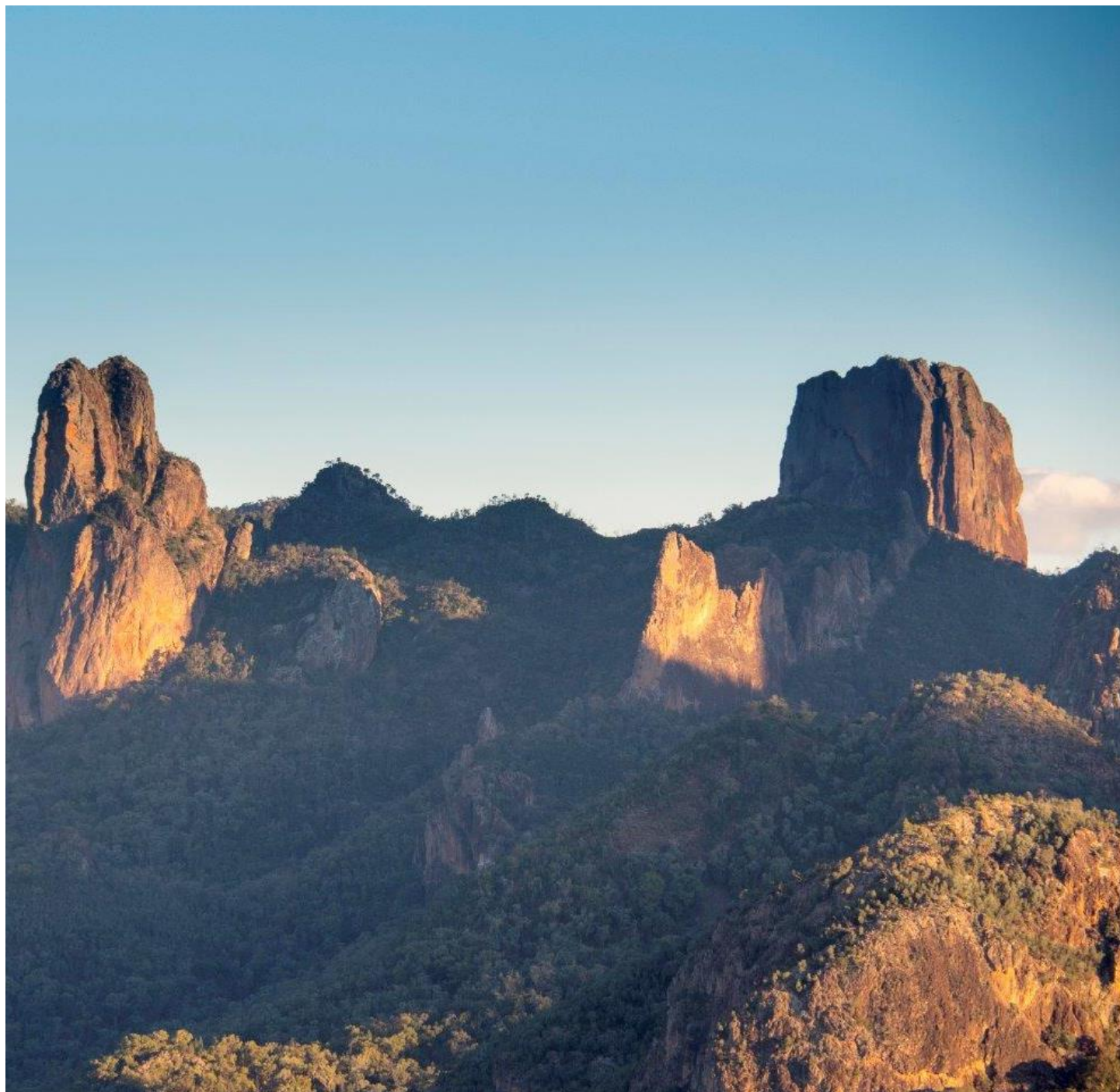
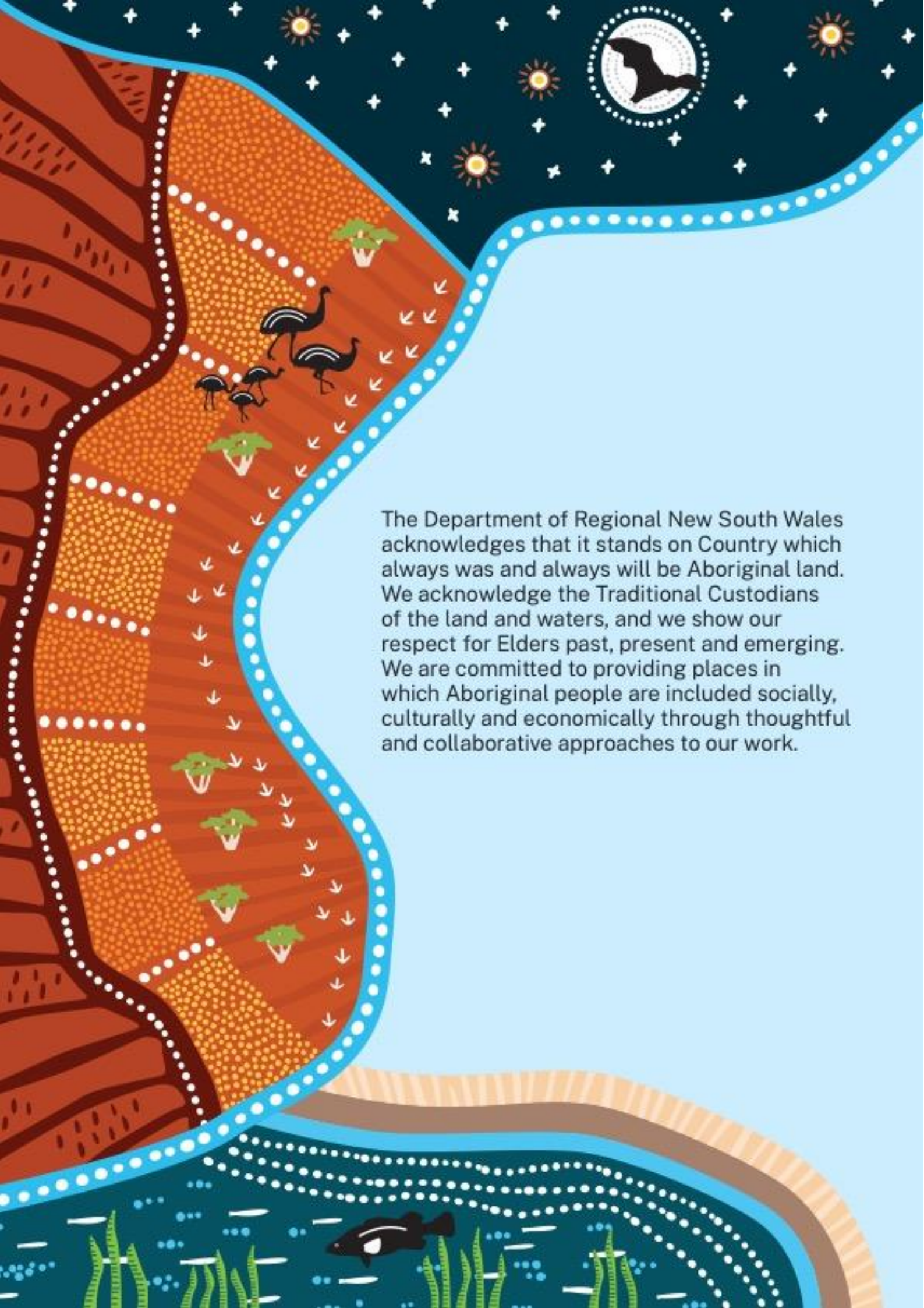


Castlereagh Regional Economic Development Strategy – 2023 Update





The Department of Regional New South Wales acknowledges that it stands on Country which always was and always will be Aboriginal land. We acknowledge the Traditional Custodians of the land and waters, and we show our respect for Elders past, present and emerging. We are committed to providing places in which Aboriginal people are included socially, culturally and economically through thoughtful and collaborative approaches to our work.

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The Department of Regional NSW would like to acknowledge the significant contribution of many stakeholders in the Castlereagh region to the development of the 2023 REDS Update, with particular thanks to staff from Gilgandra and Warrumbungle Shire Councils. The Department of Regional NSW also acknowledges the assistance provided by PricewaterhouseCoopers and ProjectsJSA to help deliver the 2023 REDS Update project.

On Country – Artwork by Mumbulla Creative

"On Country" captures the many different countries located within the Department of Regional NSW footprint. Only part of the image is shown on the Acknowledgement of Country page. The regions included in this partial image are detailed below.

The Far West region of NSW is represented by red earth plains, mallee scrubs and an abundant emu population. Freshwater countries are referenced by the expansive network of rivers stretching through the regions. The Riverina Murray region is represented by the roots of a river redgum on the banks of a river, and a large Murray Cod can be seen in the river. The night sky features as it plays an important navigational and story-telling role in traditional life.

Cover image: Warrumbungle National Park. Photo credit: Leah Pippas

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1. Executive summary

Changes in the Castlereagh region since 2018

In 2018, the NSW Government developed Regional Economic Development Strategies (REDS) for 38 Functional Economic Regions (FERs) across regional NSW. Since publication, regional NSW has endured shocks including bushfires, floods, COVID-19 and the mouse plague, and significant new economic opportunities have emerged. The 2023 REDS Update provides an updated evidence base to guide governments in making policy and investment decisions to enhance resilience and drive sustainable, long-term economic growth in regional NSW.

