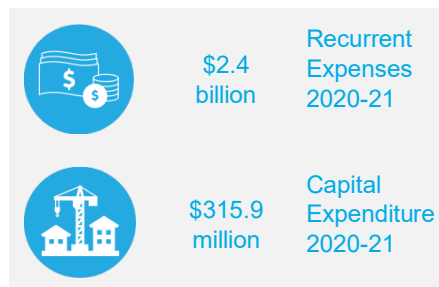


6. REGIONAL NSW CLUSTER

6.1 Introduction

The Regional NSW Cluster works to maximise the long-term wellbeing of regional New South Wales and is committed to making these regions a great place to live, work, visit and do business.

As the agency for regional issues, Regional NSW seeks to help build strong, cohesive communities and economies, grow primary industries and ensure sustainable land use practices, create regional employment opportunities, and steward the use of our natural endowments including advancing sustainable mining and resource development.



State Outcomes to be delivered by the Regional NSW Cluster

State Outcomes What the Cluster is delivering for people and business	Example Programs^(a) underway to support delivery of Outcomes
<p>1. Productive and sustainable land use</p> <p>Enhancing the use of the State’s public and private lands, by supporting their sustainability, use and productivity. This is achieved by providing on-ground and frontline support to land managers to better manage natural resources, respond to biosecurity risks and improve primary production, productivity and output in the State.</p> <p><i>2020-21 investment: \$376.4 million recurrent expenses & \$16.0 million capital expenditure</i></p>	<ul style="list-style-type: none"> • Protect the economy, environment and community, including from biosecurity risks • Enabling land managers to better manage our natural resources
<p>2. Stronger primary industries</p> <p>Focusing on primary industries’ productivity, growth and ensuring the sector’s sustainability for the benefit of all citizens. Our commitment to innovation, safe and secure food supply and industry support and development programs, delivered via an on-ground presence across the State, ensures food security and economic growth for the State.</p> <p><i>2020-21 investment: \$596.5 million recurrent expenses & \$62.2 million capital expenditure</i></p>	<ul style="list-style-type: none"> • Enhance productivity of plant, livestock and the sustainable use of agricultural resources • Sustainable growth of fishing and aquaculture and protecting aquatic resources
<p>3. Mineral and petroleum industries generating prosperity, safely</p> <p>Supporting and growing responsible mining and exploration across regional New South Wales. This is critical for regional employment, export earnings and royalties. Our mission is to make the State the number one destination for mining investment, whilst ensuring safety and environmental outcomes.</p> <p><i>2020-21 investment: \$106.4 million recurrent expenses & \$1.1 million capital expenditure</i></p>	<ul style="list-style-type: none"> • Make regional NSW a preferred investment destination for exploration and mining • Regulating safe and environmentally sustainable mining

State Outcomes

What the Cluster is delivering for people and business

4. Stronger and cohesive regional communities and economies

Focusing on community wellbeing and economic growth in regional New South Wales. Regions have endured unprecedented destruction and disruption through the compounding impacts of drought, bushfires, floods and COVID-19. We continue to refocus efforts on the changed economic conditions and refreshing the *20-Year Economic Vision for Regional NSW*.

2020-21 investment: \$1.3 billion recurrent expenses & \$236.6 million capital expenditure

Example Programs^(a)

underway to support delivery of Outcomes

- Growth, development and wellbeing in regional NSW
- Regional Growth NSW Development Corporation

(a) Note that Programs are being further refined as the *outcome and performance framework* continues to mature.

6.2 Overview of Cluster expenses by State Outcome

A summary of expenses by State Outcome is provided in the charts below.

