



REGIONAL  
CITIES NSW

REGIONAL CITIES NSW  
PRE BUDGET SUBMISSION

2023-24



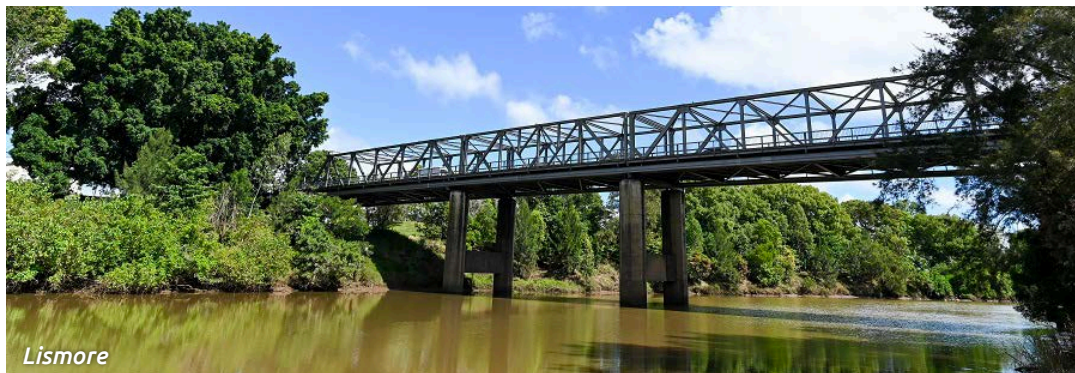


# REGIONAL CITIES NSW

STATE ELECTION PLATFORM | 2023-24

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## Message from the Chair

Regional Cities New South Wales (RCNSW) is pleased to present our 2023-24 Pre Budget Submission for consideration when preparing the 2023-24 NSW State Budget.

RCNSW is an alliance of 15 regional cities from across the State. The alliance aims to grow regional cities in New South Wales (NSW) through increased investment that will build productive, liveable, and connected regions. Regional cities are thriving urban centres that provide a high level of economic activity, amenity, and affordability. These cities are strong regional hubs providing a central point to access essential transport, health, business, employment, education and other services.

Our regional cities provide a liveable and affordable alternative to people and businesses seeking to relocate from the congestion of Sydney. Relocation trends have accelerated throughout the COVID-19 pandemic and present a major opportunity to shape strong, more diverse, and resilient regional and State economies. These migration changes highlight the need for accurate and consistent population forecasting for our regional cities to support planning of infrastructure and services.

Housing availability and affordability is a major issue for regional cities resulting from recent population increases. Other critical areas requiring the support of the State Government include having a supply of skilled workers to match demand; building road and rail connectivity between Sydney and regional cities and building the strength of the Port of Newcastle.

These and other priorities outlined in this submission seek to address the key issues for regional cities in NSW that will ensure growth is managed appropriately and our member cities continue to play a role in improving the liveability and prosperity of the State as we continue to focus on building connected, liveable and productive regional cities.

RCNSW believes a consolidated policy approach and comprehensive investment plan will deliver a more equitable and efficient outcome for NSW. On behalf of our 15 members, we look forward to contributing to the development of new regional policy strategy and deepening our partnership to ensure the growth and development of NSW regional cities is a top priority.

A blue ink handwritten signature, appearing to read 'Mathew Dickerson', with a long horizontal line extending to the right.

Cr Mathew Dickerson  
Chair RCNSW  
Mayor Dubbo Regional Council





## Introduction

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Regional Cities New South Wales (RCNSW) is an alliance of 15 regional cities from across the state. The alliance aims to grow regional cities in New South Wales (NSW) through increased investment that will build productive, liveable and connected regions.

Regional cities are thriving urban centres that provide a high level of economic activity, amenity and affordability. These cities are strong regional hubs providing a central point to access essential transport, health, business, employment and education and other services.

These services and infrastructure are accessed by local residents and tourists as well as those in surrounding towns and rural areas, especially in times of drought - strong regional cities create strong regions.

It is the position of RCNSW that while our members should be strengthened as regional hubs, we also have the potential to play a critical and therefore greater role in the future prosperity of NSW.

Our member cities have aspirations to grow and attract a larger share of the State's population and economic activity – providing relief to a congested public and freight transport systems while also providing a liveable alternative to an overcrowded and unaffordable Sydney.

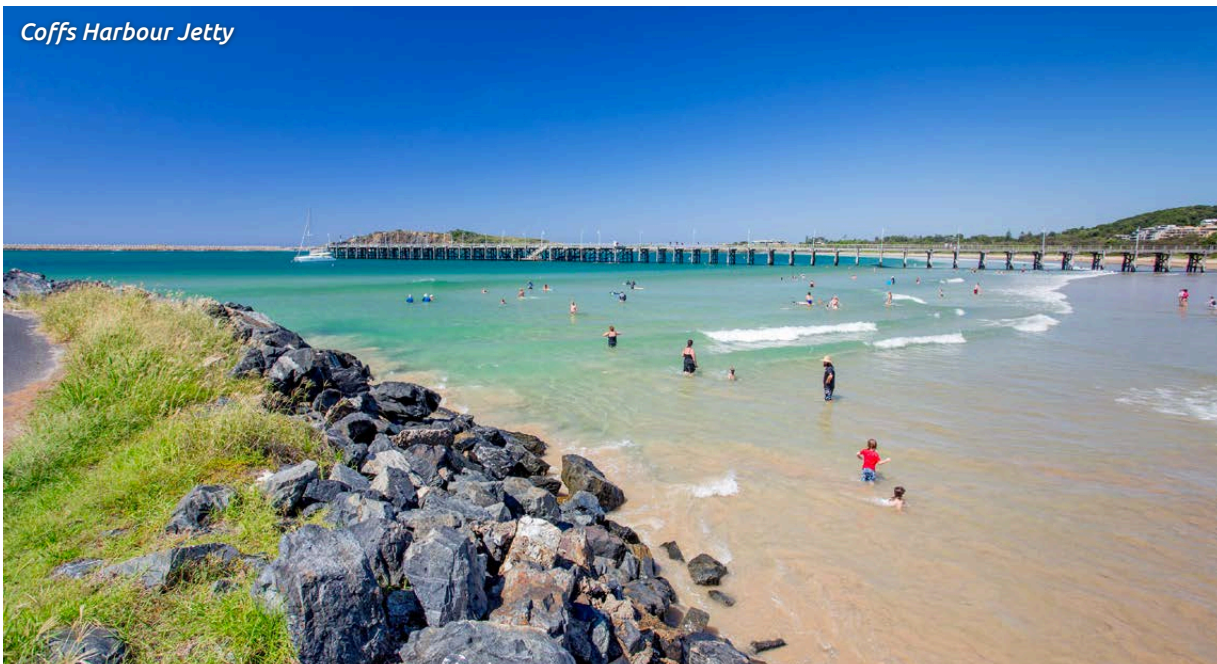
## Who are Regional Cities New South Wales?

