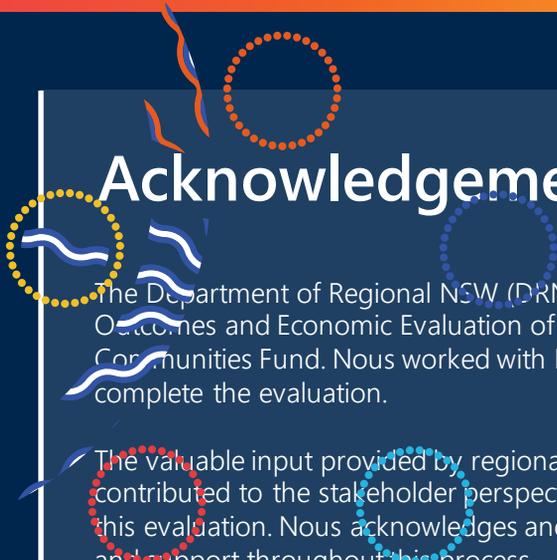




# SCCF Outcomes and Economic Evaluation Summary Report



# Acknowledgements

The Department of Regional NSW (DRNSW) engaged Nous Group (Nous) to undertake an Outcomes and Economic Evaluation of Rounds One and Two of the Stronger Country Communities Fund. Nous worked with DRNSW from August to December 2021 to complete the evaluation.

The valuable input provided by regional local councils and community members contributed to the stakeholder perspectives and data-supported insights that underpin this evaluation. Nous acknowledges and thanks all those involved for their valuable input and support throughout this process.

## Acknowledgement of Country

Nous Group respectfully acknowledges Aboriginal and Torres Strait Islander peoples as the First Australians and the traditional custodians of the land. We pay respect to Elders past, present and emerging in maintaining the culture, country and their spiritual connection to the land.

The artwork to the left was developed by Marcus Lee Design to reflect Nous Group's Reconciliation Action Plan and our aspirations for respectful and productive engagement with Aboriginal and Torres Strait Islander peoples and communities.

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## **About this document**

This document is a summary of the SCCF Outcomes and Economic Evaluation findings. The full evaluation report and appendices, which include the detailed methodology and key sources that underpin the evaluation findings, are available online at <https://www.nsw.gov.au/regional-growth-fund/sccf>