Chart 6.1: Recurrent expenses by Outcome 2020-21 (dollars and %)

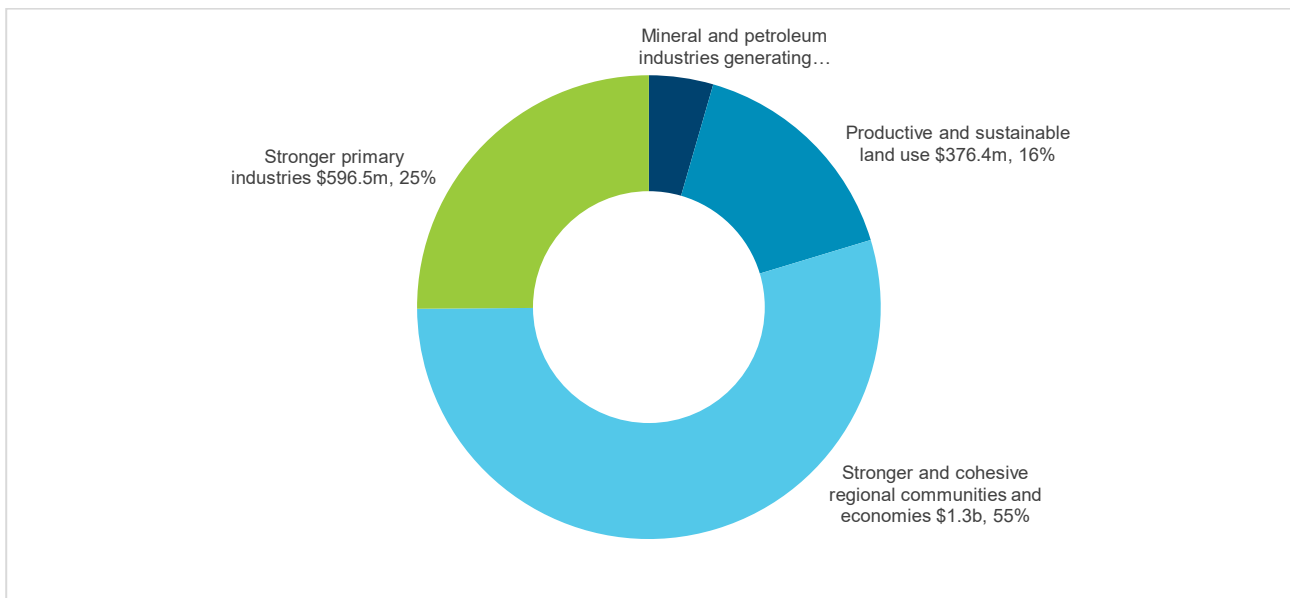
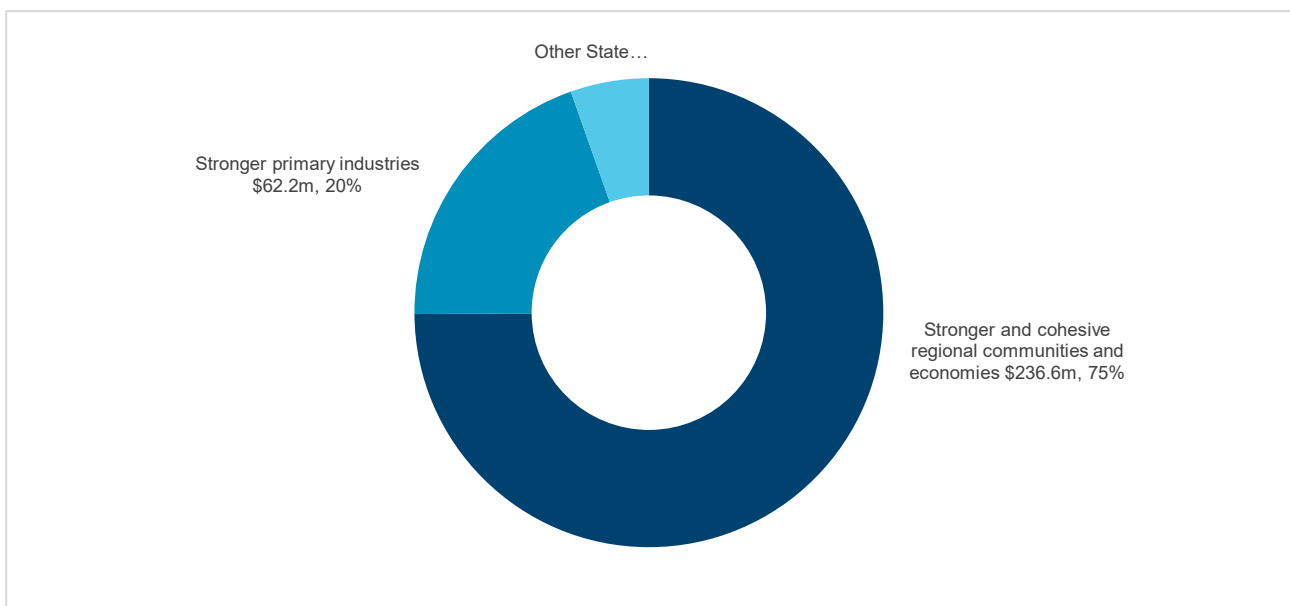


