



**ORANGE CITY COUNCIL  
ORDINARY COUNCIL MEETING**

**ATTACHMENTS**

**LATE ITEMS**

**5 AUGUST 2025**

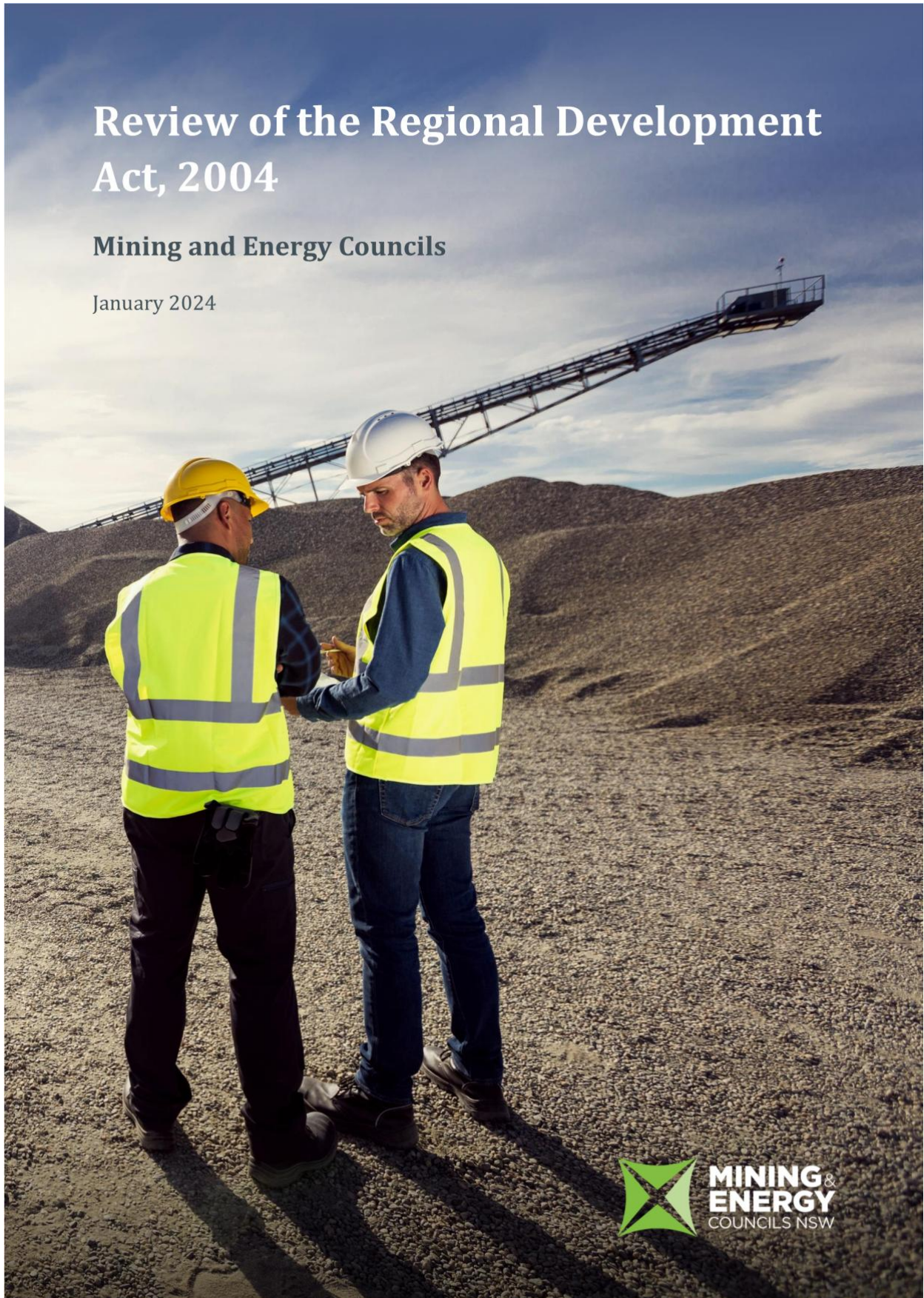
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# Review of the Regional Development Act, 2004

## Mining and Energy Councils

January 2024



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## 1.0 Executive summary and consolidated list of recommendations

Mining and Energy Councils is the peak organisation representing resource and energy generation communities in New South Wales. These communities host 'engine' industries, making a substantial contribution to State wealth.

The Association welcomes the opportunity to make this submission on behalf of its members and appreciates the work the New South Wales Government is undertaking to refresh policy settings for New South Wales regions.

In the preparation of this Submission, the Association took the opportunity of consulting with its seventeen member councils as well as several non-member councils and others. Further information on the Association can be found in the Appendix.

The Association makes the 13 recommendations set out in Table 1. These recommendations will strengthen policy settings and economic development initiatives for New South Wales regions.

