

Northern New England High Country

REGIONAL ECONOMIC DEVELOPMENT
STRATEGY 2018–2022



VISION

A strong and growing region with caring, creative and connected communities, that leverages its high-country climate, quality lifestyle, stunning natural environment, resources, and proximity to international gateways and the burgeoning South East Queensland market.



Preface

The NSW Government has assisted local councils and their communities to develop 37 Regional Economic Development Strategies across regional NSW. Each strategy is designed around one or more local government areas that form a functional economic region as defined by economic data and community input. While the strategies have been developed using a consistent methodology, each is a product of detailed data analysis and local community consultation to ensure ownership through a 'bottom-up' process: it sets out a vision for the Region, the Strategies, and early stage actions required to achieve the vision.

Regional Economic Development Strategies articulate a framework for identifying actions crucial to achieving the regional vision. Projects listed in a strategy should be viewed as example projects that have emerged from the initial application of the framework. Adoption of these projects would be subject to further evaluative processes.

The power of a strategy is its ability to be used on an on-going basis to identify additional high value projects over time. By complementing existing funding processes, these strategies present new opportunities to strengthen and increase investment in regional development across NSW.

Regional Economic Development Strategies are viewed as the first stage of a process that will assist those with an interest in the economic development of a region, particularly councils,

communities and local businesses, in planning the Region's future economic activities. These strategies provide a vehicle for engaging the community in a 'conversation' about regional needs and priorities, assists in bringing together key stakeholders and mobilising resources, and in so doing, can facilitate faster access to dedicated NSW Government funding, such as the Growing Local Economies Fund, as well helping to capitalise upon other economic opportunities.

The Northern New England High Country Regional Economic Development Strategy is the culmination of collaboration between the Glen Innes Severn, Tenterfield and Southern Downs Regional Councils, key stakeholders, the broader regional community and the NSW Government's Centre for Economic and Regional Development (CERD).

It is presented in two documents: *The Northern New England High Country Regional Economic Strategy 2018–2022*, which allows the reader to quickly and easily determine key content, and the accompanying *Northern New England High Country Regional Economic Development Strategy 2018–2022: Supporting Analysis*, which details the methodology, evidence and development process.

For further information about the Regional Economic Development Strategies program please contact the CERD on 02 6391 3025 or CERD@dpc.nsw.gov.au.



Introduction

The Northern New England High Country Regional Economic Development Strategy 2018–2022 (the Strategy) sets out a long term economic vision and associated core strategies for the functional economic region (the Region) encompassing the Glen Innes Severn, Tenterfield Shire and Southern Downs Regional Council Local Government Areas (LGAs).

Economic research suggests that Regions are becoming increasingly specialised in the key engine industries¹ that drive the regional economies and the

1. For the purposes of regional development, it is useful to classify industries as:
 - Engines — industries that bring money into the region (e.g. agriculture) and that drive the local economy
 - Enabling — industries that support the engines (e.g. veterinary services to agriculture)
 - Population serving — industries that support the local population (e.g. retail).

Typically the fortunes of the population-serving industries depend on the success of the engines and therefore it useful to focus on the engine sectors that drive growth.

