

15 February 2013

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The Hon Richard Torbay MP,

## RE: SUBMISSION TO THE DECADE OF DECENTRALISATION REVIEW

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Regional Development Australia – Northern Rivers (RDA – Northern Rivers) appreciates the opportunity to provide a submission to the Decentralisation Taskforce on the Decade of Decentralisation Review. In particular, this submission will comment on the Government’s Regional Programs.

RDA–Northern Rivers is a non-profit community-based and regionally focused organisation that connects people and businesses in our region to opportunities through partnerships focusing on community, environment and economy. We have been established by the NSW and Australian Governments as a conduit to all governments, a voice for the region and a catalyst for regional collaboration and capacity building.

RDA–Northern Rivers is encouraged by the strong integration between the Northern Rivers Regional Action Plan and the *Northern Rivers Regional Plan: Vision to 2020*<sup>i</sup>. Each plan recognises that building strong, resilient, viable communities in regional NSW is critical to support decentralisation and the growth of regions. The development and enhancement of communities requires investments into economic enabling and soft infrastructure, as well as supporting lifestyle and liveability outcomes, through for example sport, recreation, arts, culture and the environment.

### Regional Relocation Grant Program

This program provides a one-off \$7,000 payment to assist applicants with the cost of relocating from a metropolitan to a regional home. Councils have the option to opt out of the program, and Byron Shire Council in the Northern Rivers is the only council that has chosen to not participate in this program. This choice may have been in response to high growth in the Byron area due to perceived special lifestyle benefits of the area, and a concern that growth may not translate directly into employment or business outcomes required to support the population growth. Consequently, Byron Council may not consider that financial incentives are required to encourage growth in the local government area.



There is currently no information in the public domain to indicate the outcomes or success of the Regional Relocation Grant program. Data on the uptake of the program would be valuable given recent declines in the housing market. The application form does not require any data about reasons for relocation, such as new employment and consequently there is no information about the business or employment outcomes associated with the relocations to assess the contribution of this program towards regional decentralisation.

**RECOMMENDATION:**

RDA–Northern Rivers RECOMMENDS that the Decentralisation Taskforce reviews the adoption of the Regional Relocation Grant Program and surveys grant recipients to determine their reason(s) for relocation; and benefits to the region of the new residents (i.e. commence new business, provide expertise to community organisations etc.).

**Jobs Action Plan (regional component)**

The Jobs Action Plan provides a payroll tax rebate to decrease the tax burden for businesses, and is intended to stimulate an additional 100,000 jobs in NSW with 40,000 in the regions.

The Jobs Action Plan commences when wages paid are over \$678,000 and will consequently only benefit larger employers. In regional areas, such as the Northern Rivers with a predominant micro-business profile, the payroll tax incentive will have minimal benefits. In our region, 51.9% of businesses are non-employing (i.e. owner operators), 45.7% employ 1-19 staff, and 2.3% employ 20 or more employees<sup>ii</sup>. Consequently there may be 2.3% of businesses that could apply for this program in the Northern Rivers. It is of concern that the program will be more likely to benefit expanding well-staffed businesses, such as Woolworths, Coles, Bunnings etc., and will be limited in capacity to respond to local industries that have been reliable and valued employers but are not expanding in the present economic conditions, such as the Sunshine Sugar or the Northern Co-operative Meat Company. RDA–Northern Rivers supports the conclusions of the NSW Trade & Investment Submission into the inquiry into Special Economic Zones<sup>iii</sup> that the Jobs Action Plan does not apply to most small businesses which generally tend to be the drivers of economic growth in rural/regional locations.

Given the Government target is to create 40,000 jobs in regional NSW, there needs to be a continued investment in business development support and expertise, together with targeted and flexible business and industry development programs to secure the growth and capability of businesses and industries in regions. In regional NSW, it is difficult to attain sufficient critical mass for regional industry development without government assistance, yet it seems to be the local or regional scale of development and support that is of most assistance to businesses. There is a need for flexible programs that develop the capacity of individual businesses and industry sectors and which reflect regional competitive advantage and economic strengths. For example, investment by the NSW Government in 2000 to identify development needs of the creative industries resulted in the formation of Northern Rivers Screenworks, and a doubling of employment in this sector by 2006 (to 7% of employment, which is nearly equivalent to employment in the region's agricultural sector). Other examples of successful programs include Northern Rivers Food, which developed new sales and market identification by members; and the Creative Industries Brokers Project which resulted in

80 market linkages for participating businesses. These development programs were resourced by the Regional Industry Investment Fund (or equivalent) which is no longer an active funding program.

The experience of RDA-NR and our predecessor organisation, the Northern Rivers Regional Development Board was that targeted business, mentoring and industry development programs provided the best return on investment in strengthening the capacity of individual businesses and industry sectors. NSW Government initiatives through previous programs of NSW Trade & Investment such as Regional Industry Investment Fund, Business Mentoring, Business Growth, Travelling Experts and the Cluster program has been a significant partner in building capability in many regional businesses and industry sectors. The impact of the reduction or removal of these programs is yet to be fully understood. However, without this support there is not be the capacity to provide high level business and or skills development to emerging and professional practitioners, industry leadership is jeopardised, partnership projects are difficult to realise and local systems will not exist to collect economic data. Reinstatement of programs that had been valuable in building regional capability and capacity, administered by NSW Trade & Investment would provide functional mechanisms for regional communities to support the implementation of the goals of the Jobs Action Plan and of the Decentralisation Taskforce.

