



# Growing Local Economies Fund

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Strategic Review

2021

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# 1. Executive summary

Since its launch in August 2017, the \$500 million Growing Local Economies (GLE) Fund has formed a key part of the NSW Government's \$2 billion Regional Growth Fund and successfully supported projects of economic significance across regional NSW.

The GLE Fund has invested in infrastructure that will deliver economic growth and productivity in regional NSW. The Fund has:

- funded 66 economically significant projects through a total investment of \$463.2 million in regional NSW
- identified and bought forward a pipeline of well-developed, shovel ready projects that will stimulate regional economies
- funded projects which capitalise on regional strengths and specialisations to maximise economic outcomes
- operated effectively within a strong framework of strategic alignment with Functional Economic Regions (FERs) and Regional Economic Development Strategies (REDS)
- highlighted the program design and delivery capabilities of the Department of Regional NSW's Public Works and Regional Development Group
- matched funding to the right projects at the right time through the open round design
- leveraged co-contributions to maximise outcomes for regional NSW.

While overall the GLE Fund has met objectives to deliver economically significant infrastructure projects in regional NSW, there are opportunities to strengthen program design and outcomes. Factors to be considered for future economic activation programs include:

- facilitating the submission of a greater breadth and range of project types
- extent of alignment to status of REDS
- levels of support required and provided to applicants throughout the submission and assessment processes
- methods to increase and facilitate regional collaboration
- opportunities for the GLE Fund to align with, compliment and support other State and Commonwealth funds
- opportunity to incentivise business investment projects.

## 2. Introduction

### 2.1 Review purpose

In 2019 the NSW Government committed to a pause and review of the \$500 million GLE Fund to:

- enable the assessment of a significant pipeline of submitted projects
- consider elements of the Fund that are working well
- review areas of the Fund which could be improved
- assess how the Fund continues to meet its strategic objectives of delivering infrastructure that supports economically significant projects that deliver new economic opportunities for regional NSW.

### 2.2 Review terms of reference

The Review has been guided by the following focus areas:

- The quality of applications submitted and alignment with program objectives.
- Effectiveness of existing GLE Fund Guidelines in facilitating delivery of program objectives.
- How the Restart NSW Fund criteria impacts the suitability and success of GLE Fund application and assessment processes in delivering program objectives.
- Alignment of the GLE Fund with relevant NSW Government strategies, including:
  - Regional Economic Development Strategies, 20-year Economic Vision for Regional NSW and Regional Plans
  - opportunities to leverage and better coordinate with other NSW Government Funds
  - ensuring alignment with Snowy Hydro Legacy Fund priorities particularly Special Activation Precincts; and
  - Commonwealth funding initiatives (e.g. coordinated funding for projects seeking funds through Building Better Regions Fund and Regional Deals).
- Potential benefits of expanding funding programs to provide business and/or industry support to increase economic activation through incentives for private sector investment.
- Levels of support required for potential proponents to identify project opportunities and facilitate high quality project submissions.
- Potential amendments to the application process to streamline administration.

## 2.3 Review inputs

This review was conducted from January to October 2020 and involved the following inputs:

- **Document review:** GLE Fund program materials, NSW Government strategy documents, audit and review reports, and previous consultation reports to understand previously identified issues and the fund's alignment with NSW Government strategies.
- **High level data analysis:** application and approval records to form a deeper appreciation of program processes and outputs and identify areas for improvement.
- **Comparative analysis:** A review of case studies from relevant state, federal and international jurisdictions to identify opportunities to emulate other successful models, where appropriate.
- **External stakeholder consultation:** Interviews to better understand comparable case studies and key themes applicable to the GLE Fund.
- **Internal stakeholder consultation:** Interviews to gain a deeper understanding of the GLE Fund's effectiveness, identify opportunities for enhancement and test emerging research themes (Appendix A).

## 3. About the Growing Local Economies Fund

### 3.1 Strategic context

Regional NSW is home to around 30 per cent of the NSW population and produces around a third of the total gross state product.<sup>1</sup> The population of regional NSW is growing quickly. In 2019-20 alone, around 62,000 people moved into regional communities. This continues a long-term trend<sup>2</sup> and, as population growth continues, investment in the regions remains a high priority for the NSW Government.