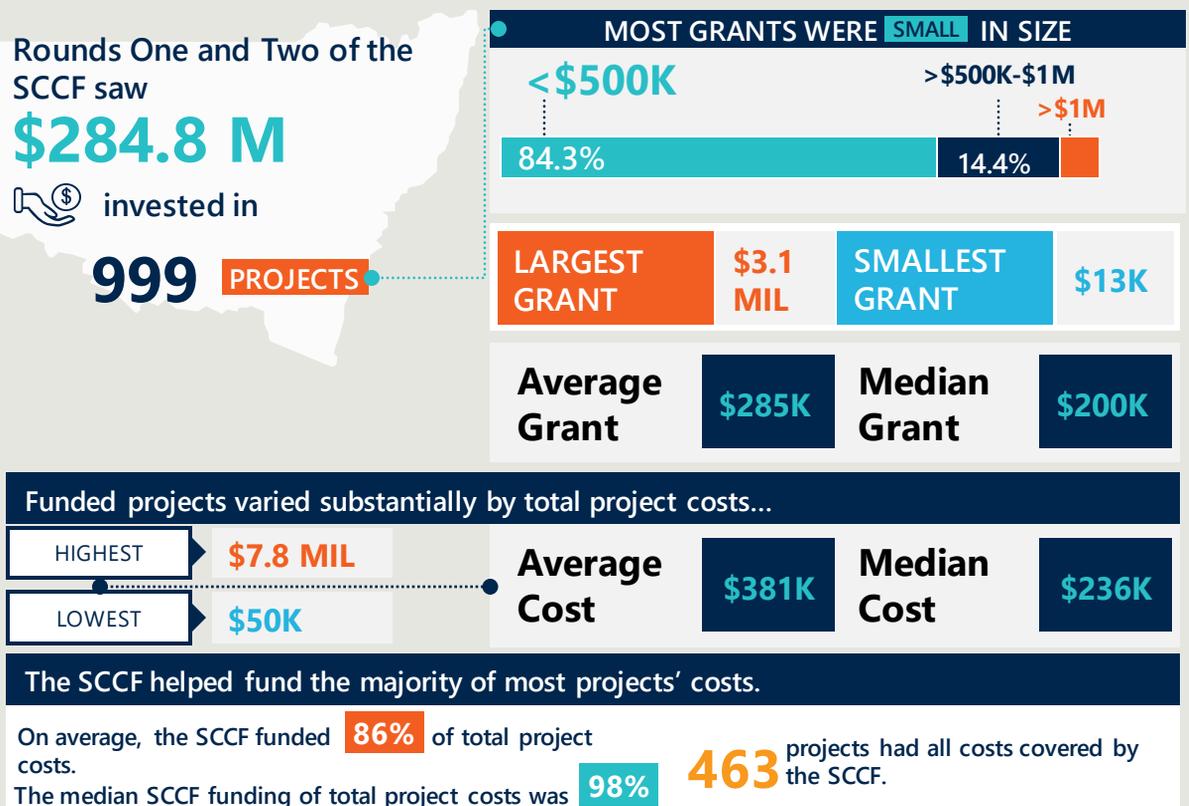
# Background and context

The Stronger Country Communities Fund (the SCCF) aims to improve the liveability of regional NSW. The SCCF was established in 2016 under the Regional Growth Fund to deliver local social infrastructure projects to regional communities. The SCCF has included four rounds to date. Rounds One and Two were initiated in 2016 and 2017 respectively.

## The SCCF is a significant investment in regional NSW

Figure 1 provides an overview of the SCCF investment across Rounds One and Two. It includes data on the number of projects funded, the average and median grant, the total project cost size and the contribution of the SCCF to total project costs.

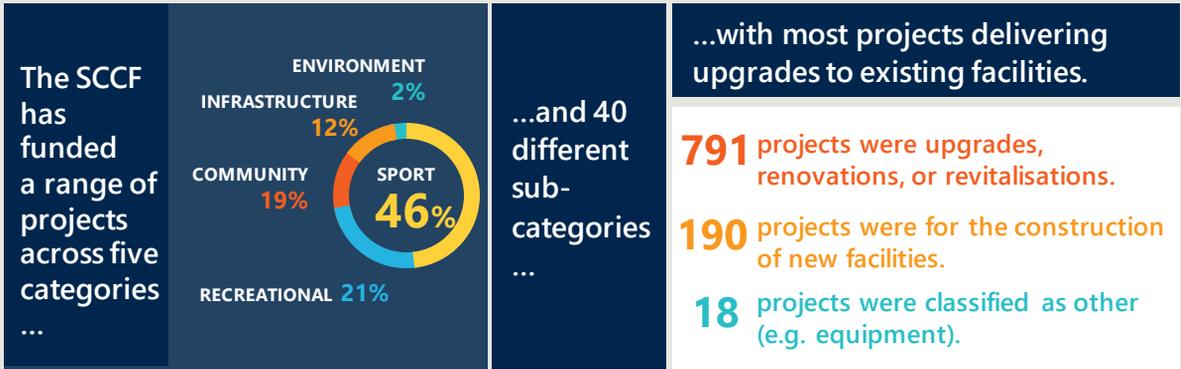
Figure 1 | The SCCF funded many projects of varying sizes.



# The SCCF invested in diverse projects across all regional NSW LGAs

The SCCF funded a diverse range of projects across all Local Government Areas (LGAs) and Functional Economic Regions.<sup>1</sup> Figure 2 provides a snapshot of SCCF projects and the distribution of both projects and funding across regional LGAs.

Figure 2 | The SCCF funded diverse projects across all regional NSW LGAs.



## Projects were delivered across every regional LGA and the Unincorporated Far West.\*



## LGAs received \$3.0 million funding on average.



(\* ) Unincorporated Howe Island was excluded from these numbers as it does not have a Functional Economic Region.