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**The RCNSW membership consists of regional cities from around the state:**

- Albury City Council
- Queanbeyan-Palerang Council
- Coffs Harbour City Council
- Griffith City Council
- Goulburn Mulwaree Council
- Maitland City Council
- Bathurst Regional Council
- Broken Hill City Council
- Wagga Wagga City Council
- Orange City Council
- Armidale Regional Council
- Dubbo Regional Council
- Lismore City Council, and
- Tweed Shire Council
- Tamworth Regional Council

*Coffs Harbour Jetty*



## Policy Platform

### Pressures Impacting Growth

Regional Cities in NSW have experienced a significant period of change, as the appetite for regional living has grown since the COVID-19 pandemic – this growth requires a clear strategy to ensure our communities grow sustainably..

### Growing Regional Cities

According to the Australian Bureau of Statistics over the period 2011-22 regional NSW's population grew by 224,500 <sup>1</sup>. This growth is the equivalent to creating a new regional city the size of Bathurst every two years.

The most recent growth in our member cities has been as a consequence of the COVID-19 pandemic that continues to see an exodus from the major capital cities.

In the 12 months to March 2022, the two largest capitals, Sydney and Melbourne, continued to be the main source of total net outflows from capitals into regions. The outflow from Sydney accounted for a majority in its own right (61 per cent of total net outflows). Of those leaving the Sydney, 41% of these settled in regional NSW <sup>2</sup>.

There can be no doubt that regional city living is on the agenda for many Australians as a result of the pandemic and the ability to work from anywhere.

It is the position of RCNSW, however, our member cities have been growing for some time but population forecasts developed by State and Federal Governments have a trend of underestimating the population of our member cities - a policy that requires immediate action if these issues are to be addressed so our members can accurately plan for a vibrant future for their communities.

### Housing Stress

This rapid growth has placed immense pressure on our housing sector, creating a perfect storm of market stress that is squeezing the availability of housing across our cities. This stress extends to all parts of the housing sector including public, social, rental and new homes.



<sup>1</sup> <https://www.abs.gov.au/statistics/people/population/regional-population/latest-release#regions>

<sup>2</sup> <https://www.regionalaustralia.org.au/Regional-Movers-Index?hkey=6eb5f956-9bf0-4f2d-8ce7-10cca8387a7c>



## Skills Stress

Despite this growth our economies are also experiencing stress as job vacancies hit all time highs. This means competition to access a skilled workforce is putting pressure on regional employers.

This experience has been confirmed by the Regional Australia Institute that found that there were 83,300 regional vacancies across the nation in June 2022 (23.3 per cent higher than a year earlier), regional NSW's share of this was just under 24,000 vacancies<sup>3</sup>.

Furthermore, it was reported that recruitment difficulty in regions remains high – data from the National Skills Commission shows that 67 per cent of regional employers reported difficulties recruiting in June 2022 – a share that is materially larger than in 2021, when an average of 57 per cent of regional employers were experiencing recruitment difficulty through the year<sup>4</sup>.

## Connectivity Stress

Regional connections are also under stress creating risks (short and long term) to both the movement of goods and people - if the right levels of investment do not take place.

The recent challenges due to COVID-19 impacts (including population growth) and natural disasters have shown both our region's *reliance* on efficient road, rail and air connections and the *resilience* needed to be built into these systems.

As Australia pivots to a greater focus on the dual task of both growing our exports and building our at home manufacturing capability<sup>5</sup> getting regional connectivity right will be key.

Our members know that solving these issues must be a priority to ensure our communities and economies can continue to thrive and to play our part in a successful NSW.

## 2023-2024 Pre-Budget Submission Framework

It is on this basis that Regional Cities NSW has five key policy priorities that have been identified to support our member cities to grow sustainably:

1. Address the **methodology for forecasting the growth** of NSW regional cities;
2. Increase the **availability of a diverse range of housing** to support our growing cities;
3. Increase the **availability of skills** in our member cities to support regional employers;
4. Invest in the **road and port freight connectivity** across regional NSW to support our industries to grow; and
5. Provide funding for **regional programs that will reinforce the liveability as well as Civic and Community** strength of our member cities.



<sup>3</sup> <https://www.regionalaustralia.org.au/Web/Toolkits-Indexes/Regional-Jobs-Update/Updates/2022/Regional-Labour-Market-Update-June-Quarter-2022.aspx>

<sup>4</sup> <https://www.regionalaustralia.org.au/Web/Toolkits-Indexes/Regional-Jobs-Update/Updates/2022/Regional-Labour-Market-Update-June-Quarter-2022.aspx>

<sup>5</sup> <https://www.alp.org.au/policies/national-reconstruction-fund>

## Population Forecasting

The cities that make up RCNSW have had a long-held objective to sustainably grow their population base by sharing in NSW's broader population growth. They do this to ensure the cities can continue to attract the right skills and investment to support sustained investment in infrastructure and services our communities need to thrive.

The impacts of COVID-19 and the work from anywhere movement have put regional city living on the agenda with many cities seeing a new wave of growth, at a rate that has not been experienced before.

However it is the position of RCNSW that our member cities have been growing at a rate higher than forecast well before the pandemic hit in March 2020 and the task of accurately predicting and managing this growth must be a priority for the New South Wales (NSW) Government if the path to recovery is to be achieved.

According to the Regional Australia Institute:

- Migration from capital cities to regional Australia increased by 16.6 per cent to reach **a new high in the March quarter of 2022**. This latest level eclipses the previous 5-year high reached in the March quarter of 2021, by 1.0 per cent.
- The latest number of people moving from capitals to regions is some 9.0 per cent higher than the post-pandemic average and is **26.7 per cent higher than average during the two years prior to the pandemic**.

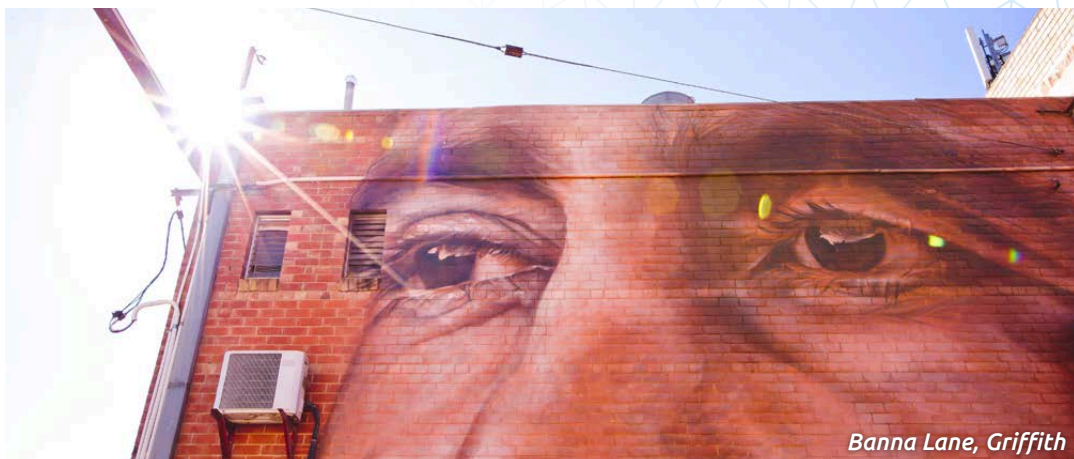
A policy that seeks to accurately recognise the growth in regions is a priority for RCNSW as we know that forecasting growth is key to the right level of investment in local infrastructure and services.