In 2021, the NSW Government announced its refreshed 20-Year Economic Vision for Regional NSW in response to the changed economic landscape and opportunities that have emerged in regional NSW following the drought, bushfires, floods and COVID-19 pandemic which connects:

- state-wide priorities, such as those in the NSW State Infrastructure Strategy
- directions in the Making it Happen in the Regions: Regional Development Framework
- targeted strategies for REDS in specific FERs.

The Regional Growth Fund (RGF) invests in projects that facilitate economic growth and prosperity across regional NSW.<sup>3</sup> The RGF is guided by the vision and objectives in the Regional Development Framework<sup>4</sup>, and is designed to be flexible and responsive to emerging issues and contexts in regional NSW. It provides investment across three key areas: economic activation, local amenity and community resilience.

The RGF comprises the GLE Fund, as well as ten other programs that support the delivery of the Regional Development Framework:

- Connecting Country Communities Fund
- Stronger Country Communities Fund
- Regional Cultural Fund
- Regional Sports Infrastructure Fund
- Regional Communities Development Fund
- Resources for Regions
- Drought Stimulus Package
- Regional Growth - Environment and Tourism Fund
- Regional Events Acceleration Fund
- Regional Tourism Activation Fund

### 3.2 Program description

The \$500 million GLE Fund was introduced in August 2017 and aligns with the third pillar of the Regional Development Framework, by identifying opportunities to change the economic outlook and activate local economies.

The sole funding source for the GLE Fund was the Restart NSW Fund, which was established in 2011 to help deliver high-priority infrastructure projects with the capacity to improve the state's economic growth and productivity<sup>5</sup>. Projects funded through the GLE Fund must have met the eligibility requirements for the Restart NSW Fund.

1 Regional Development Framework

2 A 20 Year Economic Vision for Regional NSW (2018)

3 Regional Growth Fund brochure

4 Making it Happen in the Regions: Regional Development Framework (2017)

5 Restart NSW Fund, <https://www.infrastructure.nsw.gov.au/restart-nsw/>

The GLE Fund was designed to support the delivery of economically significant infrastructure projects that capitalise on the strengths within each of the Functional Economic Regions (FERs)<sup>6</sup>. FERs are groupings of Local Government Areas that were identified by the NSW Government to better target investments aimed at growing or establishing regional competitive advantage. The GLE Fund uses FERs as the basis for state-wide investment in regional NSW and identified a nominal funding amount for each FER to facilitate coordinated, regionally significant projects.

Regional Economic Development Strategies (REDS) provide a 'map' of key economic endowments, specialisations and engine industries within each FER, so that funding can be targeted at strategic and regionally significant projects. REDS are fundamental to taking a place-based approach to investment in the GLE Fund.

The GLE Fund was an open application program, and not bound by open and close dates used in rounds-based programs. Applications were able to be submitted at any time and for multiple projects. The Fund was open for applications from August 2017 to July 2019. The Fund had a rigorous application and assessment process that included an initial Expression of Interest (EOI) stage, progressing to a full Business Case if eligibility requirements were met. Projects could be submitted straight to Business Case where certain criteria were met. Independent assessments were conducted against four eligibility criteria that align with the Restart NSW Fund criteria: strategic; economic; affordability; and deliverability.

### 3.3 GLE Fund outputs

Projects funded under the GLE Fund support the delivery of infrastructure that promotes growth and productivity, produces jobs and encourages resilience across regional NSW. Funded projects include:

- enabling infrastructure for business parks and industrial precincts
- education and research facilities
- roads and bridges
- tourism infrastructure
- airport upgrades and development
- agricultural research infrastructure.

At the time of the pause, \$261.3 million was unallocated in the GLE Fund. Unassessed applications were well oversubscribed, with just under 50 projects requesting over \$560 million either under assessment or in the pipeline for submission. A total of 186 projects were submitted to the program for assessment and the Fund has been fully allocated as outlined below:

- 66 funded projects totalling \$463.2 million in grants, with \$255 million in co-contributions
- 45 successful applicants, including 41 regional councils; two educational institutions; one NSW government agency and one incorporated not for profit organisation
- Funding allocated across 45 Local Government Areas and 30 FERs in regional NSW
- 51 per cent of projects at the Business Case stage were successful in securing GLE funding
- 57 per cent of projects submitted to the GLE Fund have been funded under the GLE Fund or other NSW Government programs.