**Table 1 – Consolidated List of Recommendations**

No.	Recommendations
1	The geographic applicability of the Act should be re-drafted by reference to 'who is in' rather than 'who is out' (see, for example, s3 of the <i>Regional Development Victoria Act, 2002 (VIC)</i> ).
2	The geographic applicability of the Act should be qualified with an additional subsection providing the Minister the ability to include a Sydney Metropolitan Council (such as Wollondilly Shire) in a strategic intervention if the inclusion is reasonably necessary to facilitate a particular regional strategic intervention whether by geography (for, example, the Macquarie or Central Tablelands Region), or by subject matter (for example, the southern coalfields region).
3	The applicability of the Act should be re-drafted to give the Minister, by Regulation, the ability to vary the meaning of region for general or specific purposes (see, for example, s3 of the <i>Regional Development Victoria Act, 2002 (VIC)</i> ).
4	A review of DRNSW's internal processes should accompany the statutory reforms. An evidence-based consideration and identification of the optimal regional catchment for

	all strategic interventions should occur early in the framing and administration of policy.
5	The NSW Government should refresh its policy settings for New South Wales regions – particularly with reference to specialisation, productivity, and specialist regional TAFE campuses supported by affordable accommodation and transport.
6	The NSW Government should set firm and defensible targets for all aspects of its policy settings, initiatives and delivery in New South Wales regions – including for productivity, adaptive capacity, and VET.
7	The NSW Government should pilot ‘tech schools’ in two regions using the Victorian Government’s model of delivery. These should be aligned with a regional university actor and draw, where possible, on existing regional facilities.
8	The New South Wales Government should fund, as a priority, a pilot regional mining impact assessment and the development of a regional mining affectation guideline.
9	The regional affectation guideline should be developed collaboratively by all mining impacted councils in a region and in close consultation with industry, the Mining and Energy Union and others. The guideline should be developed with reliance on objective, robust and defensible levels of service and metrics.
10	The Resources for Regions Program (or equivalent) should be re-introduced and closely aligned to the recommendations of a region’s mining impact assessment.
11	In the alternative, the New South Wales Government should provide overt policy support to the alternative funding mechanism set out in this Submission.
12	The New South Wales Government should expedite the establishment of its proposed jobs and investment authorities noting that successive governments have failed to deliver any meaningful investment in transitions management to date despite global leading practice and apparent bi-partisan support for such interventions. Each of the coal mining regions have advanced place-based plans developed collaboratively between communities, councils, business, workforce unions, and knowledge providers. The missing actor has long been the New South Wales State Government.
13	The quantum of funding for Royalties for Rejuvenation (or equivalent) should be substantially increased noting the expert evidence and tasks recommended for immediate prioritisation.

## 2.0 Key terms and abbreviations

Term	Meaning
<b>ABARES</b>	Australian Bureau of Agricultural and Resource Economics and Sciences
<b>Act</b>	<i>Regional Development Act, 2004 (NSW)</i>
<b>Association</b>	Association of Mining and Related Councils Incorporated
<b>DRNSW</b>	New South Wales Department of Regional New South Wales
<b>IPR</b>	Integrated Planning and Reporting Framework for the purpose of Part 2 of Chapter 13 of the <i>Local Government Act, 1993</i>
<b>IPART</b>	Independent Pricing and Regulatory Tribunal established under the <i>Independent Pricing and Regulatory Tribunal Act, 1992 (NSW)</i>
<b>Issues Paper</b>	<i>Issues Paper</i> (November 2023) published on the DRNSW website
<b>LGA</b>	Local Government Area and having the same meaning as that term has in the <i>Local Government Act, 1993 (NSW)</i>
<b>Minister</b>	Minister for Regional New South Wales
<b>REDS</b>	Regional economic development strategies developed by DRNSW for a specific functional economic area in New South Wales
<b>Regulations</b>	<i>Regional Development Regulations, 2018. (NSW)</i>
<b>VET</b>	Vocational education and training
<b>VPA</b>	Has the same meaning as 'Planning Agreement' in the <i>Environmental Planning and Assessment Act, 1979 (NSW)</i>

### 3.0 Regionality

The understanding of 'region' and 'regional' is central to the purposes of the Act and should be carefully reviewed. There is some ambiguity in the statutory language and the Act would benefit from greater clarity. Differing uses and applications of the words in legislative and subordinate legislative contexts and grants have caused unnecessary political confusion as to 'who is in' and 'who is out'.

#### 3.1 The Statutory framing

The Act itself uses the words 'region' and "regional" with two different meanings. The first meaning is used in confining the application of 'strategic interventions' under the Act to: "any part of New South Wales ... that is not the 'Sydney Metropolitan Area'" (see ss. 3 and 4 of the Act and r. 4 of the Regulations). The second meaning conveys a more traditional district or localised sense (see ss. 3(b) to (d) of the Act). The second meaning is more closely aligned to the ordinary and everyday meaning of region<sup>1</sup>.

#### 3.2 Flexibility in regional strategic interventions

In Chapter 7 of this Submission, the Association notes that a core objective of the Act should be to encourage strategic regional planning, regional capacity building and shared regional service delivery. Considerable productivities can be won where resource sharing and regional service delivery is closely aligned with optimum service delivery 'catchments'.

What constitutes a 'region' in that context requires some flexibility. Part of any regional strategic intervention should require the identification of an optimal service region for a particular function or service. The optimal area varies according to the characteristics of, and 'catchment' for, those functions or services rather than arbitrary government or administrative lines.

The Act is unnecessarily inflexible in its consideration of regionality, and strategic interventions proposed by DRNSW often inadequately consider the optimum function or service catchment for a proposed intervention.

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<sup>1</sup> See, for example, definition 3 of 'Region' in the *Macquarie Dictionary*, 2023.