## Population Growth Policy

Despite the current challenges, RCNSW members continue to have growth ambitions and want to attract an increased population and economic activity. The alliance recommends an aspirational target of 60/40 share of growth (population growth) between the Metropolitan basin (Sydney, Wollongong and Newcastle) and all of regional NSW.

Our members state however that this growth must be sustainable and most importantly actively planned for, with associated investment in services and infrastructure. This includes support to ensure there are all forms of housing available in our member cities.

The alliance's broader position in relation to this issue takes the form of an overarching objective to create a **New South Wales population plan** aimed at ensuring the aspirational targets can be achieved. It is our position that with such a plan the challenges of growth across the state can be better managed.





## Population Modelling

Population statistics are used to assist the planning of services and infrastructure and to determine government priorities for funding. Decisions regarding resource allocation in New South Wales are often made using the New South Wales State Government population projections created in 2019, a dataset covering each local government area in the State.

A thorough assessment of the 2021 official population statistics, that is, the Australian Bureau of Statistics' "Estimated Resident Population" (ERP) dataset, shows that population growth in Regional New South Wales has increased and that in the local government areas that are part of Regional Cities New South Wales, population increased at an average of 1.2% per annum since 2016. This figure differs from the New South Wales State Government's assumption of a 1.0% annual population increase.

These discrepancies in the projections create confusion and uncertainty particularly with growth estimate figures which are a key factor in funding commitments. One key cause of the difference in population forecasting and the recent growth figures between the two sets of data from the ERP and New South Wales State Government statistics - is the methodology used to create those statistics.

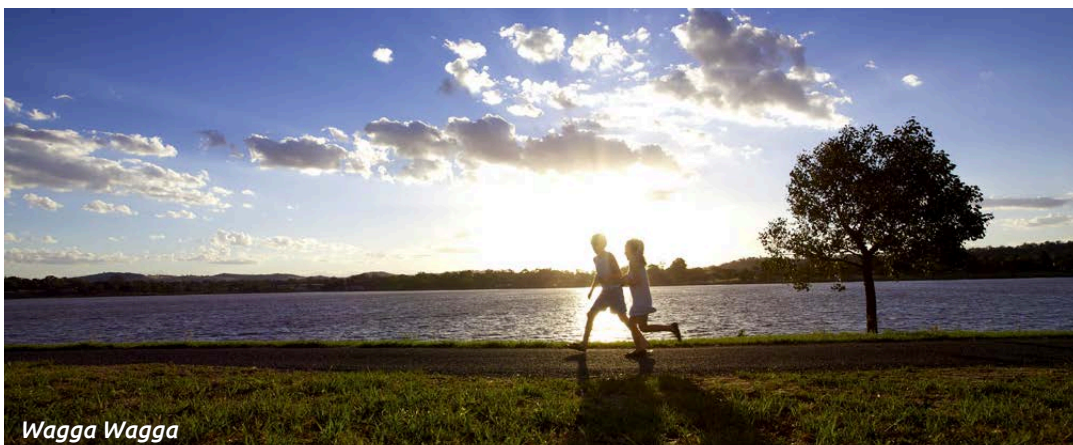
The State Government projections use a top-down modelling approach and 2016-based assumptions regarding migration. The ERP relies on more recent migration statistics and lead metrics that affect the population at a local level.

There are more bespoke methodologies to forecast population which create a bottom-up small area population forecast for LGAs with these bespoke forecasts proven to be more accurate. It is on this basis that RCNSW is recommending that the NSW Government widen its forecasting methodology to incorporate localised data that has been proven to provide a more accurate outcome on population.

The methodology used to forecast our population by the NSW Government should be addressed to ensure our member cities have an accurate data set to plan for the development of our cities and ensure our communities have the services and infrastructure they need to grow.

### POPULATION GROWTH:

- **Addressing the population forecasting methodology to better recognise and plan for the growth occurring across regional NSW; and**
- **The formation of a NSW population plan that allows for the planning and investment of a greater share of sustainable population growth across regional NSW.**





## Housing in Regional Cities

The lack of access to housing of all forms in NSW regional cities has been the subject of much reporting, discussion and collective action across our member cities.

RCNSW acknowledges the actions and investment brought about by the State and Federal Government to begin the task for addressing the shortfall of housing across the State.

RCNSW also acknowledges there are a range of contributing factors that brought about this crisis. It is the position of our members that if there are no long-term actions taken to address these issues access to affordable housing will become an ongoing reality. This further risks reducing regional cities' drawcard of being the best places to live and work and further compounding the affordability issues of the State's largest city, Sydney.

### Regional Housing Issues

While RCNSW members envisaged a strategic approach to managing growth, the last two and a half years of the COVID-19 pandemic have transformed expectations about the pace and nature of regional population growth. Regional city living is well and truly on the agenda.

ABS reports<sup>6</sup> that regional NSW increased the population by 26,800 people between 2020 and 2021 which is attributable to "changing migration patterns during the pandemic". It appears these regional population increases are due to two factors, people moving from the city to regional areas and people remaining in regional locations<sup>7</sup>.

RCNSW acknowledges this dramatic shift in regional population growth and recognises the challenges it presents, particularly in terms of availability of rental properties and the impact on regional housing market prices that challenge affordability.

Regional housing demand is also being impacted by major infrastructure projects and natural disasters, with the impact of recent floods on housing availability in regional NSW yet to be fully understood. There is a demand for not only temporary accommodation for disaster victims, but also the workforce involved in the recovery and rebuild.

These issues illustrate the diversity and complexity of the current New South Wales regional housing shortage. It is affecting local residents and businesses, students, seasonal workers and major project workforces, as well as migrants to the regions.

### Impacts - Housing Price Growth

A report in the Sydney Morning Herald in July 2022 stated "Every council area in the state outside of Sydney, except for two, recorded double-digit price growth in the year to June."<sup>8</sup>

Most notably the median house price in regional NSW:

- Increased 23.3% (\$140,000 average) over the 2022 year to June; and
- Increased by 43.7% (\$225,000 average) since March 2020.<sup>9</sup>

The report further noted that Sydney property prices decreased 6% for the same period.<sup>10</sup>

### Impacts - Vacancy Rates

Regional NSW rental vacancy rates remain in crisis with severe accommodation shortages of less than 1%. In the coastal areas of Regional NSW and also in the Riverina the rental vacancy was as low as 0.5% in September 2021. As the table below shows there are signs of slight easing but there is still enormous stress in the market.