<sup>6</sup> <https://www.nsw.gov.au/regional-nsw/regional-economic-development-strategies>

## 3.4 GLE Fund unique value proposition

The unique value proposition of the GLE Fund is it encourages diversity and resilience by funding investment-ready projects that build on a region's strengths and help drive economic growth. It achieves this through project alignment with the REDS which provide a local and regional context and focus on economic priorities for the region.

### 3.4.1 Opportunity to build strength and long-term resilience

The GLE Fund is the only fund within the RGF designed to directly draw on the strengths identified for each FER. The program has the potential to offer a sustainable return on investment through enhancement and expansion of existing regional businesses/industry.

### 3.4.2 The GLE Fund compliments other programs

The GLE Fund compliments other State and Commonwealth programs, such as the NSW Government's \$4.2 billion Snowy Hydro Legacy Fund and the Commonwealth Building Better Regions Fund. One example where the GLE Fund contribution was leveraged to attract other funding sources was the Narromine Aerodrome Industrial Park project. The GLE Fund contribution enabled a further grant of around \$1 million, from the NSW Government's Regional Investment Attraction Fund, for a state-of-the-art testing facility for an electric flying car to be established in the GLE-funded Industrial Park. This example demonstrates one of the GLE Fund's role in activating local economies and paving the way for future investment, diversification and growth.

### 3.4.3 A place-based approach to investment

The GLE Fund's specific alignment to FERs deepens the place-based approach to investment, which is designed to align funding to the FER's existing economic strengths and drive regional collaboration by responding to the priorities set out in the relevant REDS.

### 3.4.4 Open funding

The open application approach recognises the capacity and time constraints on applicants, timing challenges of large infrastructure projects and other coordination and management issues for projects in a local and regional context. The design of the program enabled applicants to apply for funding at the ideal time for project planning, co-contribution and delivery capacity. It also provides the time and opportunity for applicants to leverage co-funding from other State and Commonwealth funding programs.

### 3.4.5 Considerations for the GLE Fund value proposition in current context

The operating context of the GLE Fund has changed since it was first established. The scale of the RGF has expanded to include greater investment in community amenity. For example, the refocus of programs such as Resources for Regions (R4R) on community amenity and resilience and the establishment of a Drought Stimulus Package. Alongside this, the \$4.2 billion Snowy Hydro Legacy Fund (SHLF) funds transformational infrastructure in water security, digital connectivity and special activation precincts. The SHLF investment in regional NSW infrastructure will fund large scale projects that complement the \$2 billion RGF and projects funded under the GLE Fund.

It is important to recognise that capacity for applicants to deliver projects can be challenged by factors such as attracting and retaining skilled workforces, changing priorities, and impacts of drought, bushfires, floods, and COVID-19.

There is an opportunity to leverage additional enabling infrastructure such as Inland Rail and Renewable Energy Zones. There is also significant opportunity to leverage Special Activation Precincts and Regional Job Precincts to create jobs and attract business and investment.

## 4. GLE Fund performance

A strategic review of the GLE Fund has considered performance against the expected program outcomes, focusing on:

- supporting projects of economic significance which draw on the strengths of each FER and align with REDS
- progressing Pillar Three of the Regional Development Framework to identify and activate economic potential by identifying opportunities across regional NSW to change the economic outlook and activate local economies.

The analysis considers all projects funded through the GLE Fund as at October 2020.

It is important to emphasise that the strategic review of the GLE Fund is distinct from the program evaluation. A program evaluation to look at the effectiveness of program design and implementation in delivering program objectives, progress towards achieving program outcomes and value for money, aligned with the NSW Treasury Program Evaluation Guidelines, is also underway.

### 4.1 Projects of economic significance

The broad terminology used in the program guidelines meant that applicants could interpret what qualified as ‘economically significant’ projects at a local level. Of the 66 projects funded, 38 were for roads and bridges and business parks and industrial precincts. The predominance of these project types demonstrates the local interpretation of ‘economic significance’, which may have impacted on innovation and regional collaboration.

A clearer definition of ‘regionally’ and ‘economically significant’ may incentivise regional collaboration across a FER and is likely to ensure projects of greater economic significance are funded.