For State mining, for example, the regional ‘catchments’ for strategic interventions should be aligned with the geological coal belts, the interconnected supply chain of associated specialist service industries and the export logistics chain. Lithgow LGA, for example, has a very confined local catchment – a consequence of its coal mining industry being largely integrated with the LGA’s local power industry. At an administrative level, however, DRNSW has placed the Lithgow LGA and Mid-Western Regional LGA together for the purposes of its Royalties for Rejuvenation expert panels and other aspects of its strategic interventions. In functional terms, the Mid-Western Regional LGA is a standalone region – with some linkage to the Greater Hunter in terms of its service industries and export logistics chain. Bundling these councils together for the purpose of strategic planning has created all sorts of unnecessary issues. One such issue, was a last-minute attempt to insert a chapter about Mid-Western Regional LGA in the State Government’s Lithgow Emerging Economy Plan in an apparent attempt to have a whole of ‘region’ response to transitions management. For coal mining purposes, these communities are distinct regions facing very different futures. There should be sufficient flexibility in administering strategic interventions to respond optimally.

Another example is Wollondilly Shire Council, which is part of the southern mining region for mining regional ‘catchment’ purposes. It is excluded, however, from the application of the Act altogether by being part of the Sydney Metropolitan Area. Strategic intervention in mining policy in the southern regional coal field, however, could not adequately occur without including Wollondilly Shire.

The Act and its administration are unnecessarily inflexible. A more agile and flexible approach to the application of strategic interventions in a regional context can and should be achieved. An evidence-based consideration and identification of the optimal regional catchment for strategic interventions should occur early in the framing and administration of policy and grants.

### 3.3 Recommendations

The Association makes the recommendations set out in Table 2.

**Table 2 – Regionality Recommendations**

No.	Recommendations
1	The geographic applicability of the Act should be re-drafted by reference to 'who is in' rather than 'who is out' (see, for example, s3 of the <i>Regional Development Victoria Act, 2002 (VIC)</i> ).
2	The geographic applicability of the Act should be qualified with an additional subsection in the Act providing the Minister the ability to include a Sydney Metropolitan Council (such as Wollondilly Shire) in a regional strategic intervention if, in the opinion of the Minister, the inclusion is reasonably necessary to facilitate an optimal policy response to a region's issues (whether or not 'region', in that context, is categorised by geography (for, example, the Macquarie or Central Tablelands region), or by subject matter (for example, the southern coalfields region)).
3	The applicability of the Act should be re-drafted to give the Minister, by regulation, the ability to vary the meaning of region for general or specific purposes (see, for example, s3 of the <i>Regional Development Victoria Act, 2002 (VIC)</i> ).
4	A review of DRNSW's internal processes should accompany the statutory reforms. An evidence-based consideration and identification of the optimal regional catchment for all regional strategic interventions should occur early in the framing and administration of policy.

## 4.0 Over-arching policy settings

Before considering the statutory objectives, the Association would prefer a broader re-think about public policy settings for regional development in New South Wales. There is a considerable lack of policy clarity which, in the Association's view, creates a fertile environment for the misallocation of scarce regional funding.

### 4.1 Specialisation vs diversification

One example is the twin pursuit of both diversification and specialisation which, in regional economic development terms at least, are policy opposites. Yet the language of the REDS and many other regional economic planning and strategic instruments embrace both – often on the same subject matter<sup>2</sup>.

Beer and Clower (2009), in undertaking regression and cluster analysis from the Australian 2001 Census, noted:

[A] key policy conclusion ... that can be drawn from this research is that, within a deregulated economy, a greater level of economic specialisation is likely to result in more secure and predictable growth.<sup>3</sup>

Specialisation is, in fact, a substantial part of the policy direction for New South Wales regions and is reinforced by several strategic interventions including the precinct planning of the Renewable Energy Zones and Special Activation Precincts. Diversification may, nonetheless, have some place-based application, but, as a policy of general application, it should be re-considered.

### 4.2 Resilience and productivity

Resilience has taken on a significant prominence in recent regional economic policy – driven principally by natural disaster response and the need for stronger climate adaptation policy. It shouldn't, however, be pursued to the detriment of other equally or perhaps more important policy priorities such as regional productivity. After all, a resilient economy can, nonetheless, be a relatively unproductive one – stable but stagnant.

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<sup>2</sup> See, for example, Hunter REDS Update (2023) at p. 7.

<sup>3</sup> Beer, A., and Clower T. (2009) "Specialisation and Growth: Evidence from Australia's Regional Cities", *Urban Studies*, 46(2) 369-389 at p. 388.

A strong focus on productivity – particularly agricultural productivity – should headline the New South Wales Government’s policy framing and strategic interventions. Over the period from 1988–89 to 2021–22, national broadacre climate adjusted productivity growth averaged 0.6% per year<sup>4</sup>. The focus on resilience has drawn considerable oxygen and interest away from the real drivers of regional productivity and the Association would welcome a refresh of policy focused on those drivers (innovation, policy reform and deregulation, industry structures, climate conditions and investment in human and physical capital) with associated firm targets and accountabilities rather than vague hopes and aspirations.

### 4.3 Vocational education and training

One practical example of the difficulty that arises when too much focus is placed on diversification at the expense of specialisation, is the policy framing for the delivery of vocational education and training in New South Wales regions.