1. Functional Economic Regions (FERs) are collections of Local Government Areas that have been grouped together to develop Regional Economic Development Strategies (REDs). The REDs are used to provide a clear development strategy for the region and guide government investment in initiatives in regional NSW. Each FER is categorised as one of five types: Coastal, Growth, Inland, Metro Satellite, or Remote. Source: Department of Regional NSW, [Regional Economic Development Strategies](#), Department of Regional NSW website, accessed 13 December 2021.

# About the evaluation

This Evaluation incorporated an Outcomes Evaluation and an Economic Evaluation. The Outcomes Evaluation explored the social and economic, intended, and unintended, direct and indirect impacts of the SCCF. The Economic Evaluation assessed whether the investment through the SCCF delivered net economic benefits for NSW. The Evaluation developed overall findings from a triangulation of data from both the Outcomes and Economic Evaluation and a review of program-wide data.

The evaluation conducted program level data analysis first to understand the characteristics of the projects funded through SCCF Rounds One and Two. This analysis was an input into the Outcomes and Economic Evaluation, outlined below.

## Outcomes Evaluation

- 1 Selected five LGAs for the outcomes sample
- 2 Reviewed the LGA specific context and their SCCF projects
- 3 Completed LGA focused interviews
- 4 Completed project focused interviews
- 5 Analysed data collected from across the five LGAs

## Economic Evaluation

- 1 Identified the sample of projects for economic analysis
- 2 Developed and refined a benefits framework
- 3 Collected data and analysed the sample
- 4 Completed project level cost-benefit analysis
- 5 Generalised findings across the program

## The Evaluation triangulated data to develop the overall findings

The overall findings drew on data from both the Outcomes and Economic Evaluation. The triangulation of data involved six steps.

1. Combined data from both components into one dataset.

2. Analysed data and insights against the Key Evaluation Questions to identify seven interim program findings.

3. Reviewed findings from the outcomes and economic analysis samples against the total population of projects.

4. Tested seven interim findings with the Evaluation Reference Group.

5. Applied bottom up analysis using the project level data to test the seven interim findings.

6. Refined seven interim findings into three overall themes with supporting sub findings.

# The role of the SCCF



The NSW Government expects grant programs to have a clear reason for government action. The two main reasons for government action are to improve allocation of resources (if there is a market failure) and promote equity where the distribution of economic costs and benefits is considered inequitable. On both counts the SCCF has met NSW Government expectations.

## The SCCF enabled projects that best enhanced each local community

The SCCF funded projects best suited to each local community, based on their own specific characteristics. This was reflected in two key features of the SCCF.

### The funding and selection model promoted community agency

- The LGA funding allocation model gave regional communities certainty.
- The SCCF gave local communities agency to identify the projects that best enhance their local community.

### Broad criteria enabled diverse projects and outcomes

- The SCCF provided proponents with broad criteria within which to propose their projects.
- The SCCF supported a diverse set of localised projects.

## New, greater or earlier project benefits were delivered

### New benefits came from projects that would not have otherwise occurred

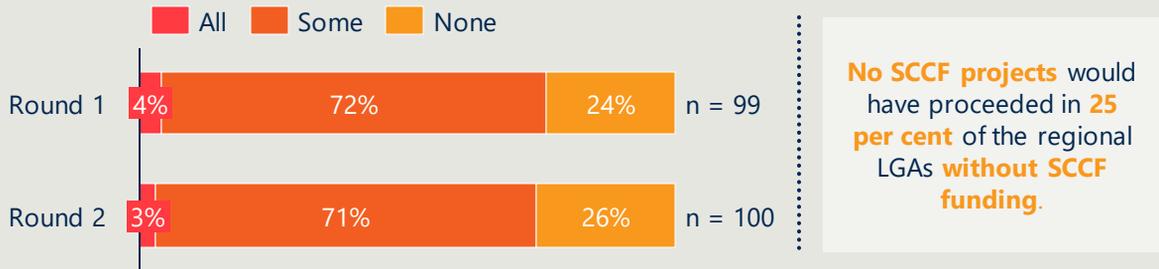
Funding allowed nearly all regional councils to deliver projects that would not have otherwise occurred...

...which means Significant economic benefits would remain unrealised if not for the SCCF.

For local councils, many SCCF projects were 'below the line' projects that they could not fund without external funding...