There is an opportunity for future economic activation programs to be targeted at specific types of economic infrastructure. Programs could also consider the cross-over with other Restart NSW funds, including Fixing Country Roads. Better alignment with other State and Commonwealth initiatives may also increase the regional economic significance of future economic activation projects.

**Table 1 Application project category**

Project category	Requested projects	Successful projects	Requested	Approved	% of total GLE allocation
Business parks/ industrial precincts	45	20	\$400,381,696	\$192,956,842	42%
Roads and bridges	50	18	\$389,765,495	\$111,253,461	24%
Education and research	21	15	\$177,323,825	\$86,280,000	19%
Airports	14	5	\$123,983,782	\$44,008,422	10%
Agriculture	10	3	\$57,143,815	\$13,632,280	3%
Tourism	14	3	\$65,715,644	\$9,197,819	2%
Town revitalisation	11	1	\$81,662,925	\$2,000,000	0%
Sports	2	1	\$18,471,000	\$3,872,000	1%
Water infrastructure	8		\$38,940,680		0%
Other	5		\$57,775,000		0%
Power and electricity	2		\$117,500,000		0%
Communications infrastructure	4		\$10,858,635		0%
<b>Grand Total</b>	<b>186</b>	<b>66</b>	<b>\$1,539,522,497</b>	<b>\$463,200,824</b>	<b>100%</b>

## Emerging themes

- Clearly define the purpose and intent of any future economic activation programs by tightening terminology around economic significance.
- Better define local, regional and state economic significance, and the relevance to Fund objectives.
- Strategic collaboration and coordination of State and Commonwealth funding.
- Requirement to align with State and/or Commonwealth priorities as part of the strategic assessment.

## 4.2 Delivering on the Regional Development Framework

Around 66 per cent of GLE funding was allocated to business parks/industrial precincts and roads and bridges. While the development of these precincts provides opportunities for business establishment, the realisation of economic growth and job creation are dependent on attracting businesses to establish, expand or diversify as a result of this investment.

Funding targeted at attracting and incentivising business that is aligned with the GLE Fund may optimise the investment in infrastructure and drive job creation and economic growth.

## 4.3 Functional Economic Region allocations

The investment of GLE funds by FERs was key to the design of the program. Nominal FER allocations were a principle of the program and not a fixed requirement. The GLE funding ultimately received by FERs was determined by the number and quality of applications received, including their ability to meet the assessment criteria in the Program Guidelines and the Restart NSW Fund criteria.

### Alignment with Regional Economic Development Strategies

REDS were a critical input of the GLE Fund, with the fund's guidelines stating that all projects must 'align with the relevant NSW Government Regional Economic Development Strategy'. The purpose of the REDS is to identify the region's natural endowments and growth industries to achieve a coordinated approach to planning and investment in each FER. Integrating the REDS into the GLE Fund program design provided a clear framework for achieving economic activation across FERs.

Future economic activation programs should incentivise regionally significant investment and consider broadening the scope to enable innovation and business diversification aligned with growth of engine industries.

The REDS should be reviewed at appropriate time intervals to ensure they provide the strategic direction required to support regional planning and project prioritisation rather than local concerns. While REDS Bushfire Addenda<sup>7</sup> were developed to incorporate changing contexts following the 2019-20 bushfires, for the REDS to remain relevant they need to be flexible and respond to the changing landscape, including drought, bushfires, floods and COVID-19.

<sup>7</sup> <https://www.nsw.gov.au/regional-economic-development-strategies/reds-bushfire-addenda>

A future focus on collaboration between LGAs and Joint Organisations (JOs) within FERs will be important to develop truly regionally significant project proposals.

### Emerging themes

- The need to review the REDS periodically to address changing contexts.
- Review of the assessment criteria to allow more direct analysis of how a project supports engine industries vs endowments and specialisations.
- Consideration of the exclusion of projects that are specifically targeted under other funds (i.e. roads) or tightening the links for such projects to future economic activation program objectives.