The Castlereagh region has seen significant investment delivered since 2018, with additional projects in the planning or delivery stages



Significant investment to deliver **enhanced community facilities** including town upgrades in the Warrumbungle Shire, the GIL Library Hub and the upgraded Coo-ee Heritage Centre.



Major investments to deliver solar and wind farm projects as part of the **Central West Orana Renewable Energy Zone (REZ)**.



Major highway and street upgrades at Gilgandra and Coonabarabran, with combined investment exceeding **\$80 million**.



Walking track and campground improvements in the Warrumbungle and Coolah Tops National Parks.

The region is facing challenges associated with low housing vacancy rates and increasing job vacancies



- **1.2%** population decline recorded since 2018; however, Gilgandra's population has remained steady despite external shocks.



Housing vacancy rates sit **below 2%**, with median house prices having risen by **45%** since 2018.



The proportion of the population over 55 years has decreased **13.5%** since 2018.



Unemployment rates have increased since 2018 despite job vacancies in the region reaching an all-time high in October 2021.

The region's key industries (including agriculture, tourism, and healthcare) have remained resilient, with substantial growth recorded in the agricultural sector



Agriculture

+ 7.5% Year on Year (YoY) growth from 2011-2020

\$ 194 million Gross Value Added (GVA) in 2020

1,430 jobs supported in 2021



Tourism

+ 0.25% YoY growth from 2011-2020

\$ 52 million visitor spend in 2021

729 jobs supported in 2021



Healthcare

+ 3.5% YoY growth from 2011-2020

\$ 59 million GVA in 2020

635 jobs supported in 2021

Key themes from local consultation

Stakeholders from the Castlereagh region have highlighted sustainable economic growth, as well as addressing workforce and housing supply challenges as key priorities for the region.

Housing availability



Current shortages in the housing market may worsen in the face of future population growth and a need to house workers associated with major project delivery.

Taking a long-term view on major projects



The region must focus on delivering long-term benefits to ensure that major projects do not lead to a 'boom-bust' sequence of events.

Workforce constraints



Economic opportunities provided by investments in major infrastructure have created significant demand for labour across all sectors, and highlighted key workforce challenges that need to be collectively addressed.

Castlereagh REDS - 2023 Update strategies and enablers

Strategies	Enablers
<p>Improve access to external markets, labour, healthcare, training, and other services.</p>	<ul style="list-style-type: none"> • Collaborate with industry and education providers to ensure that education and training programs are in place to address skills shortages in key local services, such as nursing and teaching. • Map the increased freight capacity for the agriculture and agribusiness sector that will be unlocked by the Inland Rail and identify ways to leverage these emerging opportunities to enable industry growth.
<p>Leverage the Central-West Orana Renewable Energy Zone to attract energy and energy related industries and continue to invest in local level water security.</p>	<ul style="list-style-type: none"> • Identify the supply chain and related services required from regional businesses to support energy-related investment in the region. • Investigate the impact of climate change on the region’s water security, including consequences for the agricultural sector, to inform decisions pertaining to ongoing water infrastructure planning.
<p>Develop and enhance the regional lifestyle for work, leisure and business.</p>	<ul style="list-style-type: none"> • Support improvements to community spaces, sports and recreation infrastructure in order to improve amenity, diversify the visitor economy offering, and aid in attracting and retaining a working age population. • Work with relevant departments to improve key service delivery models, and develop approaches to enhance capability and capacity of health and education sectors in the region. • Deliver Regional Housing Delivery Plan to understand and identify options to address current and future housing needs, considering the impact of major projects on housing demand.
<p>Develop and promote a broad event and destination profile to increase visitation, and diversify the economy.</p>	<ul style="list-style-type: none"> • Collaborate with tourism operators and scientific research institutions to enhance marketing of key assets such as the Siding Spring Observatory and Warrumbungle and Coolah Tops National Parks.
<p>Capture opportunities from major projects such as Inland Rail for local industries, businesses and community.</p>	<ul style="list-style-type: none"> • Work collaboratively to identify opportunities for improved road and rail freight infrastructure connectivity to Inland Rail to further improve supply chain resilience and market access. • Investigate and activate pathways for local business to take advantage of opportunities associated with major projects, including Inland Rail.

2. About the 2023 REDS Update

In 2018, the NSW Government and local councils developed a series of REDS for 38 Functional Economic Regions (FERs) across regional NSW. FERs are made up of one or more Local Government Areas (LGAs) that work together to create smaller economies with strong economic links.

Supporting the *20-Year Economic Vision for Regional NSW*, the REDS set out a place-based vision and framework for economic development for each FER. The REDS identify each FER's endowments, industry specialisations and key vulnerabilities and opportunities, and outline economic development strategies and actions to leverage these strengths.

Since 2018, regional NSW has endured many challenges including drought, bushfires, floods, COVID-19 and the mouse plague. At the same time a range of broader state-wide trends and actions continue to change the economic landscape across regional NSW, including digital transformation, increased remote working and the shift towards net zero. These challenges and trends have altered the landscape of economic development in many regions and created new opportunities for growth.

The 2023 REDS Update provides an updated evidence base to guide governments in making policy and investment decisions to enhance resilience and drive sustainable, long-term economic growth in regional NSW. The objectives of the update are to:

1. **Highlight progress:** reflect on significant initiatives and investments that have supported progress against the key strategies and actions in the 2018 REDS.
2. **Capture major changes:** identify and assess the impacts of major changes to regional economies since 2018, including the effect of recent 'shocks' such as bushfires, droughts, floods, mouse plagues and the COVID-19 pandemic.
3. **Identify strategic opportunities:** identify key strategic opportunities and vulnerabilities for engine and emerging industries, as well as any changes to local endowments.
4. **Set the foundation for the future:** review, affirm and/or adjust the 2018 strategies, including consideration of new strategies to meet emerging priorities, to ensure they remain relevant.
5. **Identify key enablers to guide future action:** develop a non-exhaustive list of priority enabling actions that will support the 2023 REDS Update strategies.

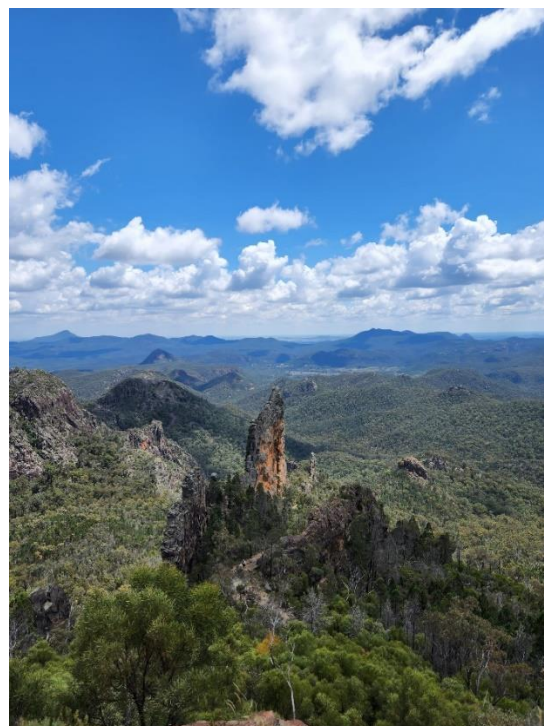


Figure 1: The Breadknife in the Warrumbungle National Park, Photo credit: Sam Carters



Figure 2: Warrumbungle National Park. Photo credit: Gilgandra Shire Council

3. About the Castlereagh region

The Castlereagh FER is located approximately 500km north-west from Sydney, and is comprised of Gilgandra and Warrumbungle Local Government Areas (LGAs). The main towns within the region include Coolah, Coonabarabran, Dunedoo and Gilgandra. The region is well-known for exquisite natural beauty, with a number of major National Parks including the Coolah Tops and Warrumbungle National Park, which is also home of Siding Spring Observatory.

