



Regional
NSW

Resources for Regions – Strategic Review

Summary Report

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Executive Summary

Mining is an important industry for the NSW economy with an estimated 29,600 people directly and 118,000 people indirectly employed, contributing over \$31 billion annually to the NSW Gross State Product¹. The NSW Government introduced the Resources for Regions program in 2012 with the original objective of delivering improved local infrastructure and enhancing economic growth and productivity in mining-impacted communities in NSW. Since 2012, \$295 million has been allocated to 65 projects through Rounds One to Six of the program. The last two rounds of the Program (Rounds Five and Six) were not fully expended, with indications that the program was not working as effectively as it could.

In April 2019, at the completion of Round Six, the NSW Government announced a Strategic Review of the program. The overarching purpose of the review is to make evidence based recommendations to reshape the existing program and ensure that it best supports the unique challenges of the most mining-impacted communities in regional NSW.

The review was led by the Regional NSW Group in the Department of Planning, Industry and Environment (DPIE) and has made a number of recommended changes to future rounds of the Resources for Regions program including to:

- Provide more clarity around the objective of the program
- Provide more flexibility around the application criteria to ensure the right projects can be supported
- Review how the program considers mining impactedness to ensure the right areas are eligible for funding
- Broaden the scope of eligible projects so applicants can propose projects that best meet the unique needs of their communities
- Update the funding structure to ensure funding flows where it is needed most.

Approach

The initial analysis of the program identified the following issues:

- A steady decline in the average value of successful projects over the six rounds
- An increase in overall failure rates of applications from the Expression of Interest stage onwards
- An increase in failures of applications due to applicant inability to meet the co-contribution requirements
- An increase in failures of applications due to applicant inability to meet the Benefit Cost Ratio (BCR) requirements
- Low diversity in the types of projects funded
- A low rate of successful applications in the most mining-impacted LGAs

On the basis of the initial analysis, a Terms of Reference was developed to define the purpose and scope of the review, as well as to determine which aspects of the program would be examined. The Terms of Reference can be found at **Appendix I**.

¹ Department of Planning, Industry & Environment, Division of Resources & Geoscience (2019)

UTS Research

In order to underpin the review with comprehensive evidence, DPIE engaged consultants from the University of Technology, Sydney (UTS) Institute for Public Policy and Governance to undertake research and analysis. Key focus areas of the research include:

- Comparative analysis of other funding programs seeking to achieve similar outcomes to Resources for Regions with a view to identify options for improvement
- Analysis of economic and social impact of mining in NSW regional communities and subsequent infrastructure needs of those communities
- Analysis of mining impactedness to inform ways to measure and weight mining impact in future Resources for Regions programs

This research and analysis has been synthesised into a report which is publicly available [here](#).

The report makes the following key recommendations:

- The program guidelines should be amended to focus on helping communities address the range of social and economic impacts associated with mining, as well as broadening the remit of what is funded to include programs that support economic development, and provide community and social support.
- Project applications should align with the respective Local Government Area's Community Strategic Plan instead of being assessed as aligning with broader NSW Government priorities.
- Program structures should be implemented that guarantee funding to mining-related areas, such as allocating a base amount of funding per mining-impacted area, with potential additional loadings for disadvantage.
- There should be flexibility around the requirements of a co-contribution and threshold of Benefit Cost Ratio of above 1.0.

Stakeholder Consultation

In order to ensure the outcomes of the review accurately reflected the views and perspectives of key stakeholders across mining related communities, DPIE conducted a comprehensive consultation process over the course of the review with a range of local government, industry and peak bodies.

The overarching recommendations capture the insights and priorities of these stakeholders, with program staff testing assumptions and iterations of proposals over the course of the review.

In addition to broad support for the recommendations from the UTS report, the following key feedback was provided throughout the consultation process:

- Mining related communities contribute greatly to the state economy, and require further investment to address their unique economic and social needs.
- The program should provide certainty that communities that have higher impacts will receive funding.
- The program should provide more flexibility to enable applications for projects that meet the specific needs of mining related communities.
- Local Government is well placed to determine the strategic needs of their own communities.