<sup>6</sup> <https://www.abs.gov.au/media-centre/media-releases/more-growth-regions-during-pandemic>

<sup>7</sup> <https://population.gov.au/sites/population.gov.au/files/2021-09/the-impacts-of-covid-on-migration-between-cities-and-regions.pdf>

<sup>8</sup> <https://www.smh.com.au/property/news/the-popular-nsw-tree-change-towns-where-house-prices-have-soared-20220727-p5b531.html>

<sup>9</sup> Op cit

<sup>10</sup> <https://metropole.com.au/sydney-housing-market-update>



City	Vacancy Rate Sep 2022	Vacancy Rate Aug 2022
Albury	0.7	1.0
Central Coast	1.4	1.2
Central West	0.6	0.7
Coffs Harbour	1.3	1.6
Far West	3.1	-
Mid-North Coast	1.2	1.0
Murrumbidgee	1.7	0.4
New England	1.6	1.2
Northern Rivers	5.3	4.1
Orana	1.9	1.5
Riverina	0.5	0.4
South Coast	2.0	2.0
South Eastern	3.6	2.1

### Factors Impacting Supply and Demand

Beyond the factors associated with COVID-19 which are broadly acknowledged as having accelerated the issues associated with the regional housing crisis – there is the issue that the historic supply of regional homes has not kept pace with population growth.

The Regional Australia Institute notes that across regional Australia the number of homes approved for construction declined in five out of those 10 years<sup>11</sup>. The institute further notes some of the underlying issues associated with supply include:

- **Population forecasts:** have not accurately reflected the growth that is occurring in regional areas impacting government roles in preparing for and resourcing, anticipated population growth and the associated infrastructure and services.
- **Shovel Ready Land:** Local infrastructure costs are often a barrier to land release. Bringing shovel-ready land to market in a timely way to meet the additional demand would help alleviate such growing pains. Smaller local governments (in areas where private development isn't occurring) often lack the financial capacity to invest in local housing infrastructure.
- **Missing Medium Density:** there is a shortage in medium density, non-detached housing. Regional housing stocks are disproportionately detached homes - this stock does not cater for the demand for housing of varying stock for people who are at different stages of their lives.
- **Housing Diversity:** the demand for different types of accommodation to meet the needs of seasonal workers, major project workforces and students. Similarly, as regional residents age, they are often seeking to downsize from traditional family homes or seeking assisted models of living and care.

The Institute further notes that key policy considerations in these types of markets need to address the issues of regulation, planning, approvals and shovel-ready land. Increasing total supply is essential, but so is working with builders and developers so that land is turned into dwellings, and that diversity increases to help ensure that new housing remains affordable<sup>12</sup>.

The **RCNSW Submission to the Regional Housing Taskforce** also identified the following issues:

**Land Banking:** RCNSW members are concerned about the issue of land banking, whereby developers with land approved for residential development, are not moving forward with housing developments on zoned land, despite demand.

<sup>11</sup> <https://www.regionalaustralia.org.au/libraryviewer?ResourceID=98>

<sup>12</sup> <https://www.regionalaustralia.org.au/libraryviewer?ResourceID=98>

**Short-term Rental Accommodation:** as more and more property owners embrace the opportunity for greater returns through short term property rentals on platforms such as AirBnB, this is impacting the availability of traditional longer-term rental accommodation in regional areas.

**Access to Crown Land:** underutilised State-owned buildings and crown land presents an opportunity to increase the availability of affordable and social housing in regional cities, particularly in land-locked or high value land areas.

**Onerous timelines and process:** associated with the e-planning process which is constricting approval processes of local government.

Our full submission can be found here: <https://www.regionalcitiesnsw.org.au/reports-submissions>

### Work to Understand the Housing Issues in Regional NSW

There has been a range of consultation and policy development that highlighted that identified the benefits of:

- Collaborate with local governments to plan for and deliver housing;
- Supporting local governments in updating their housing policies; and
- Giving local governments a greater share in the data obtained from ePlanning and collaborative data sharing exercises<sup>13</sup>.

The Regional Housing Taskforce – made the following recommendations which aligned with RCNSW policy:

1. Support measures that bring forward a supply of “**development ready**” land;
2. Increase **the availability of affordable and diverse housing** across regional NSW;
3. **Provide more certainty** about where, when and what types of homes will be built;
4. **Investigate planning levers** to facilitate the delivery of housing that meets short term needs; and
5. **Improve monitoring** of housing and policy outcomes and demand indicators.



<sup>13</sup> <https://www.planning.nsw.gov.au/Policy-and-Legislation/Housing/A-Housing-Strategy-for-NSW/2021-2022-Action-Plan>



## Recommendations

Solving regional housing issues presents some considerable challenges for state, federal and local government. RCNSW acknowledges to significant steps being taken by the NSW State Government in recent years to address housing issues in regional areas across NSW but knows the task is far from complete. On this basis we make the following recommendations:

### HOUSING SUPPLY:

- **Support and funding for a regional housing package;**
- **Continue the task of working with Local Government to increase the supply of social and affordable housing through a process of identifying and activating unused land such as:**
  - **Appropriate crown land activation;**
  - **Land and Housing Corporation gifting or first right of review;**
  - **Land identified in First Nations agreements; and**
  - **Improving regulation around derelict blocks in regional cities.**
- **Continued support for mechanisms incentives to improve land banking and the Build to Rent measure;**
- **Ongoing support for the Local Infrastructure Renewal Scheme (LIRS) that can increase the availability of shovel ready land for developments;**
- **Annual indexing of Developer Contributions;**
- **Ongoing support the development of regional planners to ensure demand can match supply and appropriate developments that can meet the need of diverse housing are identified; and**
- **To increase the density of existing affordable and social housing properties in regional NSW.**



*Tweed River*

## Skills for Regional Cities

Despite the rapid growth experienced by our member cities, there are still vast skill shortages impacting economic growth in our regions.

In June 2023 the unemployment rate remained at 3.5 per cent which is reported to be the lowest unemployment rate since August 1974 (when it was 2.7 per cent)<sup>14</sup>.

According to the Regional Australia Institute, regional job vacancies across the country continue to experience strong growth, with just over 83,000 jobs in June 2022. **This is 23.3 per cent more than a year earlier.** As the chart below shows regional NSW ranked a close second (to regional QLD) across regional Australia for the number of vacancies<sup>15</sup>.