**RECOMMENDATION:**

RDA–Northern Rivers RECOMMENDS that the Decentralisation Taskforce encourages the reinstatement of programs that have contributed to building business and industry capacity and capability in regions, such as the Regional Industry Investment Fund, Business Mentoring, Business Growth, Travelling Experts and the Cluster program.

**Restart NSW (regional component)**

Restart NSW is a fund to implement high priority infrastructure projects identified in the State Infrastructure Strategy, with a 30% allocation to projects in regional and rural areas. The State Infrastructure Strategy investment recommendations primarily centre on infrastructure investments in Sydney, Newcastle and Wollongong. The main current commitment for regions is the Bridges for the Bush program which will facilitate replacement or upgrading of 17 bridges in NSW. The Kyogle Shire in the Northern Rivers region has 369 bridges, more than anywhere in Australia, and many of which bear heavy loads associated with the movement of forestry and livestock. Given this level of need, the Restart funding commitment is barely able to address needs in one region of NSW, let alone the entire State.

It is noted that applications for the 2013-14 round of Restart NSW funding will soon be available and it would be beneficial to have a higher proportion of this funding allocated to regional projects, given the emphasis on metropolitan investment commitments already identified in the State Infrastructure Strategy.

Investment into economic enabling infrastructure is critical. However, to encourage regional growth there also needs to be investment in lifestyle infrastructure, such as recreation, sport, arts and culture; protection and enhancement of the natural environment; community services and facilities; and the requisite ‘soft’ infrastructure to support regional growth and capacity building.

**RECOMMENDATION:**

RDA–Northern Rivers RECOMMENDS that the Restart NSW program support investment into soft and lifestyle infrastructure to maintain and enhance regional communities that attract a diverse range of residents.

**Resources for Regions**

The Resources for Regions program will provide up to 3% of the Restart NSW funds to mining affected communities which are struggling with high levels of growth and require significant infrastructure investment to support that growth. However, there are other high growth regions in the coastal zone of NSW that have been experiencing high growth for decades that also cannot keep pace with infrastructure development requirements. Coastal regions also experience high demand on tourism infrastructure that may double or triple during tourism seasons. The most extreme example is Byron Bay, with a population of 29,209<sup>ii</sup>, which experiences 1.37 million tourists a year<sup>iv</sup>.

**RECOMMENDATION:**

RDA–Northern Rivers RECOMMENDS that the Resources for Regions program be expanded to provide Resources for high growth regions as well as mining communities.

**Government Agency Relocations to Regions**

RDA–Northern Rivers is concerned that the retraction and withdrawal of government services, agency staff and programs from regions may not be adequately offset by new agency relocations to regional NSW. The public sector is often one of the largest employers in regions. The reduction of public sector employment to manage government budgets often has a significant impact in decreasing secure, well paid work in regions, and reducing access to services by residents in regions. There is a flow on effect of removing middle management staff who provide critical community development support roles through local clubs and associations. For example, RDA–Northern Rivers has raised our high level of concern about 2012 closure of the office of NSW Trade and Investment at Tweed Heads.. This is an example of a significant loss of corporate knowledge and a dedicated resource at the NSW/QLD border which is in the highest growth region in NSW outside of Sydney and one of Australia’s most rapidly expanding regions (i.e. South East Queensland).

RDA – Northern Rivers is also similarly concerned about adverse the impacts on education and employment due to the NSW Government’s decision to reduce funding to local schools and TAFE, particularly given the low levels of educational attainment and employment participation in the Northern Rivers region. The loss of local TAFE positions and increased TAFE fees as a major deliverer of VET in this region having a highly disadvantaged income profile, raises questions about what mechanisms will be implemented to ensure that workforce participation and regional development outcomes are not negatively impacted.

RDA–Northern Rivers encourages maintenance and enhancement of existing Government service levels and representation as a necessary precursor to Agency relocations to regions. The relocation of government agencies with strong links to regional strengths is definitely encouraged, but not if this is at the expense of current service delivery and investment in regional NSW.

## Conclusion

Thank you for the opportunity to contribute to the work of the Decentralisation Taskforce. If you have any queries or inquiries regarding matters raised in this submission, please contact the CEO of RDA – Northern Rivers, Ms Katrina Luckie on 02 6622 4011.

Yours Sincerely,



Ian Tiley

## CHAIR

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<sup>i</sup> RDA–Northern Rivers (2011) *Northern Rivers Regional Plan: Vision to 2020*

<sup>ii</sup> ABS (2011) *Census*

<sup>iii</sup> NSW Trade & Investment (2012) *Submission into the Inquiry on Establishment of Special Economic Zones*, p 4.

<sup>iv</sup> <http://www.byron.nsw.gov.au/tourism>