Chart 6.2: Capital expenditure by Outcome 2020-21 (dollars and %)

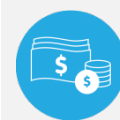


- (a) Grouped for presentation purposes, "Other State Outcomes" comprises:
- Mineral and petroleum industries generating prosperity, safely
 - Productive and sustainable land use.

6.3 Outcome 1: Productive and sustainable land use

State Outcome overview and 2020-21 investment

Led by Local Land Services (LLS), this Outcome's focus is to enhance the use of the State's public and private lands, through supporting their sustainability, use and productivity. This is achieved by providing on-ground and frontline support to land managers. Everyone in New South Wales will benefit from well managed access to, and use of, natural resources that maximise economic opportunities in a safe and sustainable way.



\$376.4
million

Recurrent
Expenses
2020-21



\$16.0
million

Capital
Expenditure
2020-21

2020-21 State Outcome Budget highlights

In 2020-21, the Regional NSW Cluster will invest \$392.4 million (\$376.4 million recurrent expenses and \$16.0 million capital expenditure) in this Outcome, including:

- \$128.1 million to support private landholders to rebuild essential boundary fences destroyed by recent bushfires (\$111.1 million) and to address pest, weed and animal welfare issues (\$17.0 million) arising from the 2019-20 bushfires
- \$77.5 million (\$279.8 million expenses and \$25.0 million capital over four years) for the conservation and restoration of natural and cultural resources, through conservation earthworks, river and coastal restoration and rehabilitation, emergency response, native vegetation management, and pest and weed control in alignment with the *Local Land Services Act 2013*
- \$72.0 million (\$237.8 million expenses and \$14.7 million capital over four years) to protect the economy, environment and community from invasive species, and plant and animal biosecurity risks
- \$47.9 million (\$94.4 million expenses over four years) to deliver the *National Land Care Program* and to partner with Landcare communities in New South Wales and Catchment Action NSW to conserve and fund our natural resource priorities arising from vegetation loss, soil degradation and pests, weeds and animals
- \$15.8 million (\$35.9 million expenses over two years) to extend the *NSW Border Wild Dog Exclusion Fence* by 742 km.