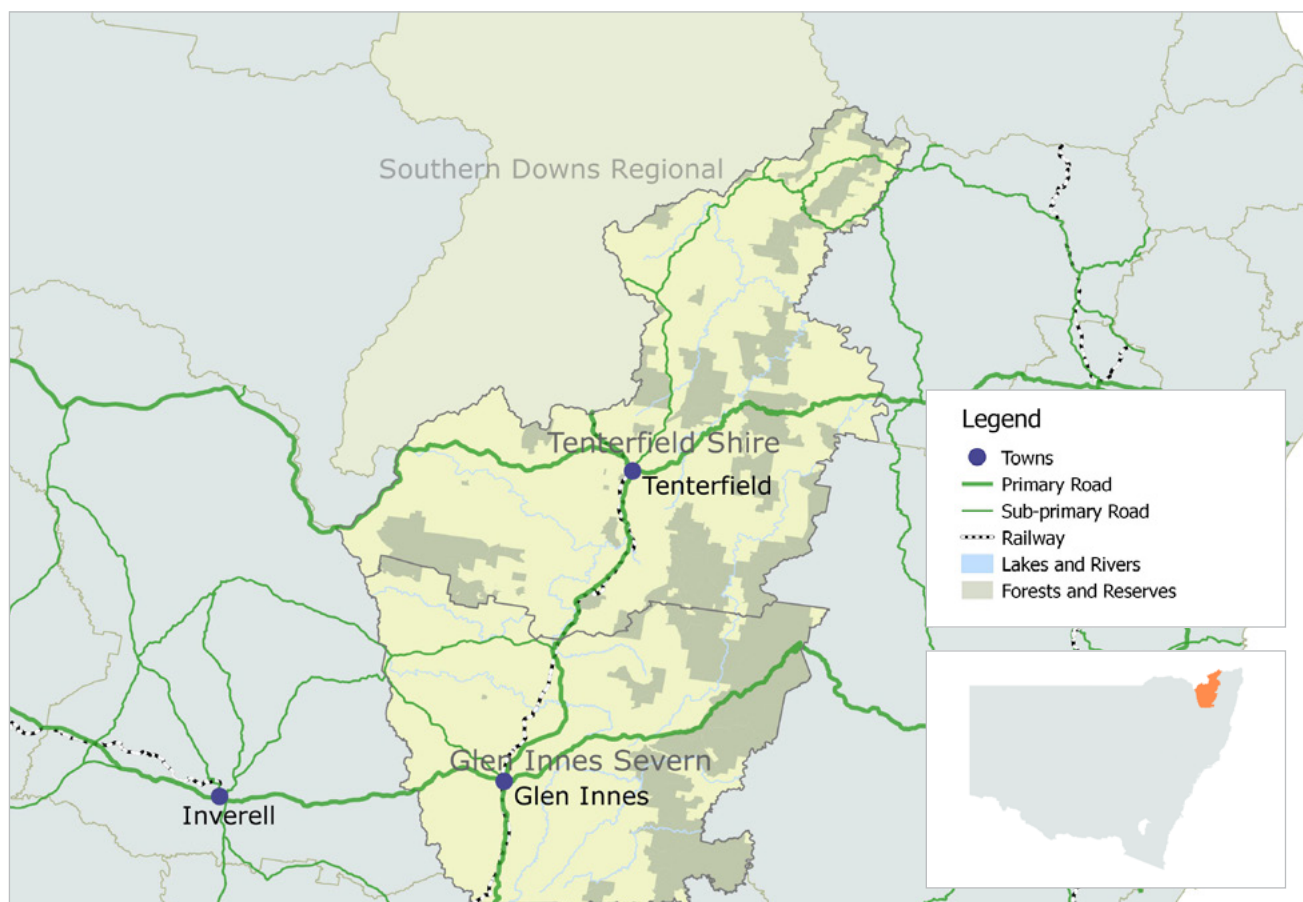
region's relative strengths (endowments) play a key role in determining these specialisations.²

This Strategy is based on industry specialisations that leverage the Region's key endowments, including its climate, location, productive agricultural land, transport infrastructure, renewable energy resources, tourism assets, and local institutions, to guide investment and actions over the period 2018 to 2022. Three core strategies have been identified to capture the opportunities, manage risks and deliver on the vision for the Region:

- A** Improve connectivity as a foundation for growth
- B** Support and grow key sectors
- C** Attract new businesses and residents to the Region.

2. *Regional Economic Growth Enablers Report (2017)*, Centre for Economic and Regional Development.