Development of Review Recommendations

In the final stage of the review, DPIE program staff considered the UTS report, the outcomes of the stakeholder consultations, as well as undertaking supplementary research and data analysis in order to inform a series of recommendations to reshape and refocus the next round of the program:

Recommendation 1:

- The program objectives should be updated and refined, in order to better target the scope of the program.

Recommendation 2:

- The program funding should be sourced from the Consolidated Fund.

Recommendation 3:

- Applications should link proposed projects to the relevant Local Government Area's Community Strategic Plan or relevant Regional Plan. This will ensure projects funded are best meeting the needs and expectations of mining-impacted communities.

Recommendation 4:

- The scope of eligible projects should be broadened to include both infrastructure and programs, in order to ensure mining-impacted communities have broader flexibility to address their community's unique economic and social needs through a more diverse range of projects.

Recommendation 5:

- The minimum grant amount should be reduced to ensure mining-impacted communities have greater flexibility to apply for a range of projects to address their community's unique economic and social needs.

Recommendation 6:

- Co-contributions from applicants should be highly encouraged, however not mandatory, to provide applicants with greater flexibility and encourage a more diverse range of applications.

Recommendation 7:

- A number of factors should be drawn on to determine mining impactness including:
 - LGA has a mining employment Location Quotient of above **2.0**; *and/or*
 - at least 1 operational mine (not including quarries) located within the LGA; *and/or*
 - an obvious mining presence and impact in the LGA; *and or*
 - significant economic, environmental or other impacts from mining.

Recommendation 8:

- Each mining-impacted LGA should be eligible to apply for a guaranteed envelope of funding for their region which consists of a base allocation, and a further potential amount allocated proportionate to their mining relatedness.

Next Steps

DPIE are developing new program guidelines in consultation with key stakeholders. A new round of the updated Resources for Regions will open in the first half of 2020.

Appendix I.

Terms of Reference

The review will make recommendations on how the program can more effectively support communities that are impacted by mining.

The reference points outlined below identify the key focus areas for the review and the specific challenges that the review seeks to address.

The review recommendations will feed into new Program Guidelines and the assessment process to optimise the support of mining-impacted communities in regional NSW. The review will be led by the Regional NSW Group in the Department of Planning, Industry and Environment.

Objective

To analyse how the Resources for Regions program ('the program') can be optimised to ensure it best supports mining-impacted communities in regional NSW.

Terms of Reference

The Review will examine issues that have arisen in previous rounds of the Fund including funding underspend, decline in the number of applications and whether investment from the Fund has been allocated to Local Government Areas particularly impacted by mining activity.

The Review will consider:

1. The current definition of mining relatedness; and different options for how this might be measured or weighted in future programs.
2. The unique economic and social impacts of mining on regional LGAs and the extent to which these impacts should be mitigated through public infrastructure funding.
3. The adequacy of the scope of projects that are funded under the program in light of the Program objectives.
4. The effectiveness of the existing Program Guidelines and the impact of these on the quality and success of applications, as well as overall effectiveness of the program.
5. How the Restart NSW criteria impact the program's application process.
6. The effectiveness of the program's feedback process and impact of this on the quality and success of future applications.
7. Community and stakeholder views of the effectiveness of the program and include consultations with a range of stakeholders, including previous applicants, Councils, peak industry bodies and community organisations/members.
8. If there is a link between mining royalties and the infrastructure needs of mining-impacted communities, and whether/what action should be taken to better align these.

9. Whether targeted support is needed for more vulnerable mining-impacted communities (e.g. those with a low Socio Economic Index for Australia (SEIFA) score), including those with high unemployment rates and or those at risk of structural adjustment related to mining activities.
10. Case studies of best practice in how grant programs can support regional mining-impacted communities, and options for innovative approaches likely to deliver better outcomes.
11. The scope and outcomes from any previous or forthcoming reviews, consultation to date, and inputs made by industry and peak groups.

Review recommendations will be consolidated into a policy review for approval by the NSW Government.