Key performance insights

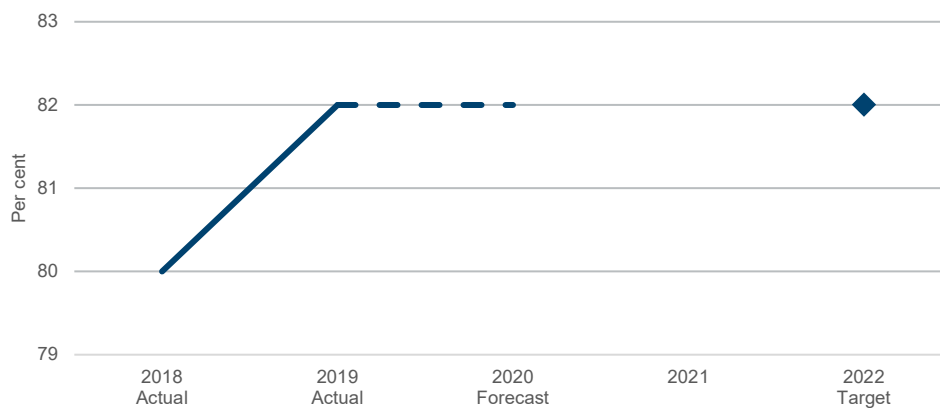
This section provides analysis and insights on key Outcome Indicators for this State Outcome.

Increased land manager recommendation of Local Land Services (LLS) for services relating to agricultural productivity and natural resource management

This indicator measures how LLS' services are valued and promoted by land managers and highlights which of the LLS' services need improving and which are working well. A net promoter score (NPS) is measured with stakeholders on an ongoing basis, with an annual target set of a NPS greater than 82 per cent. The score is an indicator of the quality of LLS' engagement with land managers and their likelihood to recommend engaging with LLS.

Generally, the NPS for LLS trends in the range 70 to 90 per cent and it was measured at 82 per cent in the 2019 calendar year. Performance against this indicator is expected to achieve the 2020 target, with 82 per cent forecast for the 2020 calendar year.

Chart 6.3: Increased land manager recommendation of LLS for services relating to agricultural productivity and natural resource management

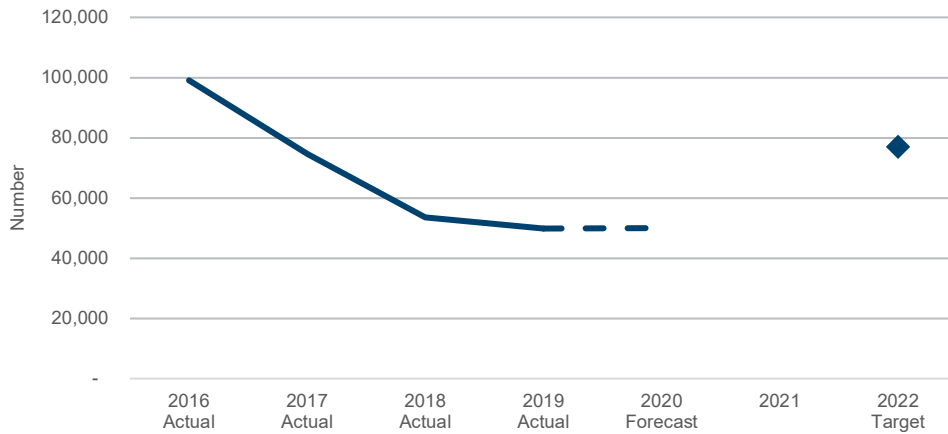


Increased engagement of land managers in Local Land Services (LLS) programs relating to agricultural productivity and natural resource management

This indicator tracks the output of programs that aim to enhance the use of the State's public and private lands. Increased engagement in LLS activities support land managers to better manage the State's natural resources, respond to biosecurity risks, and improve primary production in New South Wales. Since 2014, LLS has undertaken 14,073 awareness raising and training events, and engaged with 346,803 participants at those events.

Maintaining performance levels against this indicator is challenging as landholder participation rates at LLS events have decreased due to the impacts of drought, fires, floods and the COVID-19 pandemic. Rapid changes have been implemented to LLS service delivery, such as online delivery of training services and events, which has enabled continuity of services and support to landholders.