Total area covered (km ²)	17,216
Population (2021)	13,573
Gilgandra	4,319
Warrumbungle Shire	9,254
Size of the economy (2020)	\$678 million
Total employment (2021)	5,056

Source: ABS Estimated Resident Population, 2021; REMPLAN, 2020; ABS Census, 2021

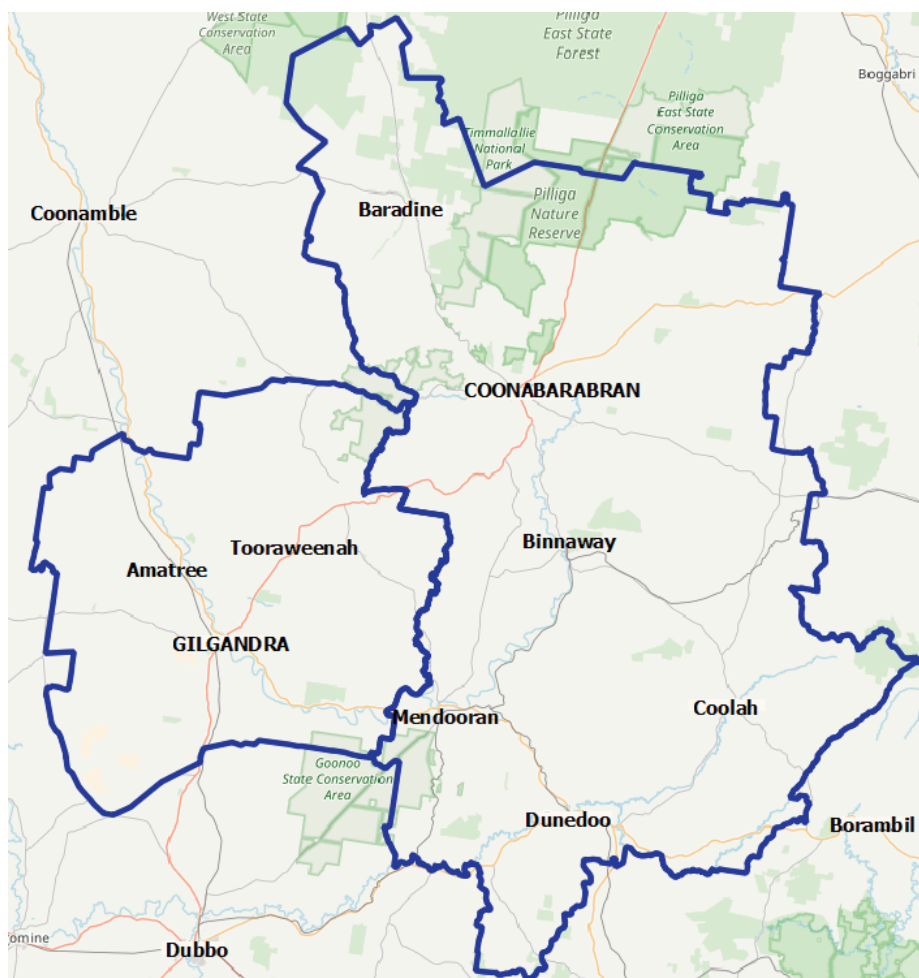







Figure 3: Map of the Castlereagh Functional Economic Region

4. The 2018 Castlereagh REDS




In the 2018 REDS, the region was actively pursuing growth of its key industry specialisations, particularly agriculture, healthcare, and tourism. Endowments recognised in the document spanned natural, built and institutional assets, many of which were central to the strategy’s approach to enabling economic development. These endowments and specialisations are highlighted below.

2018 Castlereagh strategies

	Boost key industries’ access to market and labour to reduce cost of transport, transactions, treatment and training.
	Invest in water and energy utilities infrastructure to achieve a sustainable economy and improve quality of life.
	Develop and enhance the regional lifestyle as attractive for work, leisure and business.
	Develop and promote a broad event and destination profile to increase visitation and diversify the economy.
	Build support for local business by taking advantage of Inland Rail, integrating advantage into major projects and tenders and providing business upskilling opportunities.











2018 Castlereagh specialisations

The industry specialisations below were identified as comparative advantages for the Castlereagh region in the 2018 REDS, based on employment concentrations in industry sectors.

	Agriculture, forestry, and fishing
	Healthcare and social assistance
	Tourism

2018 Castlereagh endowments

Castlereagh is home to a wealth of geographical, institutional, built and human endowments. These endowments play a key role in enabling success and growth across its key industry specialisations.

Endowment	Relevant 2018 specialisation
Renewables	
Natural endowments	
Water security	
Culture	
Skills and training	
Tourism assets	
Astronomy (Siding Spring Observatory)	
Economic development and networking	
Location	
Freight connectivity	

5. The big picture: shocks and trends impacting the Castlereagh region since 2018



Figure 4: A crowd admires a convoy of cars through Gilgandra. Photo credit: Amber Hooper Creative.

Significant events impacting major industries

A sustained period of drought from 2018 to 2020 had severe environmental, social and economic implications for the region. The COVID-19 pandemic further challenged the region as it recovered from this shock, with local businesses, particularly those involved in the visitor economy, suffering the impacts of movement and operating restrictions.

Drought

The Castlereagh region endured a severe and prolonged period of drought from 2018 to 2020.^[1] Primary producers were heavily impacted, with many farmers suffering severe financial hardships, and forced into making difficult decisions related to reducing herd sizes or not planting crops.^[2]

Recognising the devastating impacts of drought on regional economies, a range of support was provided by both the NSW and Commonwealth Governments, which included funding for the Gilgandra industrial precinct to support local businesses and boost jobs as part of the Drought Stimulus Package.^[3]

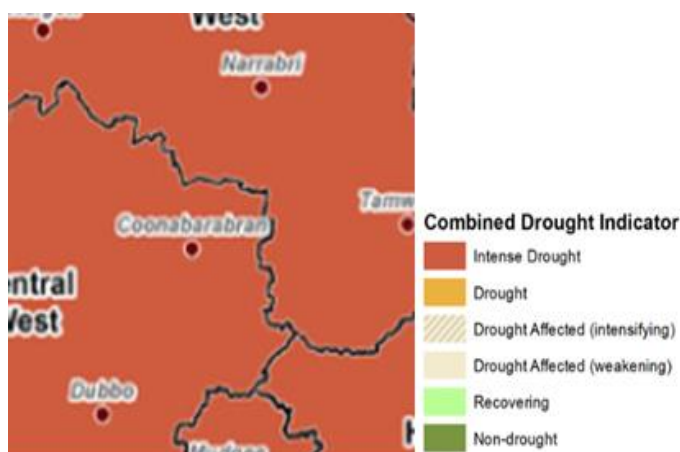


Figure 5: Combined Drought Indicator, 12 months to 31 December 2019 (Department of Primary Industries (DPI), 2022)

Floods

All 8 of the natural disaster declarations for the Castlereagh region since 2018 have been related to floods and storms.^[4] In 2021, flood events saw the Castlereagh River reach moderate flood levels Gilgandra, which damaged crops in the region and cause some localised flooding.^[5] Flooding events caused damage to local infrastructure, particularly roads and visitor facilities, and the temporary closure of many national parks for visitor safety reasons.^[6] There were also flood events in August and September of 2022 that caused both Gilgandra and Warrumbungle LGAs to be disaster declared.

Mouse Plague

In 2021, a severe mouse plague outbreak impacted the local community and local farmers, posing health risks to livestock and the local community, and polluting drinking water in some areas.^[7] Mice were in such prolific numbers in some parts of the region that farmers resorted to destroying stored hay and feeds in order to try and control the infestation, given the significant damage being caused to grain stores, crops, equipment and infrastructure.^[8] Local shops across the region also struggled to keep up with high demand for mouse traps and baits as residents and primary producers attempted to reduce the impact of the mouse plague.^[9]

In the Castlereagh region, a total of \$971,644 was paid to 1,758 recipients as part of the NSW Government's mouse control rebate program, designed to assist members of the community and small businesses with costs associated with mouse control.^[10] Support was also provided to primary producers through a rebate to offset costs associated with purchasing zinc phosphide based mouse baits to help control the infestation.


COVID-19




Businesses across the Castlereagh region felt the impact of the COVID-19 pandemic, with 18% of businesses reporting that COVID-19 negatively affected their business.^[11] Communities in the region also felt the impacts on their financial and personal wellbeing, with income support recipients rising by 32%, and healthcare card recipient by 21%, from March to June 2020.^[12]

Border closures and travel restrictions from COVID-19 lockdowns reduced visitation and expenditure in the region, with visitor expenditure falling from \$65 million in 2019 to \$52 million in 2021.^[13] Stakeholders noted that the visitor economy has since rebounded, with increased occupancy rates in caravan parks and camp sites around Coonabarabran.

Macroeconomic trends shaping the region's future











Macroeconomic trends related to climate and migration have played a significant role in the development of the Castlereagh region since 2018 and are likely to continue to have a strong influence on its future. The region has experienced a growing population of remote workers, the impacts of successive natural disasters and has significant renewable energy ambitions as part of the shift towards net zero. The region faces both opportunities and risks in building resilience against and leveraging competitive advantage of these trends.

Trend		Opportunities and risks
 Digital transformation	<p>The recent COVID-19 pandemic has accelerated the digital economy in Australia, with increased uptake of remote working arrangements as well as online services such as education and telehealth.^[14] As industries diversify and innovate, the need for reliable and efficient telecommunications infrastructure to support business growth and to secure and retain a skilled workforce will be crucial.</p> <p>The region has experienced major changes in the retail sector as a result of this trend, with more shopping for</p>	<p>Opportunities to enhance innovation and for businesses to access broader markets via online channels.</p> <p>Challenges associated with a lack of physical presence of businesses in town centres as goods and services move online.</p>