Number of Advertised Job Vacancies	June-21	May-22	June-22	% Change (monthly)	% Change (annually)
Regional Australia	67,593	85,928	83,349	-3.0%	23.3%
Regional NSW	20,829	24,415	23,690	-3.0%	13.7%
Regional VIC	9,590	13,319	12,790	-4.0%	33.4%
Regional QLD	18,781	24,986	24,482	-2.0%	30.4%
Regional SA	1,387	1,824	1,839	0.8%	32.6%
TAS	2,629	3,494	3,487	-0.2%	32.6%
Regional WA	5,054	6,463	6,209	-3.9%	22.8%
NT	2,610	3,238	3,142	-2.9%	20.4%
ACT	6,713	8,190	7,711	-5.8%	14.9%
Mainland Capital Cities	159,716	208,162	200,131	-3.9%	25.3%

NSW Region	Job Vacancies (No)
Dubbo and Western NSW	1360
Tamworth and Northwest NSW	1267
NSW and North Coast	4136
Blue Mountains, Bathurst, and Central West	2327
Newcastle and Hunter	6248
Gosford and Central Coast	2025
Sydney	67,353
Illawarra and South Coast	2848
Southern Highlands and Snowy	1151
Riverina and Murray	2328

<sup>14</sup> <https://www.abs.gov.au/media-centre/media-releases/unemployment-rate-falls-35>

<sup>15</sup> <https://www.regionalaustralia.org.au/Web/Toolkits-Indexes/Regional-Jobs-Update/Updates/2022/Regional-Labour-Market-Update-June-Quarter-2022.aspx>



As evidenced from the previous figures, recruitment in regions remains difficult – data from the National Skills Commission shows that 67 per cent of regional employers reported difficulties recruiting in June 2022, materially larger than 57 per cent in 2021 with the data indicating the enduring challenge of attracting skills into regional areas<sup>16</sup>.

Job vacancies range across a number of employment areas but those in primary production, health care and hospitality are most in demand.

Considering the growth in demand for skills, a ‘set and forget’ model cannot apply. Urgent action is required to support our businesses to meet their skills challenges while ensuring the enduring economic development of our regions is achieved.

## Regional Immigration

Considering the level of job vacancies and the current unemployment rate, a focus on regional immigration should be a priority for the Australian and NSW Governments.

Between 1996 to 2016 migrants contributed 26 percent of the population growth in regional Australia and more 50 per cent of the population growth in a number of regions including New England and the Riverina in NSW<sup>17</sup>.

It is broadly acknowledged that skilled migrants and their families offset Australia’s ageing population, improve labour force participation and productivity, and help businesses source skills that are difficult to develop at short notice. Regional communities must not miss out on the benefits of migration.

The Australian Government has traditionally had regional visa streams that are tied to areas of skill shortages:

- Skilled regional provisional visas that provide a pathway to permanent residence;
- Skilled regional permanent resident visa (from November 2022); and
- Additional points under the Skilled Migration Points Test for skilled migrants nominated to live and work in regional Australia.

Recent Federal Government 2022-2023 budget announcements outlined changes to the Permanent Migration and skilled migration programs including:

- The permanent Migration Program planning level will be increased from 160,000 to 195,000 in 2022–23.
- Over 90 per cent of new places (142,400) will go to skilled migrants, and over a quarter of those places will be targeted at regional areas.
- Regional Skilled migration numbers will increase from 11,200 to 34,000 across Australia with state nominations of numbers for each visa category currently being decided.

State government nominations for allocation of skilled migrants needs to carefully consider the workforce needs of regional areas across NSW.

The future of regional visas however remains unclear and this is a point of concern for our members.

## International Graduates Studying in a Regional Area

Student graduates also provide a clear skilled workforce path for regional economies. In addition to the regional skilled migration visas, Temporary Graduate Visas (TGVs) provide an additional incentive for international students to study at a regional institution and to live in regional areas post-study, boosting the availability of skills as well as the diversity of regional Australia.

<sup>16</sup> <https://www.regionalaustralia.org.au/Web/Toolkits-Indexes/Regional-Jobs-Update/Updates/2022/Regional-Labour-Market-Update-June-Quarter-2022.aspx>

<sup>17</sup> [https://population.gov.au/sites/population.gov.au/files/2021-09/shaping\\_nation.pdf](https://population.gov.au/sites/population.gov.au/files/2021-09/shaping_nation.pdf)

## Designated Area Migration Agreements for Regional NSW

A designated area migration agreement (DAMA) is a formal agreement between the Australian Government and a regional, state or territory authority. The objective is to provide regions access to more overseas workers than the standard skilled migration program can deliver.

DAMAs operate under an agreement-based framework, providing flexibility for regions to respond to their unique economic and labour market conditions. There are currently 12 DAMAs in place across Australia including one in the Orana region in NSW (there is a further agreement under development in the Riverina region)<sup>18</sup>.

While it is acknowledged that there are varying levels of success with these agreements due to the complexity for applicants and cost for employers – the model represents a path for RCNSW to work collaboratively with the NSW government to create a bespoke solution to the skills challenges of our regions. Considering the national skills shortages that exist across the country, the standard skilled migration program creates significant competition amongst states to attract the workforce required to meet demand.

It is on this basis that RCNSW makes the following recommendations.

### RECOMMENDATIONS

- **The NSW Government to take urgent action to support our businesses to meet their skills challenges while ensuring the enduring economic development of our regions is achieved;**
- **The NSW Government works with RCNSW to attract a larger share of visas allocated to regional NSW; and**
- **The NSW Government works with RCNSW to establish a head DAMA (or similar) agreement for Regional NSW that will facilitate localised labour agreements on a region by region or sector by sector basis – based on an identified need.**



*Orange vineyard*

<sup>18</sup> <https://immi.homeaffairs.gov.au/visas/employing-and-sponsoring-someone/sponsoring-workers/nominating-a-position/labour-agreements/designated-area-migration-agreements>



## Regional Workplace Hubs

Workplace Hubs are a developing innovation for the creation of collaborative, social, flexible, quality, interactive workplaces. The Workplace Hub concept is also focused on drawing together key government departments and instrumentalities into one central building and is a concept particularly relevant to regional cities.

Currently funding for four workplace hubs have been allocated in Coffs Harbour, Gosford, Orange and Newcastle. The purpose of regional Workplace Hubs as stated by NSW is to:

- Consolidate government workplaces/offices into one central purpose designed building;
- Build deeper connections to the local and regional community;
- Enable regionally based public servants to live and work in the local area;
- Encourage innovation and increase employee productivity; and
- Attract and retain a diversity of talent in local areas.

Regional Cities New South Wales sees the following benefits in establishing government Workplace Hubs in every regional city to be:

- Reinforcing the strength of regional cities roles as essential hubs for business, community, retails and education
- Construction phase benefits with local construction contracts and jobs
- Ease of access to government departments for regional and local businesses and the community
- Ease of access to government departments for council staff and elected representatives
- Greater opportunities for collaboration between departments and local government authorities
- Consolidation of workers creating more localised demand for retail and hospitality services
- Increased local demand for community health, education and community services

There are 15 regional cities in NSW, five have or are establishing Workplace Hubs and there is now an opportunity for Workplace Hubs to be funded in the remaining 10 regional capitals.