Figure 1: The Northern New England High Country Functional Economic Region



Background

The Northern New England High Country Region (the Region) is an area of 19,911 square kilometres located on the Northern Tablelands of NSW and Southern Downs of Queensland. In 2016 the Region had a population of 50,580³. The four main major population centres are the towns of Warwick (population 13,862), Glen Innes (5,161), Stanthorpe (4,973) and Tenterfield (2,914). These centres are all situated on the New England Highway that connects southern Queensland to Sydney.

The Region has strong linkages with communities and industries in the broader New England-North West and the Northern Rivers regions of NSW, with Southern Downs also having strong linkages to the Darling Downs and south east areas of Queensland.

The Region's economy is largely based on agriculture – most significantly sheep and beef cattle farming, and a growing number of horticultural and intensive livestock industries. Agriculture benefits from the Region's favourable climate, reliable water supplies and transport systems. Tourism is also an important industry that draws visitors from NSW and South East

Queensland. There is also speciality manufacturing, opportunities for mining, and a growing renewable energy industry.

The Region faces a number of challenges. As with many regional areas of NSW, there has been a change in population demographics in recent times, with the proportion of older residents increasing, and many young residents moving to larger cities for work. The changing nature of work, including telecommuting, new industry technology and the expansion of service industries can provide opportunities to reinvigorate the Region for future generations.

The quality of many of the roads, the prevalence of load-limited bridges on key transport routes and the poor mobile telecommunications are important issues affecting the Region's productivity.⁴

3. Australian Bureau of Statistics (ABS) Census of Population and Housing 2016

4. For example, the livestock and horticultural industries are heavily dependent on road transport for access to inputs and markets.



Endowments

Endowments are strengths that a regional economy possesses and can capitalise on

Economic principles suggest that endowments play a key role in the economic development of regions. The CERD in its *Regional Economic Growth Enablers Report* (2017) found that:

the future of individual regional economies is inexorably linked to their natural endowments and attempts to retain or establish industries without an underpinning endowment are unlikely to succeed.⁵

A region seeking to encourage economic development should therefore concentrate on factors that enable the growth of endowment-based industries, as well as building local leadership and institutional capacity and capabilities to facilitate businesses and public agencies and services to capitalise on the opportunities that a region's endowments present.

5. Regional Economic Growth Enablers Report (2017), Centre for Economic and Regional Development.

Climate

The Northern New England High Country Region has a high altitude, cool temperate climate at a subtropical latitude. It is characterised by four distinct seasons, cooler temperatures, low humidity, relatively high and reliable rainfall, comparatively high sunlight intensity, and in some areas, strong, consistent winds. This climate is ideal for a range of activities, including horticulture, wind and solar energy generation, livestock and cropping, bee-keeping, tourism and general 'liveability'. The Southern Downs enjoys a slightly warmer climate than the Glen Innes and Tenterfield areas, and has a slightly different variety of crops.

Water resources

The Region sits on the Great Dividing Range and receives relatively high, reliable rainfall. It has permanent rivers and streams flowing east into the Clarence River and west into the Border Rivers catchment. There is potential to dam both the Mole River in the western part of the Region and possibly one or more of the headwater tributaries



of the Clarence River for irrigation water and the generation of hydroelectricity. The Leslie and Storm Kind Dams are the primary water catchment sources for Warwick and Stanthorpe, respectively.

Mineral deposits

The Region has the largest, undeveloped, hard rock tin deposit in Australia, with this deposit also rich in 'rare earth metals' including lithium, rubidium and molybdenum. These minerals have applications in the electronics, aero-space, advanced manufacturing and renewable energy sectors. Global demand for these metals is increasing substantially, at a time when supply from traditional sources (e.g. Indonesia) is declining as resources are depleted.