## 5. GLE Fund access and delivery

### 5.1 Reach and accessibility

The GLE Fund saw projects funded in 79 percent of the 38 regional FERs. Feedback from stakeholder interviews showed that lower submission and approval rates in some FERs may be because of:

- a lack of ability and/or capacity to put forward projects that meet Restart NSW Fund criteria and the comprehensive assessment process
- a lack of suitable project concepts
- a lack of understanding of the Benefit Cost Ratio (BCR) assessment methodology
- lower ability for concept development amongst smaller councils
- a focus on other funds with tighter application periods that were better suited to a LGA's priorities, resources and capacity constraints
- unrealistic expectations around available funding.

The notional allocations did remove competition between LGAs in different FERs, however they may have increased competition between LGAs within the same FER. The lack of joint submissions suggests many councils' focus was on their LGA, not the region as a whole.

#### Emerging themes

- Consider additional mechanisms to achieve a fair and equitable funding distribution across FERs.
- Increase support mechanisms to target smaller LGAs with less capacity for support project development.

## 5.2 Applicant eligibility

Local councils are best placed to deliver projects that meet the GLE Fund eligibility criteria and objectives. Of the 66 successful projects, 51 were submitted by local councils.

**Table 2 Applicant type**

Applicant type	Total applications	Successful applications
Local Councils	151	51
Joint Organisations of Councils	0	0
Aboriginal Land Councils	0	0
Infrastructure providers*	19	12
Cooperatives	0	0
Education institutions	6	2
Incorporated entities**	8	1
Private entities	2	0
<b>Total</b>	<b>186</b>	<b>66</b>

\* Includes NSW Department of Primary Industries

\*\*including not-for-profit and community associations

Of the 66 successful projects, seven projects covered multiple LGAs and FERs and three projects had a Commonwealth funding contribution prior to receiving GLE funding. All local council projects had a council co-contribution.

**Table 3 Applications submitted by non-council applicants**

Project type	Number of applications submitted	Percentage of projects submitted
Education & Research	20	55%
Business Parks & Industrial Precincts	4	11%
Tourism	4	11%
Agriculture	2	6%
Other	2	6%
Airport	1	3%
Communications Infrastructure	1	3%
Power & Electricity	1	3%
Roads & Bridges	1	3%
<b>Total</b>	<b>36</b>	<b>100%</b>

The lack of project submissions across LGAs within a FER suggests a gap in the coordination of cross-LGA projects to deliver on REDS priorities.

Funding outcomes and consultation both highlight the need to incentivise JOs to identify regionally significant projects and work across LGAs to facilitate funding submissions. Given that JO and FER boundaries do not always align, the role of the DRNSW Regional Development Team (hereafter Regional Network) in working together with JOs is important.

Encouraging a broader range of applicants could be achieved by segmenting a fund to support business diversification or aligning future economic activation programs with a separate fund that focusses on investment attraction.

### Emerging themes

- The reliance on council submissions may be a limitation of the GLE Fund.
- Investment attraction through business incentives may encourage a broader range of applicants and facilitate diversification of infrastructure.
- Linking program funds with other funding opportunities to incentivise business attraction and investment.

### 5.3 Benefit Cost Ratio (BCR)

All projects funded under the GLE Fund have achieved a NSW Treasury compliant BCR above 1.0, as per the GLE Fund guidelines and Restart NSW Fund requirements. Around 66 per cent of projects that were unsuccessful under the GLE Fund did not meet the BCR requirement; 24 per cent were ineligible due to exclusive private benefits and/or lack of common use enabling infrastructure; and the remainder due to a failure to meet the affordability and deliverability criteria or because they were ineligible applicants.

Overall, a BCR remains the most universally accepted tool for informing investment in economic infrastructure projects.

While the BCR is an appropriate assessment for infrastructure projects, stakeholder feedback indicates there is a lack of understanding amongst applicants regarding the BCR assessment methodology and what contributes to, or limits success. Some applicants also perceived the BCR requirement as too difficult to meet for projects within smaller, more disadvantaged LGAs.

An improved suite of project support documents and guidance material to help applicants identify appropriate data and understand BCR requirements is likely to improve submissions.

### 5.4 Regional capacity and collaboration

#### 5.4.1 Regional capacity

Capacity constraints were raised as a key issue during consultation with widespread support for a greater investment in capacity-building for applicants. Smaller councils may have less capacity in terms of resources to identify projects and develop an extensive business case.

Successful applicant figures demonstrate that smaller LGAs have had a lower success rate than larger LGAs and suggests the need to further explore capacity as the main reason for the different levels of success.