RCNSW also seeks a continuation of the [Regional Workforce Principles Policy](#) which aims to relocate 400 staff from the Department of Regional NSW from the city to the regions.

### RECOMMENDATIONS

- **Develop a strategic roll-out of Workplace Hubs to regional cities in NSW over the next 5 years; and**
- **Continued support for the Regional Workforce Principles Policy to relocate 400 Sydney based staff from the Department of Regional NSW to the regions.**





## Regional Connectivity

Australia's economic competitiveness is closely linked to the quality of our national supply chain infrastructure—the ports, railways, roads and airports that link Australian goods and services to domestic and overseas markets.

Connected regional cities are also fundamental to enabling the development of regional economies. Regions should be connected to each other, as well as to metropolitan capitals and international markets.

Infrastructure Australia noted that between 2011 and 2031, the total domestic land freight task will grow by 80% and that the transport and logistics sectors of the Australian economy are estimated to contribute 14.5 per cent of GDP, making strategic planning critical to the nation's prosperity<sup>19</sup>.

Infrastructure Australia further noted that population growth exacerbates congestion on networks that are already under strain, particularly in urban areas where freight and passenger transport share the same road or rail infrastructure<sup>20</sup>.

By 2056, the New South Wales government estimates that the state's population will grow to more than 11 million people, there is also an expectation that freight volumes will double in the Greater Sydney area and grow by a quarter in regional New South Wales.

In more recent times it has become clear that the State's infrastructure needs to be more resilient to the impacts of climate change as a series of natural disasters cut off communities and also important freight networks due to significant weather events<sup>21</sup>.

As a result of this growth physical corridors of road and rail infrastructure will come under significant stress with freight routes impacted – if these challenges are not met the impacts will be largely borne by exporters' time and money.

RCNSW acknowledges the NSW Government's Freight and Ports Plan 2018-2023 calls on government and industry to collaborate on clear initiatives and targets to make the NSW freight task more efficient and safer so NSW can continue to move and grow<sup>22</sup>.

Regional NSW accounts for 30 per cent of NSW Gross State Product (GSP) and 33 per cent of goods manufactured in NSW. Regional NSW's freight task is forecast to grow from 255 million to 286 million tonnes.

Given the significant cost of new infrastructure, the NSW Government has acknowledged they need to work with local government to boost the performance and utilisation of the State's existing roads, rail, ports, pipelines and airports.



*Regional rail network*

<sup>19</sup> <https://www.infrastructureaustralia.gov.au/listing/speech/australias-growing-freight-task-challenges-and-opportunities>

<sup>20</sup> <https://www.infrastructureaustralia.gov.au/listing/speech/australias-growing-freight-task-challenges-and-opportunities>

<sup>21</sup> <https://www.abc.net.au/news/2022-07-13/blue-mountains-line-landslide-freight-disruptions-passengers/101231140>

<sup>22</sup> <https://future.transport.nsw.gov.au/plans/nsw-freight-and-ports-plan-2018-2023>



## NSW Port Connectivity

The NSW Government has identified Ports Botany and Kembla as the State's priority ports.

Port Botany in Sydney is the main container Port in NSW and plays a major role in the NSW economy as a gateway for international trade as the primary bulk liquid and gas port.<sup>23</sup>

Port Kembla is NSW's largest terminal for vehicle imports and grain exports, and the second largest terminal for coal exports. Port Kembla has been identified as the location for the development of a future container terminal to augment capacity at Port Botany when required (2041).

The Port of Newcastle is also a priority port for NSW as Australia's largest terminal for coal exports. Due to the shifts in climate change policy, the port owners have a master plan that will allow the diversification and expansion for traditional exports.

Port Botany handles a total of 2.5 million Twenty Equipment Units (TEUs) of freight per year, 440,000 (or 18%) of this is rail freight - the highest volume of containers transported by rail of all ports in the country.<sup>24</sup> Almost 90% of all rail freight heading to Port Botany comes from regional NSW.

Regional producers and policy experts alike have concerns about the congestion encountered at Port Botany - attributed to broader (passenger) rail congestion.

On the Sydney Trains Network approximately five per cent of rail paths are allocated to freight, with another four per cent made available on an ad-hoc basis. NSW legislation requires that passenger trains be given reasonable priority.

Current delays are negatively affecting the producers in regional NSW as their products are being delayed up to 12 hours when travelling by rail into Port Botany - a delay that can cost more than \$300 per container or up to \$40,000 on a single train arrival.<sup>25</sup> It is further noted that neither Port Botany nor Kembla are equipped to handle the more efficient large freight trains (1800m).

There are similar concerns regarding the singular use of Port Kembla as the State's second container terminal (scheduled to come online by 2041). This facility will also face similar congestion as there is expected to be a 49% increase in rail path demand and 21% increase inroad trips between Wollongong and Sydney<sup>26</sup>.

In more recent times it has also become clear that the State's infrastructure needs to be more resilient to the impacts of climate change as a series of natural disasters cut off communities and important freight networks due to significant weather events<sup>27</sup>.



A clear example of this is in March and April 2022, when heavy rainfall caused landslides impacting access to Port Kembla, requiring services to be routed through Sydney's suburban network. Additional landslides also impacted freight access via the Blue Mountains and Southern Highlands. Resilience needs to be built into the State's freight network.

It is on this basis that RCNSW highlights that the Port of Newcastle presents a strategic opportunity to become a key priority port for regional NSW. The port's catchment area extends west to Parkes and north to Moree, taking in Dubbo, Tamworth, Armidale, Narromine and Walgett and will also connect to the Inland Rail (once complete). This port can also take large (1800m) freight trains and does not have the same entanglements with the urban rail network that impact line congestion and reliability.

RCNSW is making this call as the State's reliance on Port Botany for current capacity and Port Kembla for future capacity encounter risks for their scalability and reliability particularly as the State continues to grow.

With compensation issues associated with the Port of Newcastle now resolved RCNSW is calling on the Government to update the NSW Government's Freight and Ports Plan to identify the path forward for the State's three key ports (Botany, Kembla and Newcastle) with a view to supporting a more efficient exporting capacity for regional NSW.

## RECOMMENDATIONS

- **Update NSW Government's Freight and Ports Plan 2018-2023: to reflect the states three major ports capacity to increase regional NSW's exports.**

*St Saviour's Cathedral, Goulburn*





## Road Freight Connectivity

As Regional NSW accounts for almost a third of NSW's Gross State Product (GSP) and 33 per cent of goods manufactured in NSW, the task of enabling the efficient movement of these goods must be a priority for the NSW Government.

Given the significant cost of new infrastructure, the NSW Government and local governments in regional NSW (who also own a significant share of the State's road network) should aim to work collaboratively to boost the performance of these assets for the benefits of regional producers.

Transport costs are an unavoidable aspect of production, often representing a major cost to both primary producers and secondary processors, distributors, and consumers.