Location and accessibility

The Region has several strong locational advantages:

- The Region is aligned along the New England Highway which is a major national route providing access to both Sydney and South East Queensland
- Proximity to the Brisbane, Gold Coast and the NSW Northern Rivers Regions. At its northern and southern edges, the Region lies within 1.5 to 4 hours' drive, respectively, of these locations. The growing population of South-East Queensland provides a substantial domestic market for the Region's produce, and the Port of Brisbane is the major export hub

- Proximity to Toowoomba, with the Wellcamp Airport international freight hub being within 1 to 3 hours' drive of the Region. This provides significant opportunities for the air-freight export of fruit and vegetables, and potentially stud livestock
- Proximity to agricultural processing infrastructure in South East Queensland linking the meat processing plants at Warwick and the vegetable processing and packaging plants in the Lockyer Valley and Brisbane areas

Tourism and lifestyle endowments

In addition to the climate and location, the Region has other endowments that make it appealing for tourism and lifestyle. These include the natural beauty of the Region, a concentration of World Heritage areas, National and State Parks, State Conservation Areas and Nature Reserves, and a diversity of quality tourist attractions, accommodation and events.

Glen Innes Airport

The Glen Innes Airport is a significant asset with potential for growth. The Airport currently has development approval for a large flight school (600 student capacity) for training domestic and international pilots. Warwick and Stanthorpe both have CASA-rated airports, and the location of the three airports within the Region could facilitate the flight training.



Specialisations

Obtaining an understanding of a Region's competitive advantages⁶ is complex. A commonly used form of analysis is the Location Quotient (LQ) which measures the employment concentration in industry sectors within a regional economy, compared with the same sectors across NSW

The higher the LQ, the higher the likelihood that the Region is specialised in that industry relative to NSW. For the purpose of this analysis, LQs are used as a proxy measure for those sectors and industries that represent a Region's competitive advantages.

While LQs are used in this report for that purpose, they are only a partial measure of those competitive advantages. As a result, they have been considered along with additional qualitative evaluations and data analysis, such as Input-Output modelling, to arrive at the findings for the Region's Strategy.

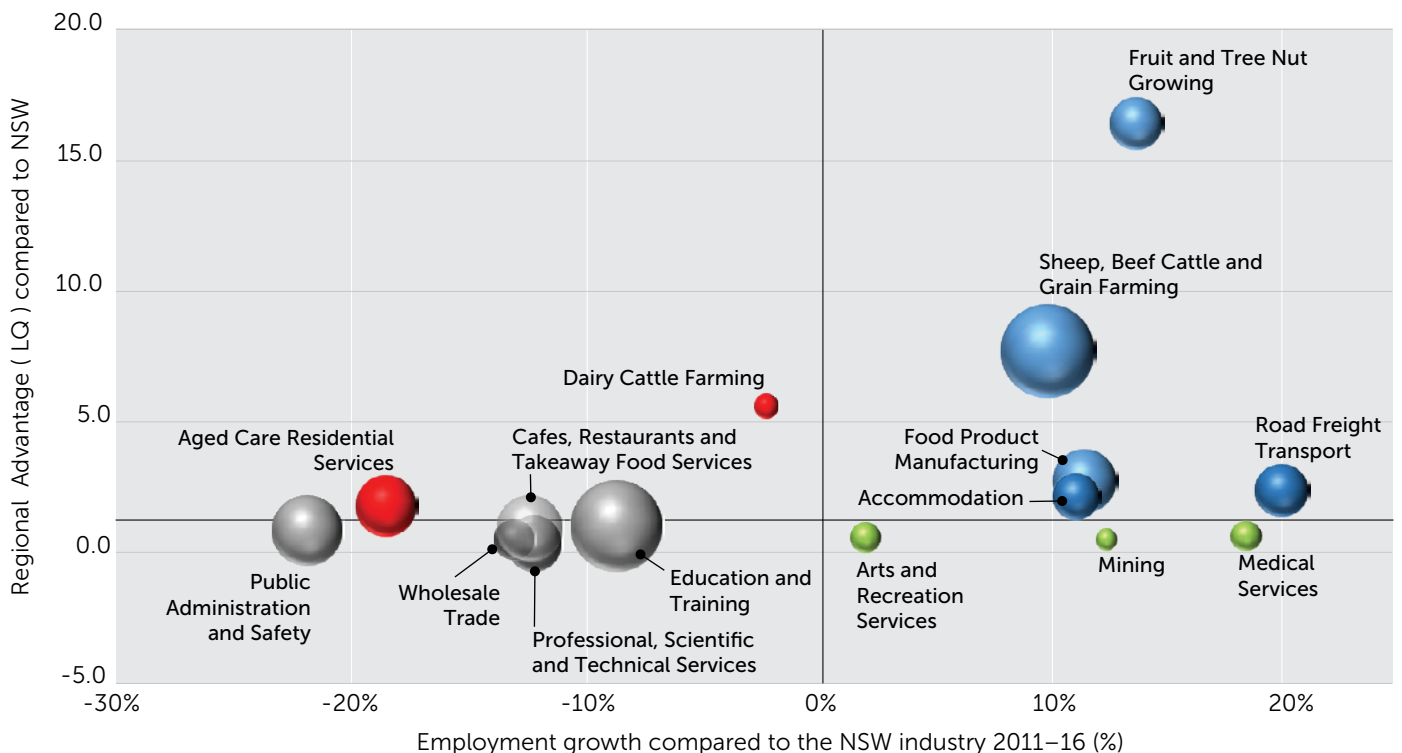
Figure 2 shows selected industries in the Region by employment size, employment growth between 2011 and 2016, and LQ (measure of comparative advantage). An LQ of 1.25 or more is generally