...while community groups in regional areas lack financial resources to upgrade or develop new facilities, let alone maintain their existing facilities.

Figure 3 | Would you have proceeded with these project(s) without this funding?



Source: Stronger Country Communities Fund Rounds One and Two Final Process Evaluation

### Greater project scale increased benefits

Funding allowed greater scale and benefits, especially when the SCCF played a co-contribution role.

Councils added significant features to planned projects that were not possible without SCCF funding.

Funding allowed proponents to safeguard against under-scoped projects.

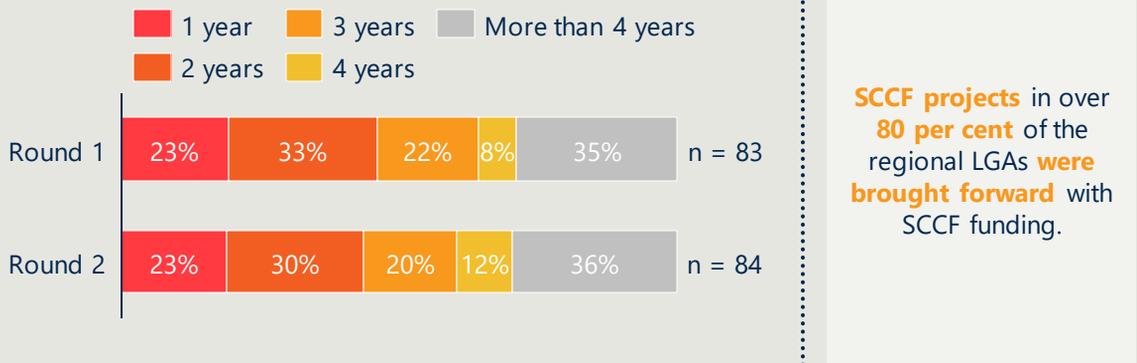
### Benefits were delivered earlier

Most regional councils stated that SCCF funding allowed them to bring forward project delivery.

Other priorities often delayed SCCF projects even when included in the forward delivery pipeline.

Without SCCF funding, many SCCF projects would have been dependent on other grant funding.

Figure 4 | By how many years were these project(s) brought forward?



Source: Stronger Country Communities Fund Rounds One and Two Final Process Evaluation



# The impact of the SCCF

The SCCF improved the amenity and liveability of regional communities through the provision of quality social infrastructure. This section provides further detail on the impact of the SCCF, namely that the SCCF:

- Enhanced local pride and community connection
- Advanced wellbeing, resilience and prosperity in regional communities
- Improved equity across regional communities.

## The SCCF enhanced community pride, connection and ambition

### Regional people experienced a greater sense of pride and progress

Reinvigorating or creating central community assets within a town or region heightened community members' sense of pride.

- ▶ Over 75 SCCF projects either reinvigorated existing central community assets – like community halls, heritage buildings or local theatres – or created new ones.

The cumulative activity and improvement the SCCF generated gave community members a strong sense of progress.

- ▶ At least 45 projects across Rounds One and Two of the SCCF involved the repair or upgrade of assets that were aged or had fallen into disrepair.

This sense of progress led community members to see their regional places as more attractive to new residents and visitors.

- ▶ High quality social and community amenities helped to attract new residents and businesses and then make them 'stick'.

“ I wish my children were young again so that they could grow up in Nyngan as it is now. ”

*Bogan Shire community member*

## Projects created places to meet and connect

The SCCF funded new assets that provided regional communities spaces to come together and connect.

- ▶ This included community hubs, improved amenity at community parks, new sheltered BBQ areas, new skate parks and new walk and cycle ways. Across the entire SCCF, there were up to 200 projects that provided infrastructure to support social gathering.

The SCCF funded upgrades to existing infrastructure that enabled greater community connection and cohesion.

- ▶ Upgrades to existing infrastructure achieved these outcomes when:
  - Assets that had previously been unsuitable for public use or had limited use were improved
  - Upgraded assets allowed for new activities
  - Clusters of projects created opportunities for joint use of recreation facilities with other community assets.

## Projects catalysed new aspirations

Successful SCCF projects motivated councils and community groups to pursue greater ambitions for their assets.