#### 5.4.2 Regional collaboration

A recurring theme during the consultation was the importance of regional collaboration, including collaboration across LGAs, JOs and the DRNSW Regional Network.

Sensitivities between councils and differences in priorities, FER boundaries, the REDS, notional funding allocations, and JO boundaries impacted collaboration between LGAs.

There were no applications from JOs under the GLE Fund. Consultations indicate several reasons for this, one being multiple, unaligned boundaries.

#### Emerging themes

- The role of council capacity in varying success rates across LGAs.
- The need to further define the role of councils, JOs and Regional Network in identifying economically significant projects and supporting applicants through the application and assessment process

## 5.5 Application and assessment processes

### 5.5.1 Two stage application process

The GLE Fund application and assessment process is rigorous, time-consuming and requires extensive resourcing from multiple state agencies and representatives. The standard process includes an initial EOI and progressing to a full Business Case if eligibility requirements are met. During consultations, stakeholders emphasised the importance of the Regional Network in providing advice to applicants throughout the application process.

Providing more detailed templates, explanations and examples to facilitate higher quality application data, particularly for BCR analyses, may improve the quality of applications, decrease requests for extra data and reduce assessment timeframes.

### 5.5.2 Open application process

The open application and assessment process is collaborative, with multiple opportunities for applicants to seek guidance from Departmental staff on building their Business Case, resulting in higher quality applications. The open funding approach provides opportunities for applicants to leverage funding from other programs and allows planning to proceed at the applicant's own pace.

Conversely, an open funding approach may limit the capacity for projects to be assessed strategically or competitively, at a point in time, against other similar projects across NSW. Applications received to a deadline can be competitively and comparatively assessed to reduce duplication and ensure strategic priorities are being met. The creation of funding streams or intakes within overall program could address this.

#### Emerging themes

- Continue with the two-stage application process and simplify the EOI application stage.
- Introduce funding streams or intake dates aligned with government decision making.
- Provide more detailed templates/supporting information to increase the quality of data in funding submissions.
- Use of grants management system to streamline administrative processes for future funds.

## 6. Future considerations

### 6.1 There is evidence to support an ongoing economic activation program within the broader Regional Growth Fund framework.

The GLE Fund has played a key role in furthering the NSW Government's vision and strategic objectives for regional NSW. No other program has offered the same level of economic funding that draws on the strengths of the FERS to align with local and regional priorities and is accessible to all LGAs. The GLE funding investment of \$463 million in 66 projects represents a net present value of \$1.33 billion to the State of NSW. The GLE funding has supported economies to grow to their potential and invested in locally identified opportunities for economic growth and jobs.

#### Future considerations

- Create an activation focused program that draws more strongly on the REDS to drive the outcomes of the program.
- Increased focus on facilitating diversification, flexibility, and resilience in the regions.
- Ensure future economic activation programs support economic activity in a flexible way.
- A complimentary component of funding to incentivise business investment to expedite the activation of a precinct or enabling infrastructure.

### 6.2 Continue to use the FERS and REDS as an investment framework.

The REDS are fundamental to taking a place-based approach to regional investment. All GLE funded projects align with the REDS, however projects typically align with a region's specialisation or endowments and do not necessarily reflect the engine industries within a FER. Greater alignment with engine industries will better identify and deliver long-term, sustainable economic growth.

While there is a clear alignment between GLE funded projects and the REDS, there is potential to strengthen and use the REDS to activate regional economies.

#### Future considerations

- Monitor the REDS to ensure they complement local government strategic planning and respond to changes in the economic landscape (e.g. drought, bushfires, floods, and COVID-19).
- Prioritise projects that align with engine industries.
- Prioritise and incentivise projects that demonstrate a collaborative approach to identifying regional priorities and delivering projects (e.g. joint applications across LGAs, public/private partnerships).
- Increase support for smaller, remote LGAs with less capacity and smaller projects.

### 6.3 Better define, strengthen and promote structures

Maximising regional collaboration and capacity will increase economic activation across NSW. Increasing regional leadership, strengthening the role of the DRNSW Regional Network, JOs and other key stakeholders in program design and the application and assessment process are key to leveraging the benefits of the regional approach to activating regional economies.

