam

**INQUIRY INTO A NEW REGIONAL DEVELOPMENT FUNDING PROGRAM**

Please refer to correspondence dated 5 June 2008 seeking input from the Mid North Coast Regional Development Board to an inquiry into future Federal regional development funding programs. The purpose of this submission is to outline the factors that have impacted on regional economic development efforts in the NSW Mid North Coast region over the last decade, and to explore an alternative and more effective regional development process.

**Regional economic development model**

It is widely recognised that an effective regional economic development model is comprised of four essential and sequential components, being:

- The conduct of region-specific research and the aggregation of contemporary economic data on the major forces driving, and the challenges and opportunities confronting, the regional economy. This “evidence” can be used as the basis for developing options to grow employment and investment, and to focus Government support (“strategic” intervention) on those industry sectors that enjoy a genuine competitive advantage and offer high-value employment
- (Following consultation with a diverse range of stakeholders in the public and private sectors) the encapsulation and wide dissemination of these research findings and the identification of options for future collaborative actions in a strategic plan that articulates a shared vision, objectives, strategies and priorities

- The establishment and consolidation of structures and partnerships and relationships (within and between the public and private sectors) necessary to underpin the collaborative implementation of the plan
- The provision of the necessary human and financial resources to support the implementation of the strategic plan and subsequent empirical evaluation of outcomes.

### **Regional economic development in NSW**

Regional economic development is a highly complex task because of the diversity of stakeholders and multiple levels of Government involved (Local, regional, State, Federal) and the widely differing circumstances and needs of each region. In most other Australian States the regional economic development function is undertaken by dedicated State Government departments (or statutory bodies) that are funded to progress region-specific economic development plans. The success of this approach is most evident in Queensland and Victoria.

In NSW this same task has been devolved by the Department of State and Regional Development to 13 not-for-profit volunteer-based organisations (Regional Development Boards) employing one or several employees and with negligible financial resources. It could be argued that the absence of evidence-based region-specific economic and industry development plans (and the associated commitment of adequate resources for their implementation) has reflected a systemic weakness in regional economic development structures and processes in NSW.

The consequences of this situation include:

- Significant constraints on the ability of NSW regions to attract business investment due to a lack of credible information on the dynamics of and business opportunities within the regional economy, and the extent of Government commitment to support the growth of specific industry sectors (ie an inability to resolve investor uncertainty)
- The absence of established regional frameworks to underpin collaboration between diverse economic development stakeholders (resulting in fragmentation and a lack of coordination across different levels of Government and with the community and private sector, and the absence of consensus on regional priorities and strategies)
- A weakness in the capacity of NSW regions to articulate a cogent case for support and successfully access competitive regionally-focussed Federal development programs (ie NSW regions are disadvantaged relative to other regions in Australia).

These observations are important because in the absence of any meaningful dedicated State funding the Federal Government has been the main contributor to regional economic development in NSW through the Regional Partnerships and Sustainable Regions programs. If future Federal programs are predicated on matching (dollar-for-dollar) funding then NSW will continue to be constrained in terms of its capacity to access grants.

## **Unique development needs of the NSW Mid North Coast region**

The economic development challenges in the NSW Mid North Coast region are significant. Over recent years the region has experienced strong population growth due to the in-migration of retirees and the “sea change” phenomenon, but the “real” economy has remained relatively weak and the growth has placed considerable pressure on employment and community infrastructure. Despite a booming national economy the region continues to experience relatively high levels of unemployment and (largely concealed) underemployment, and the business environment remains difficult.

The region lacks any established large-scale industries, with small business the major private sector employer, and a disproportionate percentage of the region’s jobs are low-wage casual service positions. The region has a disproportionate over 65 population (reflecting the region’s attraction as a retirement destination), relatively high levels of welfare dependency, and the median household weekly income is just under 63% of the national rate according to the 2006 census.

The issue of scale is vitally important because of its implications for the types and number of private sector jobs that can be generated through Government intervention, with major opportunities for industry growth through clustering.

### **Partnerships within the region**

Since at least 2000 the MNCRDB has worked in close partnership with its Federal counterpart, the Mid North Coast Area Consultative Committee. Together the MNCRDB and MNCACC have progressed a number of important regional development initiatives. The closeness of the partnership is illustrated by the sharing of a regional (Mid North Coast) logo. Jointly the two organisations host a quarterly forum of the region’s economic development stakeholders that aims to facilitate the exchange of ideas on regional development issues. During this period the MNCRDB has accessed Federal funding for industry development projects through the MNCACC.