- ▶ SCCF funding prompted local councils and community groups to consider other improvements and to apply for further development and funding.

SCCF projects catalysed in-kind contributions from community members.

Successful SCCF projects inspired local councils and community groups to explore similar projects in different towns.

“

These projects are catalytic. They give rise to local optimism and vision.

It encourages people to think: 'What else might we achieve?'

”

*Eurobodalla community member*

## CASE STUDY

### Case Study 1 - Repairs at the Adelsonia Theatre reinvigorated a prominent central community asset in Adelong and heightened community pride

The Adelsonia Theatre was in a state of disrepair. It had ceased operating as a theatre in the 1960s. The SCCF project involved upgrades to the theatre ceiling and front wall, the installation of a commercial kitchen and addition of disabled male and female change room facilities.

The theatre is:

- Now a “centre-piece” of the town with the rejuvenated building façade a striking symbol of the community’s pride and progress
- Becoming the main conference centre and event space for the local area, including attracting new and better theatre shows
- Attracting usage from various community groups who previously did not have fit-for-purpose facilities.

The Adelsonia Theatre is a prime example of an ambitious project that has the potential to leave a significant legacy, in this case for Adelong.

## Projects enhanced wellbeing, resilience and prosperity

### Health, education and safety improvements enhanced community wellbeing

SCCF projects may have contributed to improved physical and mental health outcomes for regional communities.

- ▶ Over 30 SCCF projects either directly funded new or enhanced existing health services and facilities.
- ▶ Over 670 projects across Rounds One and Two improved sporting or recreational infrastructure – such as sporting venues, swimming pools, parks, playgrounds, skate parks, golf clubs and mountain bike trails – which likely saw an increase in utilisation.

SCCF projects supported education outcomes for communities and regions through improved or new education, cultural and recreation facilities.

- ▶ At least 46 projects across Rounds One and Two of the SCCF involved projects that likely supported education outcomes. Projects included the construction or upgrade of facilities such as libraries, museums, art centres, multi-purpose facilities and childcare centres.

Safety benefits were an important outcome across sporting and recreation categories.

- ▶ Projects achieved these outcomes when they:
  - Created new safety related features, such as new fences
  - Provided safer and more accessible pathways and cycleways
  - Repaired damaged fields or courts that posed a safety risk to users
  - Improved lighting or amenity that contributed to lower anti-social behaviour.

“

*The light will be of a huge benefit to our community during summer due to our extreme heat and the ability now to hold any events at night instead of the heat of the day encouraging greater participation and ensuring the community engaging in these sports are safer.*

”

*Bogan Shire community member*

### Projects enhanced the resilience of regional communities

SCCF projects supported regional communities to better respond to disaster.

- ▶ Stakeholders across the LGAs commented that the timing of project completion allowed some communities to better respond to bushfires, drought and disruptions from COVID-19 (see Case Study 2 overleaf). This was a significant unintended benefit of the program.

SCCF funded projects improved the resilience of regional assets and community groups.

- ▶ SCCF projects supported many regional assets and community groups to become more economically sustainable. This was achieved through improved revenue generation (see Case Study 3 overleaf). This was especially important for smaller councils and community groups with limited ability to generate revenue.

## Projects improved regional prosperity

SCCF projects supported flow on activity for nearby businesses.

- ▶ Several SCCF projects have stimulated economic activity in surrounding areas. SCCF assets attracted new and larger events, increased foot traffic and drew in new businesses.

SCCF projects created both construction and additional and ongoing jobs.

- ▶ The majority of SCCF projects in the sample engaged local businesses in delivering the project. Local councils highlighted that this outcome was supported by their local procurement strategies.

## CASE STUDIES



### Case Study 2 - SCCF projects in Snowy Valleys Council became evacuation centres during the 2020 Summer Bushfires

Key community assets such as showgrounds or community halls transformed into critical meeting points during the 2020 summer bushfires. The Gilmore Hall is a key community asset within Gilmore, a small rural farming region. SCCF funding supported a renovation in 2019. The renovations, although relatively small compared with other SCCF projects, provided the community with an invaluable meeting point during the bushfires. The Hall is next door to the rural fire brigade and was used as a meeting point for residents and fire fighters during the bushfires. Without it, people would have needed to crowd together in their houses and backyards.