regarded as denoting a regional specialisation.

A bubble's size represents the number of people employed in the industry.

The colour of the bubble is used to show employment growth from 2011 to 2016 relative to the NSW industry average. Blue and red represent industry specialisations that have grown (blue) or declined (red) in employment relative to NSW. Grey represents industries that are not specialisations and for which employment has declined over the period relative to NSW. Green represents industries that, although not a specialisation now, could continue to grow and become a specialisation in the future.

Figure 2: Employment by sector – growth and concentration relative to NSW



Source: Australian Bureau of Statistics, 2016 (and 2011) Census of Population and Hou.

6. A region's competitive advantage for an industry includes its ability to produce goods and services at a lower cost or differentiate its products from other regions.



The primary 'engine' industries are agriculture-related (particularly, livestock and horticulture). The Transport and Logistics sector is a key enabler for agriculture. Tourism and aged care are emerging as important industries that bring investment and employment into the Region.

As highlighted in Figure 2, the Region has large and growing specialisations in the livestock and horticulture industries. The key livestock industries are beef cattle and sheep farming. The Region has a growing horticultural sector, producing apples, stone fruits, avocados, mangos, kiwi fruit, strawberries, blueberries, tomatoes, vegetables, turf, macadamia nuts, pecans, chestnuts, lavender, garlic and herbs, cut flowers and nursery plants. In 2015-16 the value of horticultural production was estimated to be \$188 million. Since 2011 there has been significant expansion in the production of blueberries, avocados and vegetables.

Tourism is another important industry in the Region. Accommodation and Food Services (which is a proxy for tourism) is the 4th largest employer. It is also independent of agricultural industries, helps raise the profile of the Region and plays a part in relocation decisions. There are opportunities to continue to grow the 'short-break' and day visitor markets from south east Queensland and the Northern Rivers area of NSW, as well as the special interest and activity-based markets and the long-haul touring market.

Manufacturing, more generally, is not a specialisation of the Region. However, there are many small to medium-sized manufacturing firms that produce a variety of specialty products, including livestock

feed, hail nets, vinegar, weather sensing equipment, hearses, digital photography items, equipment for horse racing, safety equipment, metal piers and balers for waste management. There are also specialist engineering firms.

Due to its climatic and locational advantages, the Region is an optimal location for large-scale renewable energy projects, and the renewable energy sector could become a growing local industry. There are two large hybrid wind-solar farms under construction in the NSW part of the Region and a smaller wind farm has been approved. Warwick has recently approved construction of a second solar farm that will be owned and operated by the University of Queensland. Some of the rivers within the Region have also been identified as potentially suitable for generation of hydro-electricity.