### Future considerations

- Clarification of the role of JOs in the design and delivery of projects to drive collaboration between and across FERs.
- Identify, integrate and promote other stakeholders such as the DRNSW Regional Network and delivery partners and use them to identify regionally significant projects and support the application process.
- Consider the potential benefits of identifying and involving industry.
- Segregation of funds to facilitate capacity building, for example, business case development.
- Support greater availability and input of 'network partners', e.g. government departments and agencies, with an understanding of the program requirements and experience in strategic economic development (e.g. Infrastructure NSW) to add value to early planning of projects and support gaps in council capacity.

## 6.4 Implement changes to application & assessment processes

Whilst the existing application and assessment processes have resulted in successful funding outcomes, there is scope to revise current processes to facilitate higher quality applications for economically and regionally significant projects.

### Future considerations

- Continue with a two-stage application process and refine and simplify the EOI requirements.
- Maintain the openness of the fund and introduce streams or time-bound intakes.
- Review and better define broad terminology used in the GLE Fund guidelines.
- Refine and improve resources to increase understanding of the BCR requirements and facilitate higher quality data sheets and application data.
- Consider exclusion of projects that are better suited to other funding programs (e.g. Fixing Country Roads).
- Use a grants management system to manage and streamline the assessment process.

## 6.5 Potential for future economic activation programs to fund activities beyond enabling infrastructure

There is scope to increase strategic and regionally significant investment in the regions and promote the value of the GLE Fund and future economic activation programs as initiatives that drives economic stimulus through infrastructure and complement and support other State and Commonwealth investment.

### Future considerations

- Diversify economic funding opportunities in regional NSW to include incentives for private investment.
- Increased strategic coordination and alignment within and across government, including the Commonwealth.
- Prioritise and/or incentivise projects and infrastructure that align with SAPs.
- Increase support to LGAs lacking resources and capacity to access economic activation funds and assist in identifying economically significant projects.

# Appendix A

## A. Consultations

### Interview participants

- Department of Regional NSW
- Department of Planning, Industry and Environment
- Department of Premier and Cabinet
- Infrastructure NSW
- Riverina Murray Joint Organisation
- Hunter Joint Organisation
- Central Coast Council
- Lake Macquarie City Council
- Greater Hume Council

### Internal interviews

#### Interview guide

##### Review of Growing Local Economies

Elton Consulting has been engaged by DPIE to conduct a review of the Growing Local Economies program during a pause on new funding applications. The review seeks to identify and address issues in the design and delivery of the program to ensure GLE continues to meet its strategic objectives.

Having commenced the desktop research, the interviews with key stakeholders are an opportunity to test emerging findings and gain further insights. The interview guide (below) provides an overview of these findings, and categorises them into three themes: design, delivery and adaptability. Questions relating to these themes will guide the discussion.

The interviews will be semi-structured, with opportunities for follow-up questions and further discussion. Each interview will take approximately 30 minutes.

##### Introduction

1. Please describe your role and the involvement you have had with GLE
2. What do you believe GLE seeks to achieve, and what do you believe have been the key achievements at this point in its lifecycle?

##### Design

GLE documentation and messaging uses terms such as: economically significant, productivity, efficiency and prosperity. However, program documentation and existing literature (i.e. Regional Development Framework, Growth Enablers report) lacks clear definitions on these terms and phrases.

- What do these terms/phrases tangibly mean in the GLE context?
- How would you measure the success of GLE against these terms?

Approximately 25% of projects submitted for funding or funded to date have been described as transformational.

- What is your interpretation of 'projects of significance' in the context of GLE?
- Does the aspiration or perception of 'significance' change with the overlay of drought and disasters?
- Are there improvements to the design of GLE that could increase the number of 'economically significant' projects funded?

The current application process has two-parts (EOI and Business Case), the program is open-ended, and all projects must achieve a BCR+1.

- What is working in this current process and where could improvements be made that could support a more effective delivery of GLE?
- Is there a role for GLE in building the capacity of applicants? If so, what does this look like?

### **Delivery**

GLE has an intention to fund across economically homogenous regions, build upon regional strengths, support natural economic progression and encourage collaboration between government and private sector<sup>8</sup>.

- In your opinion, how well has the GLE achieved the above?
- What needs to change to facilitate greater collaboration between government, industry and communities as a core part of the program?