### Case Study 3 – Renovations of the Rathmines Community Hall in Lake Macquarie have transformed the facility into a profitable, cultural and performing arts venue for the Westlakes Area

The rejuvenation of the Community Hall has had wide ranging economic and social effects for the surrounding community. Before the SCCF funded renovation, the Hall was used by about 3,000 people each year and hired 13 individual times. The hall renovations have addressed a huge unmet, community need with now over 40,000 people using the facility and over 280 individual hires each year. These usage rates are expected to further increase after COVID-19 restrictions subside. The Hall is now generating \$110,000 in revenue each year where it was previously an expense to council. Since the increase in activity at the Hall, stakeholders noted that the adjacent bowls club has been able to self-fund a new commercial kitchen and the corner convenience store has been busier.





## Social equity increased across regional communities

The SCCF increased equity between regional and metropolitan councils as well as smaller, more remote regional towns and larger regional cities.

### Projects enabled more equal access to social infrastructure and events for regional communities

Projects have improved ageing or previously unused facilities in regional communities.

- ▶ A lack of resources in regional councils to fund upgrades exacerbated this issue. SCCF projects upgraded these facilities to a safe and usable condition for the community.

More available facilities increased access to and the diversity of activities in regional communities.

- ▶ For example, upgrades to sporting infrastructure has allowed them to operate at different times of the day and throughout the year, leading to a greater diversity of available activities for community members.
- ▶ Lighting projects and pool heating are two project examples that highlight this theme. Over 45 projects involved an upgrade of lighting at a sporting or recreational facility and 12 projects provided heating to swimming pools.

Access to new or upgraded facilities has reduced travel time for regional community members.

- ▶ Projects that delivered new features to existing sporting, recreational or cultural assets often resulted in significant travel savings, as residents had to previously travel to nearby towns to access that particular asset. This was particularly evident in geographically dispersed LGAs and remote LGAs.

“ This funding makes us feel like we haven’t been left behind, that we deserve these facilities as much as the cities.

*Snowy Valleys Council Officer*

”

The SCCF infrastructure has enabled regional towns to hold major events.

- ▶ Projects that enabled the hosting of new and larger events (such as regional, state or national sporting events, major art exhibitions and large shows or plays) improved access to recreation, the arts and culture. At least 150 projects across Rounds One and Two of the SCCF supported facilities to host new or larger events.

## Accessibility improved for regional assets

Projects made regional assets more accessible for people with a disability.

- ▶ These projects enabled community members with physical accessibility needs to access community infrastructure and participate in their community, see Case Study 4.

Projects made existing infrastructure more gender inclusive.

- ▶ Upgrades to changerooms at sporting fields to add female specific rooms encouraged more female participation in sport.

## CASE STUDIES

**Case Study 4 - Renovations on the Belmont Baths in Lake Macquarie have made the facility accessible to all community members, including those with disabilities**

The Belmont Baths were destroyed during a storm in April 2015. The community have rallied to re-establish the baths. Council listened to the community and allocated funds through the SCCF to rebuild the baths with additional swimming enclosure and disabled access. A local community member and disability carer commented on the bath saying:

“

*It is great that something like this is available for people in a wheelchair. It adds to their inclusion in the community and improves their quality of life.*

”

The swimming spot has nearby cafes that are used by swimmers and the wheelchair facilities have since been listed on disability travel blogs and websites as a good place to visit.





## Additional collective impacts differed across LGAs

A key objective of the place-based analysis was to test whether the delivery of SCCF projects had contributed to additional collective impacts above and beyond individual project impacts. The Evaluation demonstrated the collective impact of SCCF projects on community pride, connection and ambition and revealed a range of wellbeing, resilience, economic and social equity outcomes across and within communities. Two specific contextual features meant that LGAs experienced additional collective benefits differently.

### A collection of projects that aligned with broader council strategies contributed to additional aggregate benefits

The place-based nature of the SCCF projects enabled councils to consider the variety of factors in their region that may affect the design, delivery and return of investment of selected projects. This included aligning SCCF projects with broader council strategies.