The Region has the largest undeveloped hard-rock tin deposit in Australia and possibly in the world which presents a significant economic opportunity. A tin mine and processing plant has been approved and further exploration is occurring.

There is potential for the Region to attract tree-changers, people who can telecommute, semi- and active-retirees, boutique agriculture production, artisans and manufacturers, and the 'creative' professions such as architects and designers. The retiree sector (for which Aged Care is a proxy) is a regional specialisation. It is becoming increasingly important with Tenterfield Shire positioning itself as the 'Bowral of Brisbane' with the town having many similarities with Bowral in the Southern Highlands of NSW.

Strategy

The Region has several opportunities to build on its specialisations and its endowments and grow the economy

In consultation with the Region's Councils, three core strategies have been identified to capture these opportunities, manage risks and deliver on the Vision for the Region:

- A** Improve connectivity as a foundation for growth
- B** Support and grow key sectors
- C** Attract new businesses and residents to the Region.

These strategies focus on growing and leveraging the 'engine' industries that bring income to the Region. Growth in the engine industries will stimulate growth in the 'enabling industries', with this flowing through to the 'population-serving' industries. Growing the engine industries will also create opportunities for new business start-ups and an inflow of businesses to the Region.

An initial set of initiatives, actions and infrastructure priorities consistent with the strategic framework have been identified to accompany the Northern New England Regional Economic Development

Strategy. These were identified from a review of existing plans and relevant strategies at the state and regional level, and through consultation with regional stakeholders. Stakeholders had identified key actions from the state, regional and local government plans. These actions were assessed against the new core strategies to establish relevance and economic importance to the strategies.

A key benefit of this process was to gain alignment among stakeholders about the priority projects and actions at a regional level. It is expected that other actions capable of contributing to the attainment of the Region's vision will be identified. An action's alignment with the Strategy is the primary strategic consideration. Actions will be subject to further qualitative and quantitative evaluative processes.

To fully achieve these strategies will require a greater level of cross-border collaboration between the Region's Councils, and where appropriate, State governments.

Opportunities

- improve the coverage and quality of digital communication
- upgrade road infrastructure to improve travel times, safety and freight costs
- support productivity improvements in agriculture and related manufacturing
- encourage expansion of horticulture, intensive livestock and niche farm production
- develop flight training and related industries
- continue to grow tourism and 'retiree' sectors
- facilitate growth of renewable energy production
- support niche manufacturing

Strategies

A
Improve connectivity as a foundation for growth

B
Support and grow key sectors

C
Attract new businesses and residents to the Region



A. Improve connectivity as a foundation for growth

The level of connectivity within the Region and with other localities underpins economic development. Currently, digital connectivity issues are hindering economic growth. For example, fruit and vegetable producers looking to invest locally are deterred by the lack of telecommunications infrastructure (unable to use technology to monitor and turn on pumps) and problems with road access (they cannot transport harvesting equipment to the farms).

Good telecommunication services will provide opportunities for wide-scale adoption of digital technologies and improve access to information and communication, which will increase productivity and profitability of local businesses. It will also meet the needs and expectations of visitors and of businesses and people looking to relocate to the Region.

For industries and businesses reliant on road freight transport, upgrading the road network and local bridges will increase transport efficiency and reduce transport costs, resulting in increased productivity and profitability. It will also improve general travel to and within the Region, increase road safety, and support tourism.