The dependency on freight access (from farm gate to processing/intermodal hubs/local and regional markets) is common across industries and regions throughout NSW and users face a common array of costs and limitations:

- Inability to get larger Heavy Vehicles along local roads necessitates more frequent, smaller vehicle trips;
- Load/size limiting pinch points (e.g. bridges, intersection) require additional travel lengths or under-loading;
- Poor road conditions for heavy vehicles lead to higher costs; and
- Poor connectivity to key distributions centres or inter-modal hubs (e.g. inland rail, international airports), even if in relatively close geographic proximity, can effectively close off markets or reduce price competitiveness of products.

A key action of the NSW Government's NSW Port and Freight Plan (Goal 3: *Improve road freight access*) is to make maintenance and capacity enhancements to make roads safer and more accessible for higher productivity vehicles – this improvements include:

- Road surfaces;
- Lane and shoulder widths;
- Intersections;
- Level crossings; and
- Bridges and other safety infrastructure upgrades.

There is also a priority to reduce flooding through better planning for roads through flood prone areas, such as the Newell Highway.

It is on this basis that RCNSW is seeking to develop the *Regional City Freight Network Pinchpoint Program* which will deliver small to medium scale road improvements across the regional NSW freight network. We are seeking funds to support the development of a business case that will:

1. Identify and map the road freight pinch points across the 16 regional city councils; and
2. Quantify the business case for investment to resolve these pinch points.

### RECOMMENDATIONS

- **The NSW Government funds the Regional City Freight Network Pinchpoint Program to enable improvements to the regional NSW freight network.**

## Local and Regional Roads

Regional NSW roads are imperative corridors for travel and transport while connecting regional communities and economies. Regional roads also provide gateways to national and international markets while creating opportunities for employment, tourism and access to key services in neighbouring regional towns. Safe and reliable roads are essential to supporting the quality of life in regional NSW, offering a viable alternative to metropolitan living.

### Building a Sustainable Local and Regional Road Network in the face of Climate Change

In recent times however the local and regional road network has sustained extraordinary decline due to extreme weather events and prolonged periods of rain. Rainfall changes can alter moisture balances in road infrastructure and influence pavement deterioration.

In addition, temperature can affect the ageing of bitumen resulting in an increase in embrittlement. Embrittlement of the bitumen causes the surface to crack, with a consequent loss of waterproofing of the surface seal. The result is that surface water can enter the pavement causing potholing and fairly rapid loss of surface condition. More frequent reseal treatments will address the problem in part, but at an ongoing and unsustainable cost to local government.

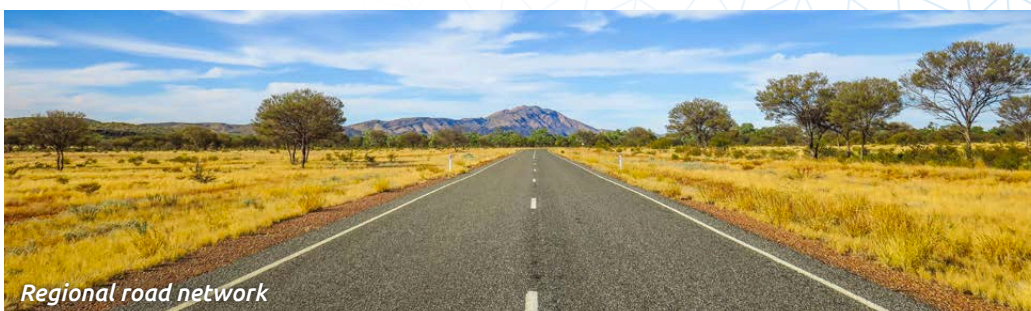
As road infrastructure is a long-lived investment, roads typically have design lives of 20 to 40 years and bridges of 100 years. Now is the time to meet the challenges of climate change and provide a betterment framework for local and regional roads, while continuing to provide funding for the network which still requires investment from the 2022 weather events.

RCNSW states that funding for new programs that seek to address investment in local and regional roads and bridges should be established to meet the current and future challenges of climate change on the regional road network with a focus on betterment. Previous programs such as the following provide a model for this investment:

- Fixing Country Roads;
- Fixing Country Bridges;
- Local Government Road Safety Program; and
- Regional and Local Roads Repair Program.

### RECOMMENDATIONS

- **RCNSW recommends the establishment of new rounds of road programs to invest in local and regional roads and bridges to meet the current and future challenges of climate change.**



*Regional road network*

<sup>28</sup> [https://www.bitre.gov.au/sites/default/files/cr\\_001\\_climate\\_change.pdf](https://www.bitre.gov.au/sites/default/files/cr_001_climate_change.pdf)

<sup>29</sup> [https://www.bitre.gov.au/sites/default/files/cr\\_001\\_climate\\_change.pdf](https://www.bitre.gov.au/sites/default/files/cr_001_climate_change.pdf)



## Liveability, Civic and Community Infrastructure

RCNSW recognises that the demands on the NSW budget in the current economic environment requires prioritisation of programs that provide real benefit back to the people of NSW.

RCNSW states however that in a time when regional growth is on the agenda, ensuring our communities can provide the appropriate liveability, civic and community infrastructure will allow our member cities to meet the expectations of new arrivals and people looking to escape metropolitan cities.

On this basis RCNSW is seeking investment into liveability, civic and community programs that will target infrastructure investment into:

- Arts and culture facilities;
- Sporting facilities;
- Community and civic facilities;
- Airport facilities; and
- Water assets.

### RECOMMENDATIONS

- **The NSW Government funds the Regional City Freight Network Pinchpoint Program to enable improvements to the regional NSW freight network.**

## Regional Digital Connectivity

As RCNSW members seek to increase their city's role as service hubs, grow their population, economic diversity and facilitate entrepreneurship, the right digital infrastructure must be provided. The cost of not having this infrastructure in place will create economic and social leaks, especially in times of drought and stress, where businesses and communities seek more connected places to live and work.

This is equally the case for mobile connectivity, where today many mobile black spots exist throughout the State. While mobile connectivity also provides the opportunity to enable social economic participation, this service is now seen as the last line of defence to protect lives in emergency situations that are prevalent in regional communities during this harsh drought.

Regional cities have welcomed the ongoing investment in the Mobile Black Spot Program both at the Federal and State level but call on the State to do more to address on-going gaps and speed deficits that are roadblocks to business investment and population growth.

The Connecting Country Communities Fund was established to invest in communications infrastructure and deliver improved regional data connectivity. The fund aimed to invest in telecommunications infrastructure needed to deliver faster and more reliable digital connectivity for communities and businesses in regional NSW – an important objective. RCNSW notes that this fund has now been exhausted.