- ▶ When done well, a series of small projects were often seen as just as important to support additional aggregate benefits as several large-scale projects. Case Study 5 overleaf outlines the approach of Bathurst City Council to align SCCF projects with their goal to be a centre for regional sporting excellence.

### Geography had the biggest influence on the nature of additional aggregate benefits

Population density, the geographic dispersion of towns and the resultant spread of projects impacted how LGAs experienced the localised, additional aggregate benefits of SCCF projects.

- ▶ For example, Bogan Shire experienced significant additional aggregate benefits due to the concentration of projects in Nyngan. This has contributed to an emerging community precinct in Nyngan, see Figure 5 overleaf.
- ▶ In contrast, Snowy Valleys, Eurobodalla and Lake Macquarie, who delivered projects across multiple population centres, experienced localised additional aggregate benefits.

## CASE STUDIES

**Case Study 5** – Sporting facility upgrades funded in Bathurst City Council have promoted the region’s reputation as a centre of sporting excellence



Rounds One and Two of the SCCF saw \$2.86M invested in 20 projects in Bathurst City Council. The average grant size was \$143K and 80% of projects were upgrades or renovations to existing facilities. Twelve of the projects delivered were sports-related. Council shared that the town has a strong sporting focus and that the identity of the region is closely linked to local sporting teams. The SCCF funded facility improvements have been important for improving the level of sporting competition within Bathurst and for attracting more competitions and tournaments to the region. The projects have created aggregate benefits by promoting the region as a hub for sporting and competition excellence.

Local community members commented on having a lot of pride in their local sporting clubs and facilities and how the improved facilities have “opened the door for community and social growth” in the region.

**Figure 5 |**  
Indicative map  
of SCCF projects  
delivered in  
Nyngan, Bogan  
Shire Council.



# The economic benefit of the SCCF

The Economic Evaluation assessed whether the investment through the SCCF delivered net economic benefits for NSW, based on a robust sample of 45 completed projects. On this count the SCCF has been a success. The key insights of the Economic Evaluation are:

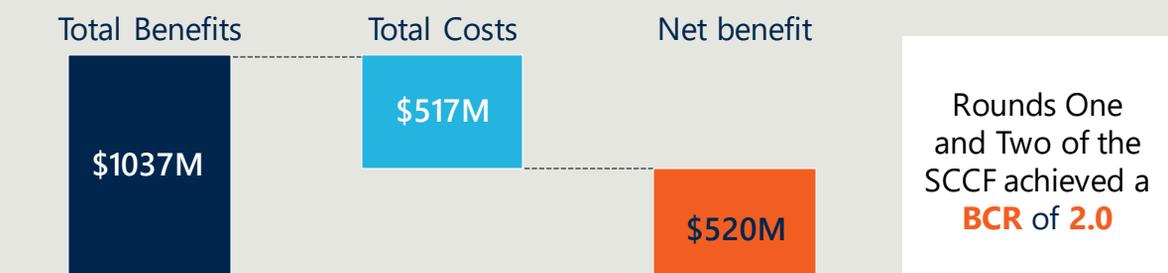
- The SCCF delivered a substantial net economic benefit of \$520 million to NSW across Rounds One and Two
- Amenity was the largest category of benefits
- There are positive net benefits under a range of scenarios.

## The net economic benefit to NSW was \$520M

A cost-benefit analysis of Rounds One and Two of the SCCF found that the fund delivered a net economic benefit of \$520 million to NSW.<sup>1</sup> The elements of this net economic benefit, outlined in Figure 6, include:

- ▶ **Total benefits** of \$1,037 million, with a 95 per cent confidence interval of \$877 million to \$1,190 million. This includes both non-financial benefits (such as travel time savings or improved amenity) and financial benefits (such as higher entry fees or membership fees).
- ▶ **Total costs** (including matched funds, in-kind costs and future maintenance) are \$517 million, with a 95 per cent confidence interval of \$448 million to \$586 million.
- ▶ **Net benefits** (benefits minus costs) of \$520 million with a 95 per cent confidence interval of \$429 million to \$604 million.
- ▶ **The benefit cost ratio (BCR)** of the fund is 2, with a 95 per cent confidence interval of 1.8 to 2.2.