Key initiatives:

- Improve telecommunications infrastructure and services to enhance connectivity, enable adoption of new technologies, improve business systems and provide access to information, services, markets, and education and training

- Remove the pinch points on the New England, Gwydir and Bruxner Highways to improve transport efficiency, safety and amenity
- Upgrade key local and regional roads and replace load-limited bridges to improve general travel and enable use of larger trucks for freight transport

Key infrastructure:

- Mobile phone towers and related infrastructure to provide coverage throughout the Region
- NBN roll-out
- Removal of highway pinch-points
 - New England Highway: the Tenterfield
 - Gwydir Highway: Waterloo Range crossing to the west and improvements on the range crossing to the east
 - Improvements to the Bruxner Highway to enable B-double access once the new Clarence River Bridge is in place
 - Upgrade the Accommodation Creek Bridge and the Warwick By-Pass: this will improve travel time and safety into south east Queensland and the Port of Brisbane
- Upgrading key regional and local roads and replacing load-limited timber and older concrete bridges.



B. Support and grow key sectors

Economic growth in the Region will depend on the success of the engine sectors that bring income to the Region. There are a number of key sectors that are expected to drive the Region's economy in the foreseeable future. These include the existing industries of agriculture and tourism and emerging industries including renewable energy, mining and specialised manufacturing. This strategy focuses on providing targeted support to these key sectors.

Key initiatives:

- Grow the agricultural sector:
 - provide a positive environment to facilitate growth and diversification
 - improve water security to support and grow intensive livestock production, cropping and horticulture
 - encourage and facilitate improvements in the productivity of the livestock industry
 - support and grow the Region's horticultural sector and apiary industry
 - encourage and facilitate the establishment and growth of value adding industries by increasing industrial land
- Support the development of existing and emerging industries in specialised manufacturing, renewable energy generation and mining

- Support development of the renewable energy sector by ensuring access to the 'poles and wires' to facilitate growth
- Grow the tourism sector (visitor economy) through product development, improved signage, marketing promotion, and growing the events sector

Included in this strategy is the need to reduce or remove the challenges and barriers facing producers and businesses including providing a positive planning and regulatory environment, reducing 'red tape', providing access to research and industry extension and support services, addressing labour and skills shortages, and providing assistance with 'last mile' infrastructure. The key sectors will benefit from the improved connectivity infrastructure improvements under core strategy A.

Key infrastructure:

- Development of the Mole River Dam and potentially water storage infrastructure on one or more headwater tributaries of the Clarence River
- Investment in the tourism sector including:
 - product development – improving existing attractions and facilities and developing new attractions
 - improved tourism signage
 - improving the quality and range of event facilities

C. Attract businesses and residents to the Region

The Region has a range of natural, locational, lifestyle and built assets that can be leveraged to attract new businesses and residents.

Ensuring the Region is an attractive place to live, work, invest and visit, and has the right facilities and services, is the foundation for growth in the niche manufacturing and 'active-retiree' sectors. An example of the opportunity to attract new business is the Glen Innes Airport, where there is potential for the development of a flight training school.

The Region is also endowed with quality airports in Stanthorpe and Warwick, providing a regional combination that can enhance the potential of the flight training.

Key initiatives:

- Create a business and development environment that encourages new businesses suited to the Region's endowments, such as intensive livestock and horticulture, food manufacturing, transport and logistics, and
- Enhance the appeal and 'liveability' of the Region
- Develop the Glen Innes Airport to attract aviation-based businesses

- Invest in community development
- Market and promote the Region as a 'location of choice'

Key Infrastructure:

- Assist in providing the electricity substation needed at Glen Innes Airport and upgrades to transformers and other power infrastructure needed for new business start-ups