There can be little argument that the maintenance of general campuses of TAFE in all regional and sub-regional centres across New South Wales was unsustainable.

Cross party support for that proposition, however, gave rise to a policy choice that has probably worsened outcomes for young people and the emerging workforce in rural New South Wales. Rather than building well-funded specialist campuses closely aligned with a region’s strengths and supported, as part of a network, with affordable accommodation options for students, the New South Wales Government established ‘cut-down’ generalist-access campuses (‘inter-connected learning centres’) across all regional and sub-regional centres in New South Wales. Whilst there has been little comprehensive or independent analysis of the consequences of that choice, the strong anecdotal evidence is that the vocation education and training sector is now under considerable strain with the ‘interconnected learning centres’ ill-equipped to provide the job ready skills and ‘hands on’ vocational training required by the economies of New South Wales regions.

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<sup>4</sup> The Australian Agricultural Productivity data dashboard (2023), ABARES, July Update. Accessed at <https://www.agriculture.gov.au/abares/research-topics/productivity/agricultural-productivity-estimates>.

The Association recommends that VET policy in New South Wales be fundamentally re-thought. The sector should migrate, in a logical and orderly way, to a network of specialist and appropriately funded campuses across regional and sub-regional centres. These specialist centres should be supported by affordable student accommodation options, flexible (and intensive) training delivery – ensuring the ability to deliver training to geographically diverse students in work placements, regional (and sub-regional) public transport networks and re-imagined prospectus information (to both secondary school students and their parents). Done well, this initiative also has the capacity to assist the NSW Government meet its affordable housing policy objectives in a targeted way. The policy re-think should be accompanied by robust and independent analysis of targets and objectives.

#### 4.4 Adaptive skills

Whilst the jobs, investment and other ‘demand side’ strategic interventions in regional economic development are important, so too are workforce or ‘supply side’ considerations. Workforce considerations have not had the prominence that they previously enjoyed. It is worth remembering that people are the New South Wales economy’s most important economic asset.

As Roberta Ryan of the University of Newcastle noted recently:

Historically, the approach to regional development and planning has been framed by developing sector-specialisations based around physical resources or assets ... but that ... in an environment where new opportunities emerge quickly and existing markets can decline with little warning, the [Hunter] region needs to prioritise building a workforce with transferable skills across sectors and developing human capital that is nimble, adaptable and resilient to change.<sup>5</sup>

The focus on a region’s adaptive capacity is also a strong focus of the findings of the Australian Productivity Commission<sup>6</sup>: A significant – perhaps the most significant – factor shaping the relative adaptive capacity for each region relates

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<sup>5</sup> See statement accompanying release of The Hunter Insight Series: The Geography of Jobs accessed at <https://www.newcastle.edu.au/newsroom/featured/rethink-needed-on-hunters-economic-development-priorities>.

<sup>6</sup> Australian Productivity Commission: “*Transitioning Regional Economies: Study Report*” (2017).



to people-related factors (including educational achievement, employment rates, skill levels, personal incomes and community cohesion)<sup>7</sup>.

One concrete, evidence-based response within the control of regional leaders and communities is investment in accessible STEAM-focused technical education. Creating opportunities for young people to learn formal STEAM skills – and related creative, problem solving, critical thinking, teamwork, and communication skills – is a practical investment in meeting employer needs, increasing attractiveness as a place to do business, and guiding young people to rewarding careers.

The Association recommends establishing STEAM centres in conjunction with school clusters across NSW regions commencing with two regional pilots. The facilities are expensive and are optimally delivered as a shared-access resource providing equal opportunity of access across a region's education 'catchment' regardless of a school's funding profile. The facilities also assist and support the growth of critical STEAM teaching – this is particularly important in rural NSW where attracting and retaining adequate STEAM teaching staff is more challenging. The Victorian Government's regional 'tech schools' have led to a demonstrable improvement in workforce adaptive capacity in Victorian regions. They have done so, by ensuring that students in rural Victoria have similar access to STEAM learning facilities as is enjoyed by students in metropolitan Melbourne. Other New South Wales Government objectives, such as improving results for the participation of women and Aboriginal and Torres Strait Islander peoples in STEAM education can also be achieved. This also builds on the ambitions of the Commonwealth Government's regional development framework: "no one held back and no one left behind".

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<sup>7</sup> *Op cit.*, see finding 4.3 at p. 34.

#### 4.5 Recommendations

The Association makes the recommendations set out in Table 3.

**Table 3 –Policy Recommendations**

No.	Recommendations
5	The NSW Government should refresh its policy settings for New South Wales regions – particularly with reference to specialisation, productivity, and specialist regional TAFE campuses supported by affordable accommodation and transport.
6	The NSW Government should set firm and defensible targets for all aspects of its policy settings, initiatives and delivery in New South Wales regions – including for productivity, adaptive capacity, and VET.
7	The NSW Government should pilot ‘tech schools’ in two regions using the Victorian Government’s model of delivery. These should be aligned with a regional university actor and draw, where possible, on existing regional facilities.

## 5.0 Resources for Regions

Mining and energy production are key engine room industries for New South Wales. Coal mining, particularly, is an international-scale industry – the Hunter, for example, accounts for some 14% of the world trade in thermal coal.