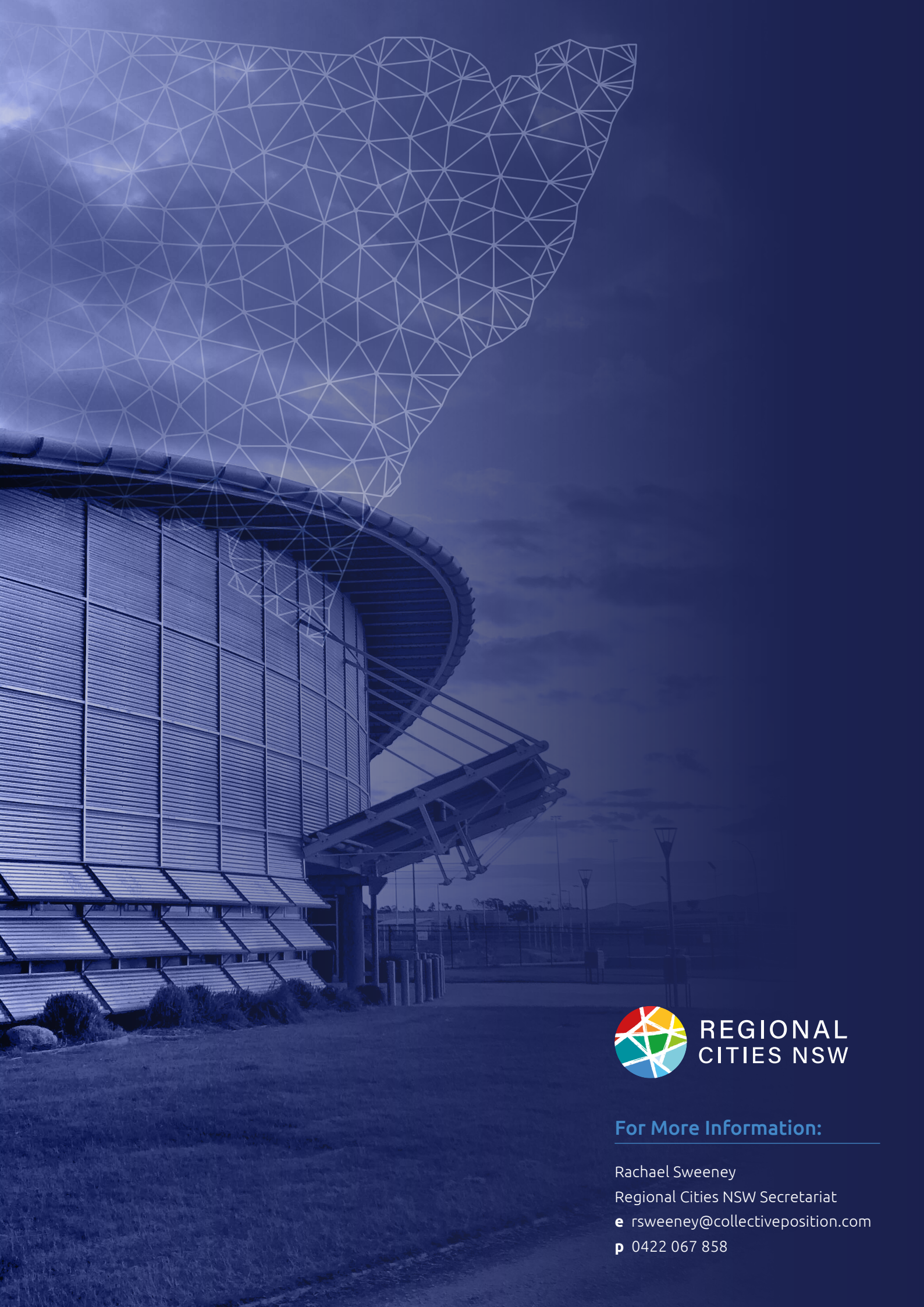
### RECOMMENDATIONS

- **Allocate funding to improve digital connectivity in regional NSW through a new round of blackspots funding.**

## Summary of Recommendations

The following list provides an overview of RCNSW's recommendations to the NSW State Government as part of RCNSW 2023-24 Pre Budget Submission:

RCNSW Policy Priority Area	Asks...
<b>Population Growth</b>	Addressing the population forecasting methodology to better recognise and plan for the growth occurring across regional NSW; and
	The formation of a NSW population plan that allows for the planning and investment of a greater share of sustainable population growth across regional NSW.
<b>Housing Supply</b>	Support and funding for a regional housing package;
	Continue the task of working with Local Government to increase the supply of social and affordable housing through a process of identifying and activating unused land such as: <ul style="list-style-type: none"> <li>• Appropriate crown land activation;</li> <li>• Land and Housing Corporation gifting or first right of review;</li> <li>• Land identified in First Nations agreements; and</li> <li>• Improving regulation around derelict blocks in regional cities.</li> </ul>
	Continued support for mechanisms incentives to improve land banking and the Build to Rent measure;
	Ongoing support for the Local Infrastructure Renewal Scheme (LIRS) that can increase the availability of shovel ready land for developments;
	Annual indexing of Developer Contributions;
	Ongoing support the development of regional planners to ensure demand can match supply and appropriate developments that can meet the need of diverse housing are identified;
	To increase the density of existing affordable and social housing properties in regional NSW.
<b>Regional Immigration</b>	The NSW Government to take urgent action to support our businesses to meet their skills challenges while ensuring the enduring economic development of our regions is achieved;
	The NSW Government works with RCNSW to attract a larger share of visas allocated to Regional NSW;
	The NSW Government to work with RCNSW to establish a head DAMA (or similar) agreement for Regional NSW that will facilitate localised labour agreements on a region by region or sector by sector basis – based on an identified need;
<b>Regional City Living and Working Campaign</b>	RCNSW is seeking a commitment of \$2.5m in the form of an NSW Government grant to fund the RCLWC for the period of 2022 until 2026 (four years).
<b>Regional Workforce Hubs</b>	Develop a strategic roll-out of Workplace Hubs to regional cities in NSW over the next 5 years;
	Continued support for the Regional Workforce Principles Policy to relocate 400 Sydney based staff from the Department of Regional NSW to the regions.
<b>Regional Connectivity</b>	Update NSW Government's Freight and Ports Plan 2018-2023: to reflect the states three major ports capacity to increase regional NSW's exports.
<b>Road Freight Connectivity</b>	The NSW Government Fund the Regional City Freight Network Pinchpoint Program to enable improvements to the regional NSW freight network.
<b>Local and Regional Roads</b>	RCNSW recommends the establishment of new rounds of road programs to invest in local and regional roads and bridges to meet the current and future challenges of climate change.
<b>Liveability, Civic and Community Infrastructure</b>	RCNSW recommends the establishment of a fund (as a replacement to the Restart program) that can support the development of liveability, civic and community facilities in regional cities.
<b>Regional Digital Connectivity</b>	Allocate funding to improve digital connectivity in regional NSW through a new round of blackspots funding.



**REGIONAL  
CITIES NSW**

**For More Information:**

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