Trend	Opportunities and risks	
	<p>goods moving online and some major retailers withdrawing from the area.</p>	
 Changing migration patterns	<p>As a result of the pandemic, many regional areas saw an influx of internal migration from city-dwellers seeking a lifestyle change as a result of the COVID-19 pandemic, with regional NSW gaining an additional 26,800 residents while Sydney declined by 5,200 from 2020-2021.^[15]</p> <p>While Castlereagh has not experienced this influx on a significant scale to this point, current and planned major infrastructure projects in the region are expected to bring an influx of temporary workers which may support future population growth.</p>	<p>Major infrastructure developments will bring influx of temporary workers which can support future population growth.</p> <p>However, an influx of workers may exacerbate rising housing market challenges.</p>
 Towards net zero	<p>The Castlereagh region can play a significant role in achieving the State's net zero targets given its location within the Central-West Orana Renewable Energy Zone (REZ). Ongoing investments in solar and wind farms in Gilgandra since 2018 demonstrate the economic and environmental opportunity for the region.</p> <p>Opportunities arising from the REZ will need to be leveraged in a way that will deliver long-term benefit to local industries and the community.</p>	<p>Opportunities associated with Central-West Orana REZ and ongoing investments in solar and wind farms.</p> <p>A core challenge is ensuring the region derives long-term benefit from the REZ, and is able to maximise supply chain opportunities for local businesses.</p>
 Rising Uncertainty	<p>The region has seen a succession of extreme climate events since 2018, including drought and the mice plague brought on by wet conditions after several years of drought. Climatic events have had a significant impact on local businesses and industries, particularly within agriculture.</p> <p>With the frequency and intensity of these events projected to increase in coming decades^[16], there is a need to enhance climate resilience in the region. Building community resilience in relation to health and wellbeing, alongside that of economic and infrastructure resilience will be crucial to the region's future.</p>	<p>Rising uncertainty presents an opportunity to improve supply chain resilience in agriculture and energy industries.</p> <p>Rising uncertainty places upward pressure on inflation, driving up input costs.</p>

6. Responding to change: initiatives and investments since 2018

Since 2018, local councils, the NSW Government and other key organisations have delivered new and updated key strategic documents and plans that help guide economic and community development in the region. These documents support the development of local enabling actions that contribute towards progress against key REDS priorities and strategies.

Strategies and plans	Relevant 2018 strategy
The Central West and Orana Regional Plan 2041 seeks to leverage the region’s natural endowments to develop existing engine industries and diversify its economy to develop resilience.	
The Gilgandra Local Strategic Planning Statement sits beneath the regional Plan, and identifies key opportunities for economic diversification and business attraction, while ensuring sustainable growth via investments in water security and other enabling infrastructure.	
The Gilgandra Region Community Strategic Plan 2032 identifies the community's main priorities and aspirations for the next 10 years for the region, and strategies for achieving these goals. The central vision of the plan is to create a vibrant region that is inclusive, resilient and progressive.	
The Warrumbungle Shire Council Local Strategic Planning Statement aims to support a vibrant and connected community with a focus on delivering transport and telecommunications infrastructure and building environmental resilience.	
The Warrumbungle Shire Council Community Strategic Plan 2022/2037 highlights the key needs and aspirations of the community, with a focus on achieving a peaceful and sustainable way of life built by a strong community.	
The Gilgandra Activation Blueprint seeks to identify high-priority targets which will facilitate business growth, particularly in agribusiness, alongside population attraction by offering a more liveable environment for residents and visitors.	
The Gilgandra Housing Strategy provides a long-term planning framework to ensure sufficient housing stock into the future and facilitate a greater mix of housing types reflective of the needs of the local community and the workforce.	
The Draft Macquarie-Castlereagh Regional Water Strategy identifies opportunities for improved water security for communities and industries.	
Declaration of the Central West-Orana REZ , the first zone of its kind in NSW provides a significant opportunity for growth of the region’s green energy sector.	
The Destination Country and Outback Destination Management Plan 2022-2030 seeks to guide industry development through priority strategies and supporting actions that will drive the growth of the regional visitor economy.	

Significant investments since 2018

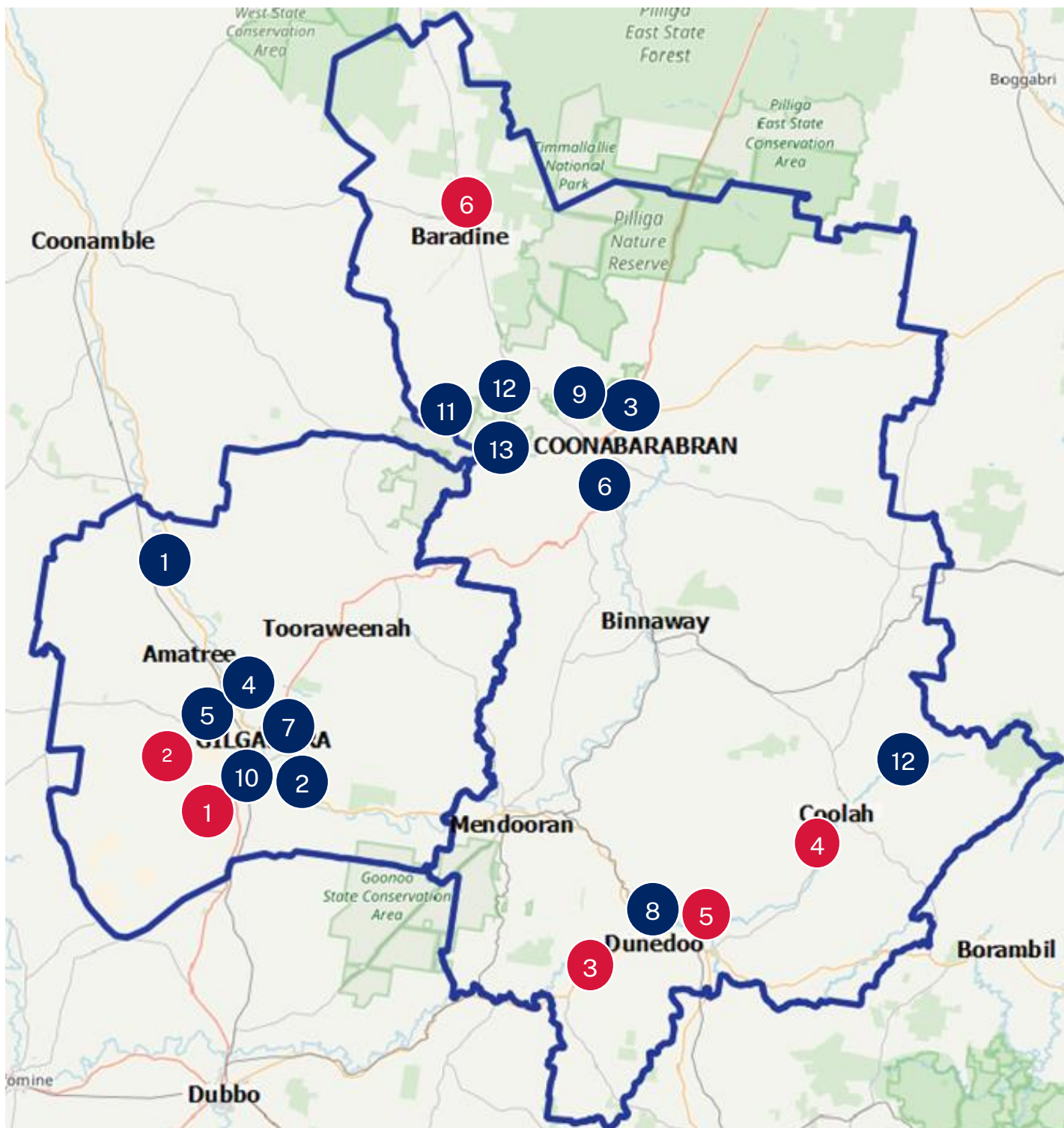








Figure 7: Map of significant investments in the Castlereagh Functional Economic Region since 2018








As shown in Figure 7, since 2018 the region has seen significant local, state and federal funding, as well as private investment. These investments are at varying stages of progress, with some delivered, some underway, and some investments still in the planning stage. Public investments have largely focused on major rail and road upgrade projects, as well as a range of tourism which support amenity for the local community, particularly recreation and utilities such as transport infrastructure. Grant funding has played a key role in delivery of many of these projects.






Major private investment since 2018

Investment	Estimated total project value	Relevant 2018 strategy
1 Gilgandra solar farm	\$63 million	
2 Berakee Quarry expansion	\$1.1 million	
3 Cobbora solar farm and battery storage	\$900 million	
4 Valley of the Winds wind farm	> \$1 billion	
5 Dunedoo Solar Farm	\$76 million	
6 Baradine Sawmill recommissioning	>\$2 million*	

*Project also supported by a grant from the NSW Government through the Regional Job Creation Fund.

Major public investment since 2018

Investment	Estimated total project value	Relevant 2018 strategy
1 Inland Rail	>\$1.2 billion	
2 Upgrade of Federation Street Gilgandra	>\$40 million	
3 Newell/Oxley Highway Intersection upgrade Coonabaraban	\$40 million	
4 Housing for Inland Rail (10 homes and 500-person work camp)	>\$5 million	
5 Gilgandra Industrial Park	\$3.9 million	
6 Town upgrades in Warrumbungle Shire	Not available	
7 GIL Library hub	\$3.6 million	
8 Dunedoo Infrastructure Package	\$5.6 million	

9	Coonabaraban groundwater pipeline	\$2.2 million	
10	Coo-ee Heritage Centre upgrade	\$2.7 million	
11	Fire trail upgrade program in National Parks	>\$1 million	
12	Walking track and campground improvements, Warrumbungle and Coolah Tops National Parks	\$4.8 million	
13	Siding Springs visitor experience upgrade	\$0.58 million	

Regional grant programs

The region has received \$29.11 million in grant funding since 2018. Key programs in the region have included the Stronger Country Communities Fund, with \$12.03 million provided for a range of projects ranging from recreational amenities to training and upskilling programs.