The scale of these industries is enormous compared to the relatively small scale and capacity of host communities. This has given rise, and will continue to give rise, to an array of complex economic, social, and environmental issues.

New South Wales mining communities are immensely proud of the contribution they have made to gross State product, energy affordability and reliability, as well as safer industrial work practices over more than 150 years. That pride has often masked, however, underlying stresses in mining communities which typically include poor air quality, an underinvestment in road infrastructure, poor relative social advantage – often with two-speed economies, poor environmental and landscape ecological connectivity and many other impacts.

### 5.1 Resources for Regions and the local community impact of mining activity

Resources for Regions came about as a result of a policy paper produced by Muswellbrook Shire Council which noted two broad State Government policy gaps, later acknowledged, in the then New South Wales Government's regional policy framework:

- The inability of small rural councils, through existing policy tools (rating or planning contribution revenues), to 'bankroll' necessary and safe road infrastructure when that infrastructure was impacted by multiple mines or the impact was indirect, diffused or distributed.
- The inability of many communities to meet the consumption of council infrastructure and services resulting from mining activity occurring in neighbouring local government areas through existing policy tools. This

was particularly so, where the impact was distributed more indirectly across the road network.<sup>8</sup>

It was also noted that it was becoming increasingly difficult to obtain a local 'social license' to mine, in circumstances where relatively small community councils were being asked to fund infrastructure impacted by international scale mining. There was also a marked disparity in benefit sharing with almost a billion dollars of then royalty revenues being directed to New South Wales Government consolidated revenue.

These policy gaps attack at mining productivity, result in substantial cross-subsidisation of the mining industry, create further entrenched poor economic and social outcomes for mining communities, and impact social cohesion.

The quantum of total funding was arrived at by extrapolating Muswellbrook's assessed impact across all mining impacted Councils in New South Wales. Muswellbrook's impact had been the subject of a high-fidelity Mining Affected Road Network Strategy and State Government Thomas Mitchell Drive Contributions Study. Those two studies took into account forward contributions from the proposed Resources for Regions program and the decision to halt the program by the New South Wales Government will have self-executing consequences, set out in those reports, for those communities and associated mining activity.

Moreover, councils which have sought special rate variations are required to take into account contributions received from Commonwealth and State Government recurrent grant programs. The decision to halt Resources for Regions funding to mining communities is therefore likely to necessitate consequential applications for special rating variations in mining affected communities across New South Wales<sup>9</sup>.

Finally, reliance on Resources for Regions in resolving policy and funding gaps from proposed mining activity, particularly in relation to road infrastructure, has weighed heavily in the planning discretion for the approval of mining

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<sup>8</sup> Rush, M. "Royalties for Regions: Muswellbrook Shire Council's proposal for a royalty return to Councils of local government areas affected by intense coal mining", Muswellbrook Shire Council.

<sup>9</sup> See, for example, *Application by Lithgow City Council to the Independent Pricing and Regulatory Tribunal for Special Rate Variation* (2022 and determined 2023).

activity – including by the Independent Planning Commission. The absence of a Resources for Regions like program, may mean that approvals are more difficult to achieve or, alternatively, that infrastructure is not adequately and safely funded.

## 5.2 Review of Resources for Regions

The Association acknowledges the need to review the Resources for Regions funding program.

The Resources for Regions program was last reviewed in 2019. In the Association's view, the outcome of the review was mixed. Whilst the Association welcomed the recurrent and non-contestable portion of the funding streams as bringing greater certainty and a greater strategic focus to fund expenditure, it is noted that the underlying analysis of "impactedness" was significantly weaker. It is noted, in that regard, that mine employees (by work location) was used as a proxy for impact. The evidence, however, was that over 45% of mine impact was related to the consumption of road infrastructure and that employment was a very poor proxy for that category of impact. In some local government areas, for example, the mining activity is solely connected to the State network whilst in others the mining activity is solely connected to the local road network. None of that was adequately, or close to adequately assessed, by the DRNSW review team. The non-contestable nature of the funding also led, in some instances, to the duplication of infrastructure (regional sale-yard infrastructure, for example) across a single region. This could be better addressed with a requirement for regional mine affectation assessment.



### 5.3 Case studies – Resources for Regions

To better and more practically illustrate the policy gap addressed by Resources for Regions, the Association provides some case studies.

#### 1. Upper Hunter Shire

##### Scenario

- A statistically significant mining workforce.
- Distributed traffic impact associated with mining activity in neighbouring LGAs.
- Approximately 80% of more recent ecological offsetting (associated with neighbouring mining activity) occurs within the LGA.
- Offsets often have conservation agreements placed over them which removes the parcels of land from the application of rating and a Council's rating base (Notional General Income).
- No local coal mining activity.

##### Consequence

The distributed impacts from mining activity are subsidised by Council's residential, farming and business rating categories. The negotiation of a VPA is not a policy solution because of the distributed nature of the impact from multiple sources of mining activity. This is a significant legislative and policy gap which Resources for Regions partly addressed.

## 2. Thomas Mitchell Drive

### Scenario

- An unclassified (local) road in the Hunter Region.
- Used by four distinct mining operations as well as the mining services industry.
- Assessed to require (in 2012) an approximate \$24m in order to safely accommodate predicted traffic.
- The local council was unable to meet the cost of the upgrade from its general revenues (the Council had, at the time, an annual rate-base of \$16m).
- Because of the distributed nature of the impact, VPAs were only a partial policy solution – a finding made following a New South Wales Government contributions study.