### **Adaptability**

In light of the recent bushfires and ongoing drought, one of the changes for GLE going forward will be a shift in focus from growth and productivity to relief, recovery, diversification and resilience.

- How could changes in the design and delivery of GLE support this shift?

The REDS play a key role in ensuring that GLE funding is directed to a regional endowment and/or priority.

- How effective have the REDs been in supporting GLE to meet its objectives?
- How can the REDS remain relevant in an evolving environment?
- Can you identify other ways to ensure regional collaboration?

<sup>8</sup> Reframing of the literature and documentation, rather than direct paraphrasing.

# Regional Network Workshop

## Agenda

### Project

Growing Local Economies

### Date

6 March 2020

### Purpose

To understand the perspective of the NSW Regional Network in key achievements of the GLE to identify opportunities for improvement and refinement in the next iteration

To discuss the practical recommendations of how GLE can continue to support regional development the growth of local economies

## Welcome and purpose

### Introduction

Overview of role and previous involvement with GLE

### The GLE value proposition (20 mins) discussion focus:

- What are the key achievements of GLE at its mid-point in delivery?
- What is unique about GLE within the broader context of State and Federal economic development funding?
- What is the role of GLE going forward and does this change its value proposition?
- How do you create a greater awareness of GLE's value proposition within the suite of RGF programs?

### The regional network (20 mins) discussion focus:

- What role does the regional network play in supporting GLE to meet its objectives?
- How can this role be maximised going forward?
- What is the role of the JOs in the refinement and ongoing delivery of GLE?
- How can the regional network facilitate greater involvement of the JOs?
- If the JOs were to play a greater role in facilitating GLE what needs to be in place to overcome obstacles (i.e. JOs crossing FER boundaries, competition between Councils)?
- Does the current context of regional NSW and associated issues such as ongoing drought, resilience and recent events change the context of regional coordination, if so, how?

### The Regional Economic Development Strategies (20 mins) Discussion focus:

- What is the value and benefit of the REDS?
- What are the enablers and barriers to activating the REDS?
- What role does the regional network play in the use of the REDS?
- What role did the REDS play in Councils' decisions on what projects to submit under GLE?

# External interviews

## Interview guide

Elton Consulting has been engaged by DPIE to conduct a review of the Growing Local Economies program during a pause on new funding applications. The review seeks to identify and address issues in the design and delivery of the program to ensure GLE continues to meet its strategic objectives.

Having commenced the desktop research, the interviews with key stakeholders are an opportunity to test emerging findings and gain further insights into the regional perspective. Particularly we are looking to understand your experience in relation to planning, prioritisation and access, as well as enhancements to the program moving forward.

The interviews will be semi-structured, with opportunities for follow-up questions and further discussion. Each interview will take approximately 30 minutes.

### Introduction

1. Please describe your role and the involvement you have had with GLE
2. Your region has submitted x applications and been approved for x
3. What do you believe the GLE has been able to deliver to the x region?  
(prompt: what is the significance of these projects in a local and regional context)

### Planning and prioritisation

- How did the planning and prioritisation of these projects occur?
  - From your perspective, why has the x region not yet received funding under the GLE?
  - What could be done to assist this?
- What role did the JOs or the Regional NSW group play in planning and prioritising projects?
  - What would be the benefits of expanding of enhancing regional collaboration and planning?  
(prompt: what role does the State government play in supporting this?)
- Are there other ways the State government can fund and asses the priorities in your region?

### GLE design

- GLE provides an open window of opportunity, what supported the decision around timing of applications?
- Are the GLE guidelines clear and easy to use?
  - What other resources and support could be provided?
  - Does GLE have a role in building the capacity of applicants, what does this look like?

### Moving forward

- Can you talk to your understanding of administering GLE funding based on FERS?
  - What does and doesn't work about this structure?
  - How effective is the REDS in outlining the region's strengths?
- What would facilitate growth and activation going forward? (prompt: is funding public infrastructure the only, or best way or the focus be expanded. I will try to tease out their perspective on incentives and capacity building and the value that sits behind the potential expansion)
  - What (if any) role do you see for industry involvement or support in the GLE program?
- What unique value does GLE have in driving economic growth in your region?