Summary of strategies and actions

Enablers	Improve connectivity as a foundation for growth (Improving roads and telecommunications)	Supporting and grow key sectors (Agriculture, tourism and emerging industries including renewable energy, mining and niche manufacturing)	Attract businesses and residents to the Region (Leveraging assets and lifestyle)
Infrastructure	<ul style="list-style-type: none"> • Construct mobile towers in strategic locations to improve phone services and digital connectivity in the villages and rural areas • Secure funding for the Tenterfield and Warwick by-passes • Remove highway pinch-points on Gwydir and Bruxner Highways • Upgrade key regional roads and load-limited bridges and culverts to provide access for B-double vehicles • Seek continuous improvements to the New England Highway to make it the route of choice for travel, including freight vehicles, between NSW regions, South-East Queensland and the Port of Brisbane 	<ul style="list-style-type: none"> • Feasibility of developing the Mole River Dam • Investigate water storage potential on headwater tributaries of the Clarence River • Investigate the feasibility of hydro-electricity within the Region • Improve tourism signage and information services • Increase the industrial areas in Glen Innes, Tenterfield, Stanthorpe and Warwick • Upgrade the Glen Innes and Tenterfield livestock selling centres (saleyards) • Improve integration between the Glen Innes, Tenterfield and Warwick livestock selling centres 	<ul style="list-style-type: none"> • Complete the upgrade of the Tenterfield town centre and entry corridors • Advocate for the upgrade of power for Glen Innes Airport and the Region's industrial estates which will facilitate the establishment of new businesses • Continue to improve event facilities and infrastructure
Government regulation and planning		<ul style="list-style-type: none"> • Review regulations in relation to building farm dams and off-stream storage to increase water security • Facilitate Rangers Valley Feedlot expansion • Review EPA on-going monitoring and compliance requirements to reduce costs for producers • Undertake a study to assess the potential for further expansion of field and protected horticulture, and intensive livestock (such as poultry and pigs) • Increase access for apiarists to public lands and review fees for bee-keeping ranges • Formulate a Destination Management Plan for the Region 	<ul style="list-style-type: none"> • Progressively improve the presentation of the villages throughout the Region • Attract flight school and aviation businesses to Glen Innes airport, with potential integration with Stanthorpe and Warwick airports

Summary of strategies and actions

Enablers	Improve connectivity as a foundation for growth (Improving roads and telecommunications)	Supporting and grow key sectors (Agriculture, tourism and emerging industries including renewable energy, mining and niche manufacturing)	Attract businesses and residents to the Region (Leveraging assets and lifestyle)
Land use		<ul style="list-style-type: none"> Review planning controls for agricultural land to accommodate new activities including intensive production and tourism Support the expansion of tin and rare earth metals mining and processing in the Region Identify and protect hard rock aggregate resources to ensure sufficient supplies of aggregate to meet regional needs in the long term 	<ul style="list-style-type: none"> Ensure that local land policies are supportive of business and new investments that are consistent with its endowments and specialisations, such as intensive livestock and horticulture Advocate for medical, health, education and other social services to enable growth Encourage the development of Over 55's housing, supported aged care facilities and nursing home beds as well as the expansion of services to support aging in place
People, skills and services	<ul style="list-style-type: none"> Provide and support forums to support NBN rollout to the community and through specialist training for businesses 	<ul style="list-style-type: none"> Improve cross-border collaboration in the control of wild dogs, other feral animals and weeds Improve the availability of agricultural extension services Retain and expand agricultural research and development institutions and programs Continue to improve the quality of visitor facilities Develop new accommodation, attractions, activities and experiences 	<ul style="list-style-type: none"> Market and promote the Region as a 'location of choice'

The actions in bold have been assessed as being most significant for economic development

Implementation

A detailed action plan is included in the Northern New England High Country Regional Economic Development Strategy 2018–2022 Supporting Analysis

The Strategy will need to be implemented by the Region's Councils as well as State government agencies and local entities.

The completion of this document is intended to be the first stage of an ongoing process where new specific actions aligned with the Vision are identified through application of the framework. It is suggested that an Advisory Committee made up of representatives from each council be established to progress the actions listed in this Strategy, apply the Strategy's framework to identify new actions to be added to the Action Plan, develop key performance indicators and evaluate outcomes. The Advisory Committee would meet every three months and would report progress on actions to each council. The Advisory Committee could also meet every six months with the relevant Regional Director from NSW Premier and Cabinet. These meetings could also be used to check the Strategy's progress and review current grant opportunities.



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