### Consequence

Had there not been a contribution from the State Government through Resources for Regions, essentially bankrolling the necessary safety upgrades, it is likely that an otherwise logical and orderly planned mining activity would have been refused planning consent. The cost to the people of New South Wales from not recovering the coal and its associated royalties in those circumstances would have been substantial.

## 5.4 Funding

There is a strong argument in favour of partial hypothecation of mineral royalties in New South Wales. This is because, unlike other revenue streams, which are more ubiquitously collected and re-distributed, the collection of royalties is dependent on the social license the industry receives in local New South Wales mining regions. Moreover, the direct and distributed impact of the mining activities underpinning the revenue stream is very localised.

The Grattan Institute makes a compelling case for full hypothecation of New South Wales royalty revenues to coal mining regions “for as long as coal mining lasts”<sup>10</sup>.

Whilst the Association agrees that the program’s governance arrangements and policy framing can be significantly improved, these issues are not so compelling that the funding should have been halted.

## 5.5 An alternative funding mechanism

If the Minister is not persuaded by the above, the Association recommends, in the alternative, that the NSW Government undertake – or undertake in collaboration with the Association and mining affected councils – a regional mining impact assessment for each mining affected region in New South Wales against a guideline instrument and provide its overt policy support to councils seeking to reasonably mitigate the impact of mining by special rate variations against the mining category of a council’s general rating.

This is a three-step process.

### A. Establishing the regional mining impact by LGA

Mining traffic, the largest single category of local impact, can be very accurately established by origin and destination traffic analysis, applied to well-documented tables for the consumption of road asset by equivalent axle load. Necessary capital expenditure can be very accurately assessed by reference to traffic volumes and traffic categories against the Australian Standards for road design and construction. These exercises were undertaken by Muswellbrook

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<sup>10</sup> Wood, T., Reeve, A., and Suckling, E. (2022). *The next industrial revolution*. Grattan Institute at p. 4 and pp. 44 to 56.

Shire Council in 2013 and subsequently reviewed in 2019. Metrics for other categories of 'hard' infrastructure can be similarly calculated by established equivalent metrics. 'Soft' infrastructure impacts and community service impacts – including the cost of structural adjustment and transitions management – can be developed, collaboratively, by first establishing agreed levels of service and then developing an appropriate suite of metrics. Finally, the regional impact needs to be apportioned across the regional catchment by LGA.

B. Establishing the regional funding shortfall by LGA

Once the regional mining impact is assessed, it is a relatively simple exercise to calculate the revenue shortfall across a region by LGA by deducting existing available revenues including Commonwealth and State government grants, mine category rating, VPAs and specific purpose agreements.

C. Applications for special rate variations (through IPART) against the mining category of a council's general rating

Finally, councils with mine rating within the regional mining catchment would need to apply, conditionally, for a special rate variation across the mining category of its general rate. Any approval, by IPART, should be on the basis that:

- any application is made consistently with an endorsed regional mining affectation assessment,
- permissible income from the special rate variation would need be expended consistently with the infrastructure and services plan recommended by the assessment,
- is made for a limited period (ten years) and cannot be permanently retained in a council's rating base – noting that mining affectation can change considerably across a region over time and that it would be unfair for non-mining ratepayers to absorb the rating burden at the cessation of mining activity, and
- that, to the extent of regional impact is occurring in areas with proportionally less or no mining activity, the applicant council or councils must re-distribute so much of its collected mining rate as is recommended by the regional mining affectation assessment to those councils.

Whilst the three-step process is already available to local government, it is noted that rural councils do not always have the capacity to undertake the sorts of

assessments that would reasonably satisfy industry, its community or IPART. There may also be a reluctance by some councils to undertake the process without the overt policy support of the New South Wales Government.

Whilst the Association's primary position is for a return of the Resources for Regions program, it is noted that the alternative mechanism has some advantages. The process is more collaborative and requires deeper local consultation with respective communities. It is more accountable to the community by virtue of statutory reporting requirements for council expenditure. The mechanism places councils at the front and centre of determining appropriate levels of service in agreement with local communities – including industry and workforce unions and ensures a more certain and strategic expenditure of public funding.

## 5.6 Recommendations

The Association makes the recommendations set out in Table 4.

**Table 4 – Resources for Regions Recommendations**

No.	Recommendation
8	The New South Wales Government should fund, as a priority, a pilot regional mining impact assessment and the development of a regional mining affectation guideline.
9	The regional affectation guideline should be developed collaboratively by all mining impacted councils in a region and in close consultation with industry, the Mining and Energy Union and others. The guideline should be developed with reliance on objective, robust and defensible levels of service and metrics.
10	The Resources for Regions Program (or equivalent) should be re-introduced and closely aligned to the recommendations of a region's mining impact assessment.
11	In the alternative, the New South Wales Government should provide overt policy support to the alternative funding mechanism set out in this Submission.



## 6.0 Jobs and investment authorities and Royalties for Rejuvenation

### 6.1 Proposed Jobs and investment authorities

The Association welcomes and supports the NSW Government's commitment to jobs and investment authorities.