Grant category	Approved funding
Community	\$14.24 million
Economic	\$3.07 million
Disaster recovery	\$11.8 million

Note: Total grant funding outlined above only includes programs managed by the Department of Regional NSW, accurate as at January 2023.



Figure 6: Aerial view of the Siding Springs Observatory, Coonabarabran surrounded by Warrumbungle National Park. Photo credit: Destination NSW

7. Castlereagh region 2023 economic snapshot

A period of booming economic activity in the Castlereagh region presents an opportunity to support population growth and attract a working-age population.

The region has experienced a period of population decline in recent years. Recent major infrastructure projects such as Inland Rail and solar and wind farms delivered as part of the of Central West Orana Renewable Energy Zone present an opportunity to attract and retain a working age population. To enable this, there is a need to develop social and enabling infrastructure, as well as education and health care services to support skilled workforce attraction.

Population growth

As seen in Figure 8, Castlereagh saw an average population decline of -0.6% per year between 2011-21. Between 2018 and 2021, the region saw accelerated population decline of -1.2%.

The recent period of booming economic activity from major infrastructure investments presents opportunities to attract and retain working-age individuals which may aid in growing the future population and reversing this trend.

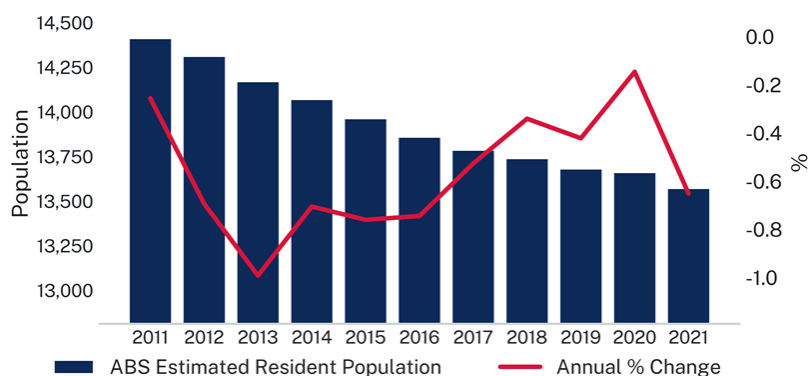


Figure 8: Castlereagh FER population growth, 2011-2021 (ABS ERP, July 2022)

Demographic profile

The proportion of the Castlereagh region in their prime working age of 20-49 years sits 12.4% lower than the whole of NSW (as seen in Figure 9). The over-50 years population is approximately 13.2% higher than the average proportion across NSW, however, it should be noted this cohort has decreased significantly since 2018. This may be due to the influx of temporary workers for major projects which has partially rebalanced the population distribution in the region.

Overall, the region still has a large over-50s population cohort. This may bring about challenges in supporting the health and social needs of an ageing population, especially if growth cannot be achieved within the prime working age cohort.

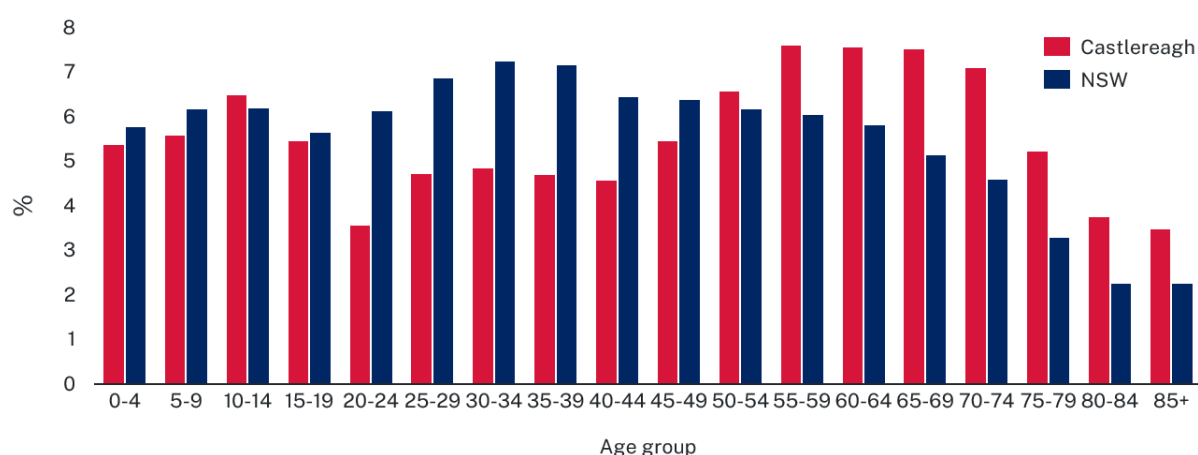


Figure 9: Castlereagh FER population by age, 2021 (ABS ERP, July 2022)

The housing vacancy rate in the Castlereagh region has consistently been below 2% since 2018, creating challenges around ensuring sufficient housing availability

The region has faced a decline in housing availability since 2018. A shortfall in housing stock may constrain the ability of the region to attract workers, as well as inhibit potential growth of the engine industry of tourism if sufficient visitor accommodation is not available.

Housing availability

The housing market in Castlereagh has tightened since 2018. Residential vacancy rates in the region have dropped from 2.4% in January 2018 to a low of just 0.3% in March-May 2021 (see Figure 10). Although vacancy rates have since eased slightly, they remain very low at 1.5% in August 2022.

Residential building approvals in Castlereagh have remained consistently low, with either one or no approvals recorded in the data for most months in 2020 and 2021. Aside from a peak of 4 approvals in April 2021, there is no evident increase in-line with increased demand for housing. As vacancy rates remain below the levels of a healthy market, a focus will be required on increasing growth in housing supply to enable regional economic and population growth. Recent actions to activate the Gilgandra Aero Park development, with plans for 10 properties to be developed initially for use by Inland Rail staff, plus at least an additional 11 lots being prepared for sale on the open market will provide some boost to local housing supply in the region.^[17]

Housing affordability

Between June 2018 and June 2022, median house prices in the Warrumbungle LGA increased 45% from \$185,000 to \$268,000. There was insufficient sales data for Gilgandra LGA to provide a comparison.^[18] Increased house prices may constrain the region in attracting and retaining key workers, which can have implications for major project delivery and overall economic growth.

While house prices have grown, the price to income ratio for the Castlereagh region in July 2021 was estimated at 3.32, less than half the NSW benchmark at 8.12, indicating a relative cost of living advantage compared to other regions.^[19]

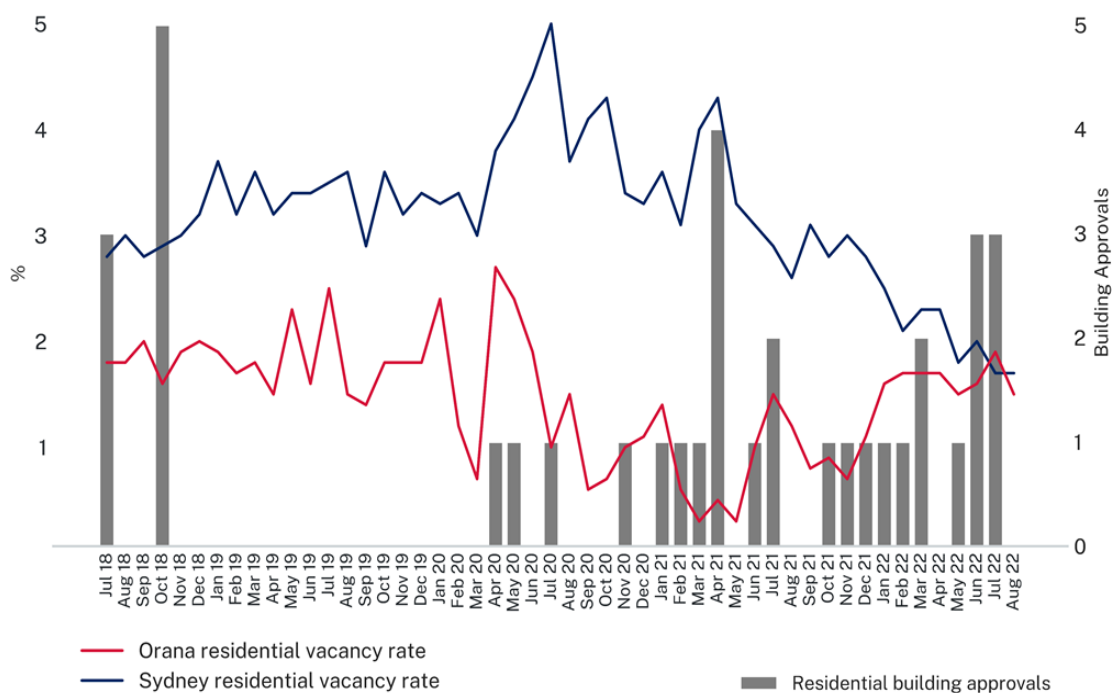


Figure 10: Castlereagh FER vacancy rate and building approvals, 2018-2022 (REINSW 2022)

Note: REINSW vacancy data collection is not aligned with the FER boundary map, resulting in an overlap with other FERs. These results are therefore intended to provide an indication of housing vacancies in the region.

Job vacancies have risen significantly in the region since 2020

A constrained labour market has been a key issue for the Castlereagh region since 2018, with job vacancies more than doubling since early 2020 despite major shocks to industry. This highlights a need to enhance local skills capacity and attract skilled workers from outside of the region to meet this growing need, particularly in the health and social services sector which are likely to face increased demand as the population ages.