### **Regional planning**

For a number of years both the MNCRDB and MNCACC have recognised the significant limitations imposed by the absence of vital economic data in: fulfilling our respective regional leadership roles; determining our own regional economic development priorities; influencing others to adopt common goals and work collaboratively; and effectively communicating our region’s unique development needs and opportunities to Governments and potential investors.

In 2005 the MNCRDB, MNCACC and TAFE NSW North Coast Institute combined to fund the production (by the Hunter Valley Research Foundation) of a green paper on the regional economy titled “Growing jobs on the Mid North Coast”. This was a modest but vital step forward in better understanding the region and identifying opportunities for intervention to support investment and employment growth.

Following the (belated) recognition in the 2006 NSW State Plan of the pressing need for region-specific economic research and tailored industry development strategies, the NSW Department of Planning offered to co-fund (\$50,000) the production of a Mid North Coast Regional Economic Profile with a view to the development of a MNC Regional Industry and Economic Plan.

An MNCRDB application for matching Federal funding (of \$50,000) was lodged under the Sustainable Regions program, and the application enjoyed the strong and unanimous support of the local Sustainable Regions committee. A decision on the application was delayed for a number of months, and at the 11<sup>th</sup> hour the application was rejected at the Ministerial level. State funding had been provided on the basis of matching co-funding, and the withdrawal of the Federal funding placed the project in jeopardy.

Ultimately the NSW Department of Planning agreed to proceed with the project, with the NSW Department of State and Regional Development contributing a further \$20,000 and with the scope of the project being wound back to the production of a Regional Economic Profile that would address aspects of a Regional Plan.

The Mid North Coast Regional Economic Profile was subsequently published in April 2008 and provides an outstanding contemporary framework for future industry development activities in this region. The report aims “to be a catalyst and blueprint for collaborative action to advance industry and employment growth on the Mid North Coast over the next five years”. The economic and industry development priorities identified in the report should prove invaluable in guiding the future regional development activities of all levels of Government. A copy of this report is enclosed.

### **The future**

NSW remains the most populous State in Australia and plays a vital role in the national economy. While the majority of the population is centred around Newcastle, Sydney and Wollongong, approximately 20% of the State’s residents live in regional areas, particularly along the eastern Seaboard. Many of these NSW regions have not enjoyed the benefits of the resources boom and lack any large-scale industries. Too many residents in these regions fall into the category of being “working poor”. Moreover, a lack of economy has implications for the capacity of Local Governments to generate income through rates to provide essential services and infrastructure, exacerbated when the population base for many NSW Councils is limited.

A lack of scale in the business sector in many NSW regions means employment remains tenuous. The corollary is that there are significant opportunities to grow employment through judicious intervention, particularly initiatives that support the growth of those industry sectors that enjoy a genuine competitive advantage and offer an expansion of high value employment. This is particularly the case in the NSW Mid North Coast.

In the absence of a meaningful State commitment to regional economic development in NSW the role of the Federal Government as a funding and coordination body becomes vital. However, if future Federal programs are predicated on a "matching funding model" then NSW will remain severely disadvantaged in terms of its capacity to qualify for grants for significant regional economic development initiatives.

It is axiomatic that any new Federal funding programs will need to ensure the full integration and coordination of efforts at all levels of Government (Local, Regional, State, Federal) to maximise the positive outcomes for our communities through the effective application of limited resources. In developing new structures and funding programs under Regional Development Australia it is vital that the current Parliamentary Inquiry look at the structures in other States such as Queensland and Victoria to identify successful collaborative models.

Despite the absence of adequate funding the existing regional development structures in NSW (such as Regional Development Boards) do provide an established and potentially valuable framework to harness local leadership. A number of Regional Development Boards (including the MNCRDB) have commissioned economic research and developed strategic plans that could provide a sound foundation for new initiatives to strengthen economic viability and build on regional competitive advantages.

To a significant degree regional organisations can overcome the parochial, short-term, polarised (conservation/growth dichotomy), limited scale, narrow expertise and lack of vision that can sometimes constrain Local Government. Volunteer-based regional advisory boards can be a valuable vehicle for mobilizing social capital and engaging diverse community leaders who are strategic, skilled, altruistic, independent, free of conflicts of interest, sensitive to community sentiments, non-partisan and who understand the diverse and competing interests within their particular region.

Finally, having embraced a systematic and professional (evidence-based) approach to the formulation of regional economic development priorities for the NSW Mid North Coast the only question that remains is whether Governments will step forward to provide the "necessary human and financial resources to support the implementation of a strategic plan" and address the pressing industry and economic development needs of the region.

Thank you for the opportunity to make a submission to this inquiry, I would be happy to expand on or clarify any issue.

Yours sincerely

Mark Livermore  
Chair