The Association considers the proposed jobs and investment authorities to be a substantial improvement to the governance framework proposed for the management of regional transitions provided the governance vehicles foster a collaborative and shared accountability which is inclusive of all key local transition management actors including all levels of government, the knowledge sector, industry, and workforce unions.

It is understood that the proposed jobs and investment authorities will replace the formerly proposed inter-agency sub-committees. In the Association's view, inter-agency sub-committees would not have been sufficiently collaborative and risked creating a fragmentation of accountabilities rather than a focus for shared accountability. Nor would they have sufficiently ensured a shared narrative and ownership of that narrative by all key local transitions management actors.

### 6.2 Regional transitions management

Perhaps the most important issue facing mining and energy related communities is the global energy transition as economies decouple economic progress from the extraction and use of hydrocarbons. Whilst this process is significantly advanced (the progressive exit of multi-national and diversified miners from the New South Wales domestic market, for example, is a leading indicator), substantial local impacts from the energy transition process are yet to land.

Leading practice for responding to regional economic disruption has considerably developed over the last twenty years with much more focus on collaboration between multiple key actors, early intervention, and building regional adaptive capacity.

For these reasons, the continued distinct policy focus, by the New South Wales Government on regional transitions management is critical. The Association

recommends, however, that the Royalties for Rejuvenation scope and associated funding be extended to include coal-fired power generation sites and closures. These closures are likely to proceed coal mine closures in most of New South Wales (except perhaps in Lithgow where the closures of the two industries is likely to be co-terminal). The inclusion of coal-fired power stations will also better align New South Wales Government efforts with the efforts of the Commonwealth Net Zero Authority.

### 6.3 Quantum of funding

Royalties for Rejuvenation Program was announced on 21 April 2021 as an allocation of \$25M each year to “ensure coal mining communities have the support they need to develop other industries in the long- term”. This is, again, consistent with each aspect of the Commonwealth Regional Investment Framework.

Despite the headline figure, only \$22.5M has been set aside for direct funding with \$2.5M set aside annually as administration costs in the Program’s management. Successive governments have not allocated any substantive funding – although the funding is quarantined by virtue of amendments to State mining legislation.

It is noted that research undertaken by the Hunter Jobs Alliance, Muswellbrook Shire Council, and the Grattan Institute point to a scale of local response being many times greater than the relatively modest funding the NSW Government has presently allowed for regional economic transition in coal regions.

## 6.4 Recommendations

The Association makes the recommendations set out in Table 5.

**Table 5 – Royalties for Rejuvenation and jobs and investment authorities recommendations**

No.	Recommendation
12	The New South Wales Government should expedite the establishment of its proposed jobs and investment authorities noting that successive governments have failed to deliver any meaningful investment in transitions management to date despite global leading practice and apparent bi-partisan support for such interventions. Each of the coal mining regions have advanced place-based plans developed collaboratively between communities, councils, business, workforce unions, and knowledge providers. The missing actor has long been the New South Wales State Government.
13	The quantum of funding for Royalties for Rejuvenation (or equivalent) should be substantially increased noting the expert evidence and tasks recommended for immediate prioritisation.

## 7.0 Regional Development Act, 2004

In this Chapter, the Association responds to the guiding questions set out in the issues Paper.

### 7.1 Objectives

The Association recommends the more comprehensively expressed list of objectives set out in Table 6.

**Table 6 – Objectives**

<p>The object of this Act is to provide a framework for strategic intervention in the economies of regional New South Wales <u>regions</u> for the following purposes:</p> <ul style="list-style-type: none"> <li>(a) to help fill gaps left by the market system,</li> <li>(b) to promote <u>economically sustainable development</u> and employment growth <del>in regions</del>,</li> <li>(c) to <u>facilitate economic productivity and resilience</u>,</li> <li>(d) to <u>support transitioning economies</u>,</li> <li>(e) to <u>ensure equal access to essential services and to improve community well-being, and access to quality services</u>,</li> <li>(f) to <u>foster inclusive economies and communities which support social, cultural, economic, and environmental outcomes for all, and to advance Aboriginal economic and social inclusion and empowerment</u>,</li> <li><del>(e)(g)</del> to assist <del>regional communities</del> <u>regions</u> to <del>capitalize</del> <u>build</u> on their <del>regional</del> strengths, to broaden and reposition <u>their</u> industry base <del>of their regions</del> and to develop new products and <del>new</del> markets,</li> <li><del>(d)(h)</del> to develop regional or local solutions for regional or local business development problems, <u>and</u></li> <li>(j) to <u>encourage strategic regional planning, regional capacity building and shared regional service delivery</u>.</li> </ul>

## 7.2 Financial assistance and compensation

The Association has addressed these issues in the above chapters – and specifically, chapters 5 and 6.

Whilst the local government rating system has some of the limitations set out in this Submission, it also has some benefits when compared to several New South Wales Government taxes. It is, for example, an inherently equitable form of taxation and is capable of localised, industrial, or otherwise more ‘surgical’ application.

In the Association’s experience, rate payers within the ‘business’ rating categories (including mining and farming) are often happy to pay more if value can be demonstrated. In the Association’s view, there may be considerable benefit to DRNSW working more closely with councils in the development of their IPR frameworks (albeit with a ‘regional eye’). Specifically, place-based industry programs developed and partly funded by DRNSW could leverage considerable funding from industry and communities through programs developed in consultation with industries and communities as part of the IPR framework of a region’s councils.