Employment

As at June 2022, Castlereagh had an unemployment rate of approximately 4.5%, which sat above the NSW benchmark of 3.3% (see Figure 11). Unemployment rates across the region increased at the end of 2020, likely as a result of the COVID-19 pandemic, but have improved since September 2021.

As shown in Figure 12, despite of increasing unemployment rates during the same period, job vacancy rates in the broader region have almost tripled between May 2020 and October 2021. The region continues to face workforce shortages in most sectors, with top job vacancies in medical practitioners and nurses (153), sales assistants (87), and administrative staff (99). This tightening labour market indicates that there may be a skills gap between the current local labour force and jobs in demand.

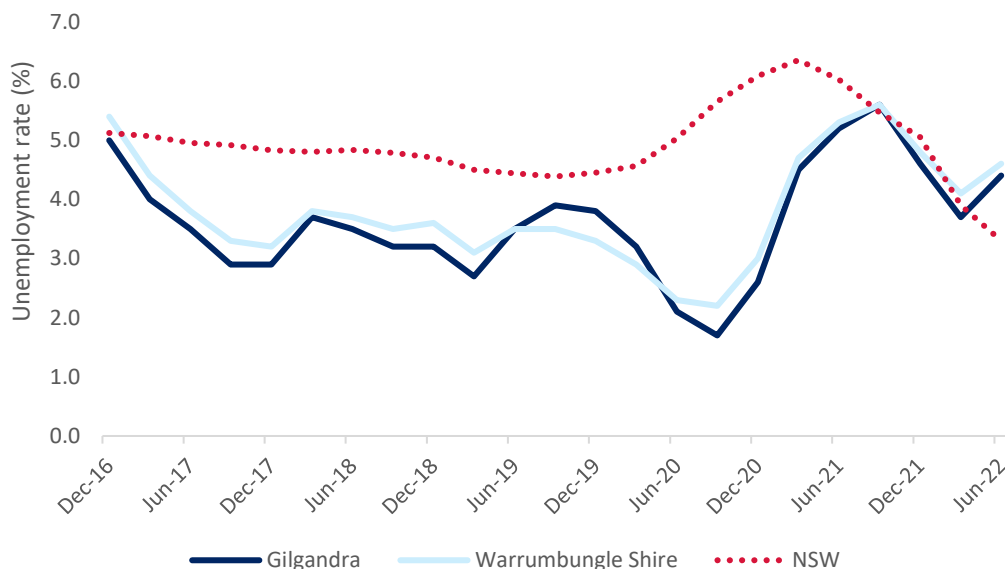


Figure 11: Castlereagh FER unemployment rates (%), 2016-2022 (National Skills Commission, 2022; ABS Labour Force, 2022)



Figure 12: Job vacancies, Dubbo and Western NSW (2018-2022) (Regional IVI, National Skills Commission, 2022)

Note: The regional IVI – National Skills Commission job vacancy data collection is not aligned with the FER boundary map, resulting in an overlap with other FERs. Job vacancy data only includes online job vacancies. These results are therefore intended to provide an indication of job vacancies in the region.

Aboriginal economic development

In August 2021, Aboriginal unemployment in the Castlereagh region sat at 14.7%, a marked improvement on the 2016 figure, which was 26.7%. While the unemployment rate still sits above the 2021 NSW average of 9.8%, this is a significant drop highlighting the achievement of improved economic outcomes for the region's Aboriginal communities.

Aboriginal unemployment rate: Castlereagh	2011	25.2%
	2016	26.7%
	2021	14.7%
NSW Aboriginal unemployment rate	2021	9.8%
NSW unemployment rate	2021	4.9%

Source: ABS Census, 2021

Major projects such as Inland Rail and those associated with the Central West Orana REZ provide significant opportunities to make further headway to support economic prosperity within the region's Aboriginal population. These projects can provide significant opportunity for training and employment in highly skilled jobs.

A key focus is needed on ensuring that the Aboriginal community can benefit from these major investments, and continuing dialogue and collaboration between local Aboriginal land councils, businesses and all levels of government will be critical to ensuring benefits from these projects can be turned into long term economic gains in the region.



Figure 13: Grain silos near Gilgandra. Photo credit: Gilgandra Shire Council

Castlereagh region 2023 engine and emerging industries

The Castlereagh region has a \$680 million economy, driven by key industry strengths. Despite significant shocks since 2018, including bushfires, floods and the COVID-19 pandemic, the Castlereagh region’s engine industries have remained a source of economic prosperity, with agriculture continuing to be a key driver of growth. The relative strength of industries in the region is highlighted through Location Quotient (LQ) analysis¹ displayed in Figure 14, in which the size of the bubbles correlates with industry size.

Engine industries

Agriculture continues to represent the most significant economic contributor to Castlereagh. Despite the COVID-19 pandemic, the tourism industry has continued to boom, with large visitation numbers partially reflecting more NSW residents undertaking holidays within state borders.

Agriculture (LQ of 14.56) has continued to be the key specialisation for the region, generating \$194 million in GVA to the local economy in 2020. This is driven largely by a strong sheep, grains, beef and dairy sector with an LQ of 25.4, generating approximately 87.5% of the industry’s output.

Tourism (LQ of 0.87) also remains a key source of economic output for the region, with visitors spending \$52 million in 2021, with recent booms in visitation.^[13] Nature-based tourism and national parks make a significant contribution to the sector in the region, being a key draw card for many visitors.

Healthcare (LQ of 1.21) represents another core pillar of the regional economy, contributing \$59 million, or 8.5% of the local economy, in 2020. Education and training contributed a similar amount in 2020, and has an LQ of 1.62, underpinned by local TAFE institutions.

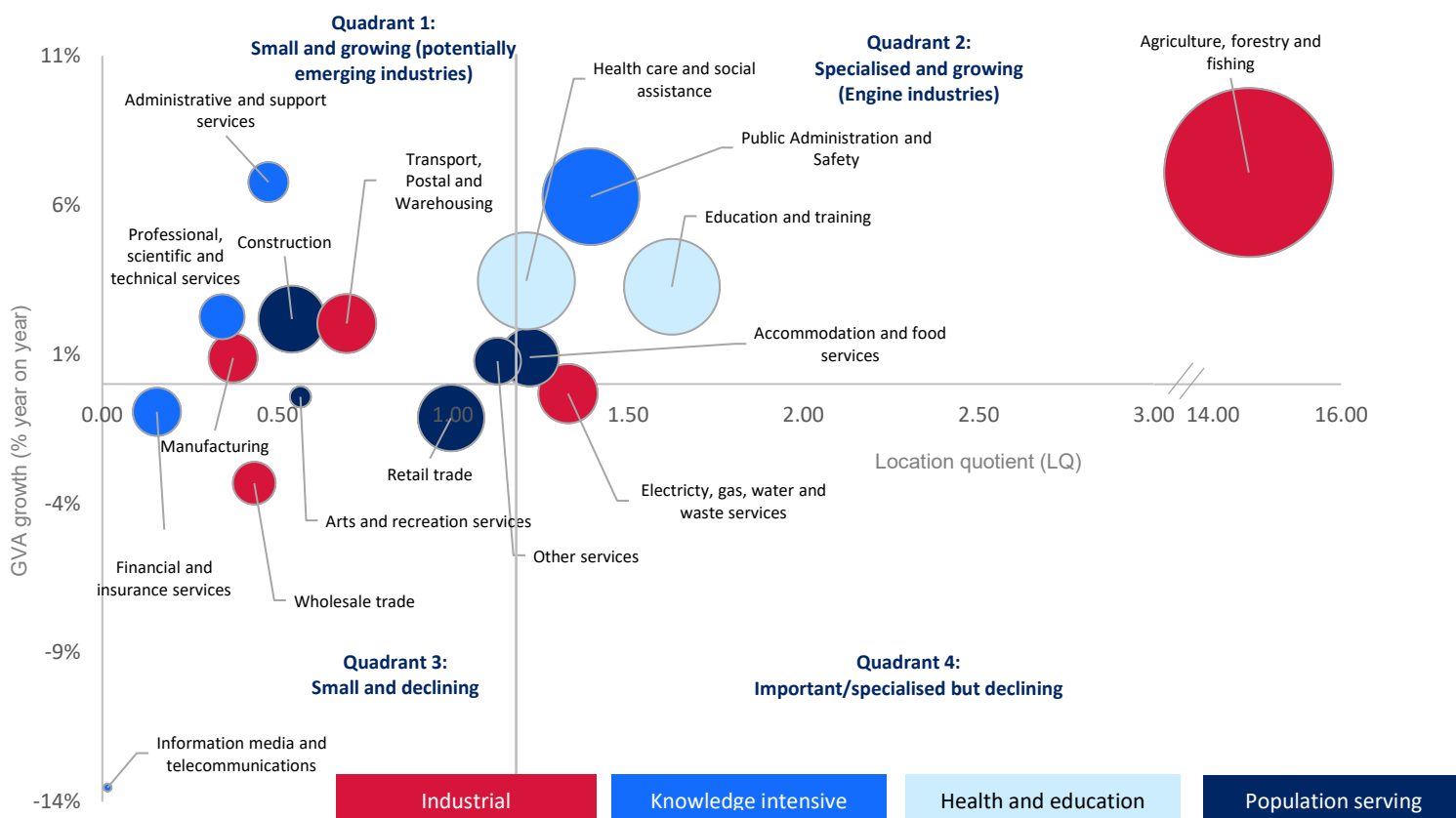


Figure 14: Location Quotient (LQ) Analysis by GVA, 2011-2020 (REMPLAN, 2020)

Note: While the 2018 REDS used employment data as the basis for LQ analysis, the 2023 Update has used Gross Value-Add (GVA) data. This allows for a clear demonstration of the changing economic impact of both engine and emerging industries across the regions.