Figure 6 | Summary of CBA results.



<sup>1</sup> This result refers to the base case scenario with a seven percent discount rate.

<sup>2</sup> Note that a BCR of exactly 1.0 means it gives a 7% real rate of return (not a breakeven return), so any number above 1.0 means a higher than 7% return.

## Amenity was the largest category of benefits

The Economic Evaluation identified, measured and monetised many benefits, see Figure 7. Amenity was the largest benefit category due to the SCCF focus on social infrastructure.

Figure 7 | Overview of benefit categories valued in the Economic Evaluation.

Benefit category	Proportion of overall benefits	Benefit category	Proportion of overall benefits
Amenity	59.2%	Safety and security	1.6%
Education outcomes	23.0%	Additional spending	1.1%
Travel savings	12.4%	Environment	0.1%
Wage uplift from construction	2.6%		

The SCCF created amenity improvement in three different ways.

- ▶ **New users of facilities** benefited from an asset they previously did not.
- ▶ **Existing users of facilities** received greater benefits in using an asset of higher quality.
- ▶ **Specific user groups** received a specific amenity uplift as facilities became more accessible.

## There are positive net benefits under a range of scenarios

### Discount rate scenarios

SCENARIOS	BCR
7 per cent (base case)	2.0
3 per cent	2.6
5 per cent	2.3
10 per cent	1.7

### Key assumption scenarios

SCENARIOS	BCR
50 per cent displacement <sup>1</sup>	1.3
No SCCF catalytic effect <sup>2</sup>	2.0
No additional spending <sup>3</sup>	2.0
Reduction in amenity values by 25 per cent <sup>4</sup>	1.7

<sup>1</sup> Applies a (higher) general displacement (i.e. when activity moves from one asset to another) of 50 per cent across relevant benefits instead of assuming individual project bottom-up displacement effects.

<sup>2</sup> Assumes all projects would not have proceeded in any form without the catalysing investment of the SCCF.

<sup>3</sup> Assumes there is no additional tourism expenditure or retail spending created because of SCCF investment.

<sup>4</sup> Reduces the value of the amenity parameter by 25 per cent.



# The future of the SCCF

The evaluation identified several recommendations to enhance the outcomes of future rounds of the SCCF and some factors that will drive future demand for the program.

## Recommendations to improve the SCCF

### Applicants can be better supported

- ▶ DRNSW can further encourage local councils and community groups to coordinate applications, to support applicants to access high quality suppliers and to orchestrate connections between applicants of like projects to foster new collaborations.

### Project delivery can be better supported

- ▶ Useful support that could improve outcomes include appropriate delivery support mechanisms for high-risk projects, new approaches to enable collaborations between project owners and structured knowledge sharing.

### Changes can support better outcomes and economic analysis

- ▶ The development of ongoing project related data collection, a benefits realisation framework, and a longitudinal dataset of SCCF project outcomes can provide a stronger foundation for outcomes and economic analysis for future rounds of the SCCF.

## Four considerations for the future of the SCCF

- 1 Assets will continue to depreciate and need upgrading or replacing.**  
Smaller regional councils and community groups face financial constraints that limit their ability to upgrade or replace ageing assets. Other funds are essential to support them to overcome this challenge.
- 2 Safety and regulatory standards will continue to increase over time.**  
Changes in building codes and regulatory standards will require ongoing upgrades to, and in some cases the replacement of, physical infrastructure in regional communities.
- 3 Community expectations will evolve over time.**  
Community expectations for social infrastructure will likely increase over time. Changes in the economic, social, and cultural makeup of regional communities (and population growth) may also lead to different needs and expectations of what projects the SCCF should fund.
- 4 A measure of baseline amenity will help to target funding.**  
A baseline amenity metric or scorecard for regional communities will help to contextualise the drivers outlined above for each regional community to enable more targeted funding.

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## About Nous

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Nous Group is an international management consultancy operating across Australia and New Zealand, the UK, Ireland and Canada.

For over 20 years we have been partnering with leaders to shape world-class businesses, effective governments and empowered communities.

500

PEOPLE

5

COUNTRIES