In answer to the specific guiding questions set out in the Issues Paper, the Association responds as follows:

\* \* \*

Q3 What else should the Government consider when making investment decisions to support regional communities and industries?

A3 The matters set out in the proposed amended objectives of Table 6 of this Submission.

\* \* \*

Q4 What factors should drive investment in each region?

A4 The objectives of the Act (as amended) provided factors are arrived at **collaboratively** in a place-based framework with industry, councils (including land councils) and communities in each regional ‘catchment’ for



the issue or proposed regional investment or intervention being contemplated.

Q5 What are the most important areas to you for investment over the next 1-2 years? (Rank in order of most to least preferred.)?

A5 This will differ for each regional issue – noting that a ‘region’ will differ depending on the ‘catchment’ for each issue or proposed strategic intervention. The question is not purposeful if the Commonwealth Framework of ‘place-based regional decision-making’ is to genuinely be applied by the New South Wales Government. The ‘one shoe fits all’ approach should be abandoned.

\* \* \*

Q6 How can Government, through the Trust, help encourage and support investment from other sources (including outside Government) to maximise outcomes for regional communities?

A6 By DRNSW working closely with councils and others (at a regional level) in the development of their IPR frameworks as set out in this Submission.

### 7.3 Trust Fund

In answer to the specific guiding questions, the Association provides the following responses.

Q7 Should investment through the Trust allow for a range of approaches to support regional communities (e.g., joint partnerships, funding agreements, service delivery)?

A7 Yes. In addition, the Association would add: “through regional funding programs developed collaboratively with industry, councils (including land councils), and other regional bodies consistently with the Commonwealth framework of place-based decision-making”.

\* \* \*

Q8 What are some of the key outcomes that would help track the benefits of investment decisions over time?

A8 The NSW Government *Guide to Cost-Benefit Analysis*, February 2023 is considered generally sufficient for the purpose. Whilst the February 2023 update contains some important and long overdue improvements around more difficult-to-quantify issues (such as climate change), it is nonetheless noted that the Guideline retains the widely accepted criticism of bias against those services or outcomes the benefits and costs of which are more challenging or difficult to quantify. This is often related to ‘soft’ infrastructure and services – such as child-care or aged-care services. It has been noted that these areas tend to have, for whatever reason, a higher propensity of employment by women. It is recommended that DRNSW and Treasury be directed to work more closely with councils to develop applicable guidelines to assist with quantifying benefits and costs associated with these more challenging-to-economically-quantify services or outcomes. This is particularly important for smaller rural councils and communities which do not have a reasonable capacity to do so otherwise.

## 7.4 Regional Development Advisory Council

In answer to the specific guiding questions, the Association provides the following responses.

Q9 Are there any other skills/expertise that Advisory Council members should have to effectively guide investment in regional NSW?

A9 Yes. Consistently with the Commonwealth framework, 'including local government administration' should be added after the words 'public administration' in sub-regulation (vii). The Association also submits that 'regional transitions management', which has developed as a distinct discipline, should be included in the qualifying list as a standalone sub-regulation.

\* \* \*

Q10 How can the Advisory Council help build the resilience, capacity and long-term sustainability of communities and industry?

A10 Much will turn on the quality of the appointments and the resourcing of the Advisory Council to undertake genuine consultation with regions and develop innovative and effective policy and programs. An objective list of base-line metrics should be established coupled with clear and defensible accountabilities (targets) for the work of the Advisory Council. Transparent reporting of outcomes should occur – such reporting occurring at least quadrennially.

## 8.0 Appendix

### 8.1 About Mining and Energy Councils

Mining and Energy Councils is the peak organisation representing resource and energy generation communities in New South Wales. These communities host 'engine' industries, making a substantial contribution to State wealth.

Members of the Association include:

Bland Shire Council  
Blayney Shire Council  
Broken Hill City Council  
Cabonne Council  
Cobar Shire Council  
Dubbo Regional Council  
Forbes Shire Council  
Lachlan Shire Council  
Mid-Western Regional Council  
Orange City Council  
Parkes Shire Council  
Upper Lachlan Shire Council  
Walgett Shire Council  
Warren Shire Council  
Warrumbungle Shire Council  
Wollondilly Shire Council  
Wollongong City Council

## 8.2 About the authors

### **Martin Rush**

Martin is the Director of Economics and Policy at the Future Together Group. An economist and lawyer – with specialist expertise in resource economics and regional economic transitions policy and governance, his interest is in building embedded regional economic transitions capacity. Born and raised in Young in Southwestern New South Wales, he was Mayor of Muswellbrook from 2008 to 2021 and is a past Chair of the Hunter Joint Organisation.

### **Dr Michael Askew**

Michael is the Executive Officer of Mining and Energy Councils and an experienced leader and practitioner in the delivery of transformative regional change. For over 25 years, Michael has worked on policies and projects geared towards economic and environmental sustainability and which projects challenge 'business-as-usual thinking'. Born and raised in the Hunter, with a strong focus on energy transitions and bio-innovation, Michael has a track record of bridging public, private and university sector interests to advance regional innovation and collaboration – ultimately driving on-the-ground outcomes for regional communities.





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