¹ LQ analysis is used to measure industry specialisation by comparing the relative size of an industry in the region versus the whole of NSW.

Emerging industries

The region’s emerging specialisations have remained consistent since the 2018 REDS, where public administration and safety services and administrative and support services were identified as potential growth sectors.

Public administration and safety have demonstrated strong growth over the past decade with average annual growth of 6.3%, just below **administrative and support services** at 6.8%. Growth in these industries may be attributed to an increasing presence of government services within the region. Additionally, administrative services may have seen strong growth as they support the region’s key engine industries.

Professional and scientific services have seen 2.3% growth from 2011, almost doubling the NSW growth rate of 1.2%. Construction has also shown strong growth over the past decade, with 5.8% average annual growth since 2011. This is likely to a boom in construction activity caused by investments, such as Inland Rail.

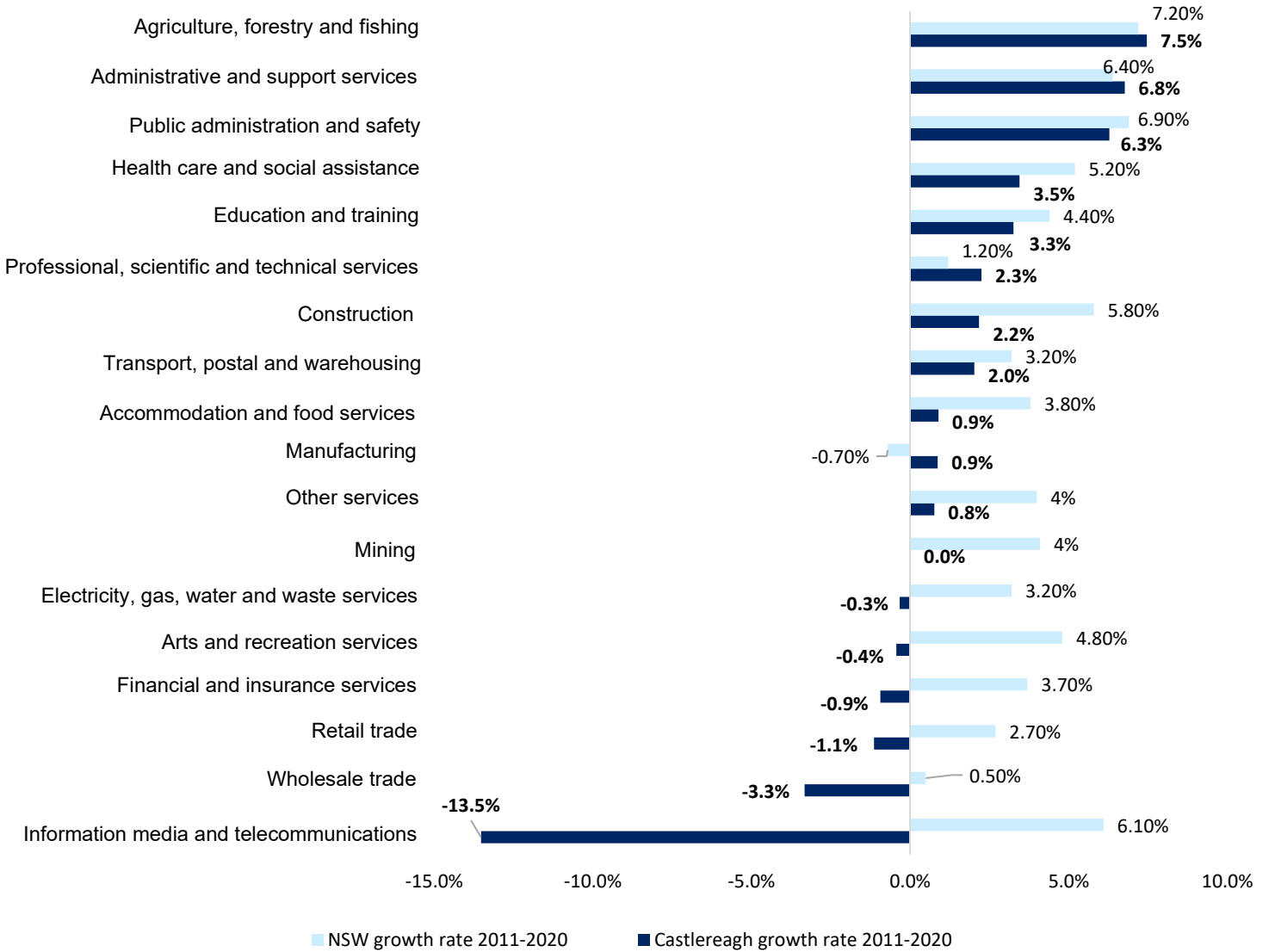


Figure 15: Change in GVA by Industry (% YOY), 2011-2020 (REMPAN, 2020)

Castlereagh region 2023 endowments

Review of the 2018 endowments

The 2018 REDS identified a diverse range of endowments underpinning Castlereagh's economy and regional competitiveness (see page 11 for the complete list). Despite recent shocks impacting many key endowments, consultation affirmed that most of them remain valid, with key endowments including:

- Water security for towns and industry
- Renewables
- Culture
- Skills and training
- Tourism assets
- Astronomy (Warrumbungle Dark Sky Park encompasses Siding Spring Observatory and Warrumbungle National Park)
- Economic development and networking
- Location
- Freight connectivity

New endowments

While not yet reflected in the employment and industry specialisation (LQ) analysis, recent investments and policy efforts have led to the creation of new endowments which will underpin new economic opportunities and future specialisations. During consultation, stakeholders also highlighted that the region's National Parks were an existing endowment that should be added as part of the 2023 REDS Update.

+ Inland Rail	Inland Rail will improve freight efficiency and access to external markets for the region's agricultural industry.
+ Central-west Orana Renewable Energy Zone	Generating renewable energy to support diversification of NSW's energy mix and low-cost energy will provide significant opportunity for local industry, and can be a key foundation for industry diversification.
+ National parks	The Warrumbungle, Coolah Tops and Pilliga National Parks are significant natural assets, with a diverse range of landscapes and visitor experiences.

8. Looking ahead: strategic opportunities for growth, resilience and liveability

Opportunities and vulnerabilities in engine and emerging industries

Agriculture, forestry, and fishing

Building resilience through increased water security, logistics and supporting uptake of agtech can help ensure continued future growth for Castlereagh's dominant agriculture specialisation.

GVA (2020, \$m)	194
Employment (2021)	1,430
LQ score (2020)	14.56
LQ Sheep, grain, beef & dairy (2020)	25.4
LQ Agriculture, forestry, and fishing support (2020)	9.1

Strengths

- Despite the significant impacts of drought from 2018 to 2020, strong growth has seen been across the agricultural sector, which remains the key engine industry in the Castlereagh region.
- Sheep, grain, beef & dairy is the dominant sub-sector in agriculture, accounting for 87.5% of industry output in 2020.

Vulnerabilities

- The industry relies upon the availability of land and viable climatic conditions for production, both which may be vulnerable in the face of rising incidence of drought and extreme climatic events.
- Macroeconomic factors beyond the control of producers may influence supply chains, freight costs, and commodity prices and therefore have an influence on the value of outputs.
- Any biosecurity incursions of new diseases could have significant implications for the sector, and a continued focus on minimising any impacts is critical.

Opportunities

- There are opportunities for the agricultural industry and councils to continue to focus on investment in water security projects, as a way to reduce the impact of future drought events.
- A focus on investment in local downstream manufacturing processes and value-add facilities such as abattoirs, where supported by available water and energy sources can help drive significant additional value add in the sector.
- Opportunities for increased freight efficiency and improved access to external markets will be opened up by the completion of Inland Rail.
- A focus on supporting investment in the uptake of agtech that improve farm efficiency, capacity and productivity can help deliver longer term gains in the sector.

Tourism

The Castlereagh region's tourism sector can be further enhanced through a focus on attracting additional industry investment and supporting skills attraction and development.

Visitor spend (2021, \$m) ^[13]	52
Employment (2021) ^a	729
LQ score (2020) ^b	0.87
LQ accommodation (2020)	2.6
LQ library & other info (2020)	3.0

a Summation of ANZSIC 1 digit Retail Trade, Accommodation and Food Services, Arts and Recreation Services.

b LQ score is for the accommodation and food services industry.

Strengths

- Castlereagh is home to 3 iconic national park visitation areas (Warrumbungle National Park, the Pilliga, and Coolah Tops National Park), and other natural publicly accessible areas including state conservation areas, state forest, and significant Aboriginal sites.
- Many tourists are introduced to the cultural and environmental assets in the area via the visitor centres at Coonabarabran and Gilgandra as well as the Pilliga Forest Discovery Centre in Baradine and the Warrumbungle National Park Visitor Centre in Warrumbungle National Park.
- The Warrumbungle Dark Sky Park (encompassing Siding Spring Observatory and Warrumbungle National Park) is a tourism attraction for people looking to experience the night sky, supported by the significant endowment provided by the observatory.

Vulnerabilities

- The industry is vulnerable to externalities. This has been demonstrated since 2018, with COVID-19 causing an initial reduction of visitation numbers (noting a significant rebound has since occurred), and flooding causing closures of roads and national parks.

Opportunities

- Further developing and promoting the astronomy and scientific tourism offering through the Siding Springs Observatory and Dark Sky Park in the Warrumbungles is a key opportunity, taking advantage of a significant comparative advantage the region has over other parts of NSW.
- Developing the food offering in the main street of Gilgandra could encourage visitation and induce passing traffic to stop, thereby increasing day visitor expenditure in the town.
- A focus on developing the range of accommodation and recreation experiences from glamping in the Warrumbungles to mountain biking at Coolah Tops, the Pilliga Tour de Gorge cycling event and bush camping at Dandry Gorge can significantly enhance the visitor experience.
- A focus on working with neighbouring regions to develop a region-wide offering that encourages tourists to stay longer and increase expenditure in the region can support longer term economic growth in the sector.
- Significant opportunity exists to work more closely with Aboriginal organisations such as Local Aboriginal Land Councils (LALCs) to assist them to activate cultural assets and create new visitor economy offerings, which can help diversify visitor economy offerings while also supporting increased economic prosperity in local communities.

Healthcare and social services

Castlereagh's specialisation in healthcare and social services is well supported by local training offerings, but an ongoing focus is needed on ensuring a skilled workforce is available to support the needs and future growth of the sector.

GVA (2020, \$m)	59
Employment (2021)	635
LQ score (2020)	1.21
LQ residential care & social assistance (2020)	1.3
LQ healthcare services (2020)	1.1

Strengths

- Castlereagh specialises in residential care and social assistance, with an LQ of 1.3.
- Local TAFE institutions in Gilgandra, Coonabarabran and Dunedoo offer courses on aged care and social assistance, which helps to develop the local healthcare skills base.

Vulnerabilities

- There are challenges in ensuring access to sufficient labour to fill vacancies in the region, and to attracting necessary skilled professionals including medical practitioners, nurses, carers and aides.
- The identified key occupations most in demand in the healthcare sector in the region are also in significant demand across regional NSW, meaning there is broad-based competition for skilled health workers.
- A focus is needed on ensuring adequate housing is available for workers in the sector, and that a high standard of amenity can be achieved within communities, so to increase the incentive for skilled professionals to move to, and/or stay in the region.

Opportunities

- Opportunity exists for improved health sector outcomes if a shift can be achieved in more parts of the region from on-demand health services to permanent GP clinics, supported by appropriate use of digital health care delivery models.
- Given the number of training institutions in the region offering dedicated courses to support the sector, co-ordinated planning can help ensure local skills training are well-aligned with ongoing employment opportunities.
- A key focus should be placed on working with TAFE to tailor training offerings to help address the current shortage of nurses in the region, and also considering training needs for the aged care sector, given the demographic profile of the region.

Key themes in stakeholder consultation

Stakeholders from the Castlereagh region noted that the area is experiencing a period of strong economic activity with positive conditions in agriculture, increased visitor numbers, and major infrastructure investments such as Inland Rail and renewable energy infrastructure.

Stakeholders also recognised significant potential impediments to ongoing growth that should be a focus of action to address, in particular housing availability and affordability challenges, as well as those associated with attracting and retaining skills in essential enabling services such as healthcare and other population-serving sectors.

Housing availability

Consultation input revealed that stakeholders are concerned that current shortages in housing availability in the Castlereagh region will only worsen in the face of increasing demand driven by workers associated with key industry growth and major project delivery, such as the ongoing Inland Rail project and renewables projects.

Taking a long-term view on major projects

While acknowledging the economic opportunities provided by investments in major infrastructure projects in the region, stakeholders expressed a keen desire to focus on ensuring long-term economic and community benefits can flow from these projects. Stakeholders identified the need to apply a future focused lens to project delivery to ensure they do not lead to a 'boom-bust' sequence of events.

Workforce constraints

Stakeholders noted that major infrastructure investment has placed significant pressures on demand for labour across all sectors. In particular, shortages were noted as most significant in health and other population serving industries. The need to focus on building local workforce capability and capacity was a strong focus during discussions with stakeholders.

Castlereagh REDS - 2023 Update strategies

The 2018 strategies broadly remain relevant to Castlereagh. However, some revisions have been made in consultation with stakeholders to better reflect key current priorities for the region.

Changes have been incorporated to increase the focus on supporting population and industry growth through development of a relevant skills base, and ensuring long-term benefits are derived from major infrastructure projects. Revisions have also been made to reflect the opportunities associated with the Central-Orana REZ, and to ensure a focus on enhancing water security.

Reflecting the changes outlined above, the 2023 REDS Update strategies for the Castlereagh region are listed below (amendments made to existing 2018 strategies are highlighted in **bold**):

Amended	Improve access to external markets, labour, healthcare , training, and other services .
Amended	Leverage the Central-West Orana Renewable Energy Zone to attract energy and energy related industries and continue to invest in local level water security.
Existing	Develop and enhance the regional lifestyle for work, leisure and business.
Existing	Develop and promote a broad event and destination profile to increase visitation, and diversify the economy.
Amended	Support local businesses in capturing opportunities from major projects such as the Inland Rail.

Key enablers of economic growth

A number of key enablers have been identified to assist with delivering each of the strategies. This list is non-exhaustive, with a focus on identifying priority short- to medium-term enablers. Responsibility for implementation of these enablers sits with various levels of government, and in some cases may also include business, industry or non-government bodies. Collaboration across these entities at a local level will be key to achieving results.

Strategy	New enablers		Lead and support	Rationale
Improve access to external markets, labour, healthcare, training, and other services.	People and skills	Collaborate with industry and education providers to ensure that education and training programs are in place to address skills shortages in key local services, such as nursing and teaching.	Training Services NSW , Local Councils, Department of Regional NSW (DRNSW), Registered Training Organisations, TAFE NSW	Improving labour supply for enabling services.
	Government, regulation and information	Map the increased freight capacity for the agriculture and agribusiness sector that will be unlocked by Inland Rail and identify ways to leverage these emerging opportunities to enable industry growth.	Local councils , Australian Rail Track Corporation (ARTC), DRNSW	Leverage the construction of Inland Rail for long-term growth play in engine industries.
Leverage the Central-west Orana REZ to attract energy and energy related industries and continue to invest in local level water security.	Infrastructure	Identify the supply chain and related services required from regional businesses to support energy-related investment in the region.	EnergyCo , Local Councils, DRNSW	Improve understanding of infrastructure requirements with expansion of REZ, Inland Rail and other major projects.
	Government, regulation and information	Investigate the impact of climate change on the region's water security, including consequences for the agricultural sector, to inform decisions pertaining to ongoing water infrastructure planning.	Department of Primary Industries (DPI) , Local Councils, Department of Planning and Environment (DPE) - Water	Build climate resilience across the region, especially within the agricultural sector.
Develop and enhance the regional lifestyle	Infrastructure	Support improvements to community spaces, sports and recreation infrastructure in order to improve amenity,	Local Councils , DRNSW, DPE - Planning, National Parks	Improved liveability assists with worker

Strategy	New enablers		Lead and support	Rationale
for work, leisure and business.		diversify the visitor economy offering, and aid in attracting and retaining a working age population.	and Wildlife Service (NPWS)	retention and attraction.
	Services	Work with relevant Departments to improve key service delivery models, and develop approaches to enhance capability and capacity of health and education sectors in the region.	Local Councils , Department of Education, NSW Health	Improve inefficiencies in regional service delivery.
	Government, regulation and information	Deliver a Regional Housing Delivery Plan to understand and identify options to address current and future housing needs, considering the impact of major projects on housing demand.	DRNSW , Local Councils, DPE Planning	Ensure sufficient housing is available to cater to growing demand for workers.
Develop and promote a broad event and destination profile to increase visitation, and diversify the economy.	Government, regulation and information	Collaborate with tourism operators and scientific research institutions to enhance marketing of key assets such as the Siding Spring Observatory and Warrumbungle and Coolah Tops National Parks.	Local Councils , Destination NSW, Destination Country and Outback NSW, NPWS, Siding Springs Observatory	Create a visitor economy that leverages the comparative advantage in the region.
	Infrastructure	Develop nature tourism opportunities and infrastructure in the region's National Parks through private, commercial and government partnerships.	NPWS , Local Councils, Destination NSW, Destination Country and Outback NSW	
Capture opportunities from major projects such as the Inland Rail for local	Infrastructure	Work collaboratively to identify opportunities for improved road and rail freight infrastructure connectivity to Inland Rail to further improve supply chain resilience and market access.	DRNSW , Local Councils, Transport for New South Wales (TfNSW), ARTC	Increasing capacity for growth through connectivity and housing.

Strategy	New enablers		Lead and support	Rationale
industries, businesses and community.	Government, regulation and information	Investigate and activate pathways for local business to take advantage of opportunities associated with major projects, including Inland Rail.	DRNSW , Local Councils	Enable local businesses to capture opportunities associated with major projects.



Figure 16: The Warrumbungles at dusk, Warrumbungle National Park. Photo credit: Destination NSW

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