Chart 6.4: Number of land managers engaged in LLS programs relating to agricultural productivity and natural resource management

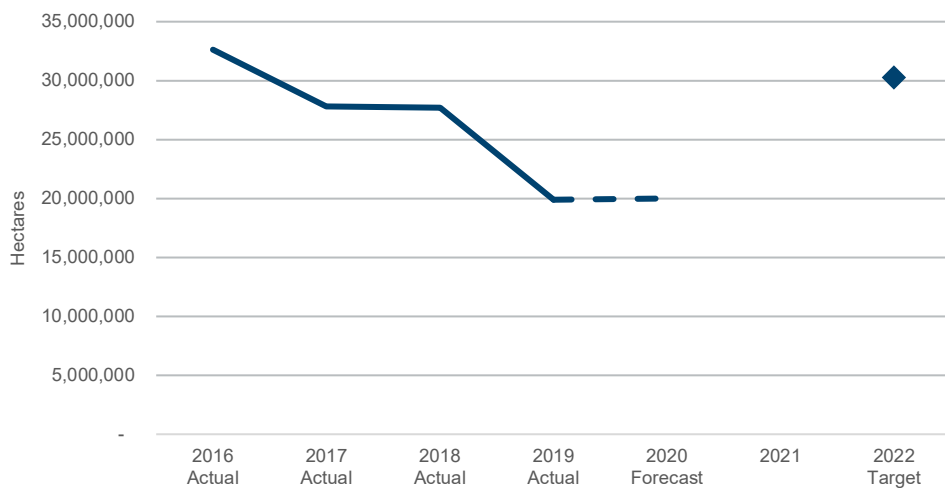


Increased area of improved land manager practices relating to agricultural productivity and natural resource management over four years

This indicator tracks the output of programs that aim to enhance the use of the State’s public and private lands. The awareness raising and training events undertaken by LLS since 2014, in association with other LLS engagement processes and incentives, have resulted in land managers applying a total of 126,159,486 hectares of improved agriculture and natural resource management practices over four years (2015-18).

Maintaining performance levels against this indicator is challenging due to the decreased landholder participation rates at LLS events as a result of drought, fires, floods and the COVID-19 pandemic.

Chart 6.5: Increased area of improved land manager practices relating to agriculture and natural resource management over four years



Performance indicators for this Outcome

Outcome Indicators	Units	2019-20 Actual	2020-21 Forecast
Increased area of improved land manager practices relating to agriculture and natural resource management over four years ^(a)	Ha.	19,895,367	20,000,000
Increased land manager recommendation of LLS to their friends for services relating to agricultural productivity and natural resource management ^(a)	%	82.0	82.0
Increased engagement of land managers in LLS programs relating to agricultural productivity and natural resource management ^(a)	no.	49,848	50,000

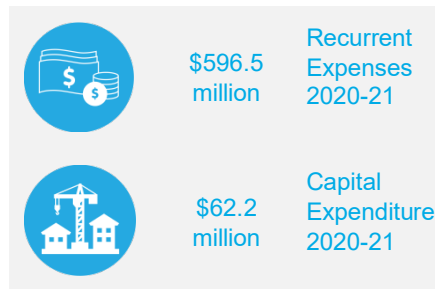
Note

(a) As this indicator is measured on a calendar year basis, 2019-20 actual data and 2020-21 forecast data in this table relates to the 2019 and 2020 calendar years respectively.

6.1 Outcome 2: Stronger primary industries

State Outcome overview and 2020-21 investment

Led by the Department of Primary Industries (DPI), this Outcome's focus is on the state's primary industries' productivity, growth and ensuring the sector's sustainability for the benefit of all citizens. DPI plays a central role in the government's commitment to regional New South Wales by driving a strong primary industries sector. Our commitment to innovation, safe and secure food supply and industry support and development programs, delivered via an on-ground presence across the State, ensures food security and economic growth for the State.



2020-21 State Outcome Budget highlights

In 2020-21, the Regional NSW Cluster will invest \$658.7 million (\$596.5 million recurrent expenses and \$62.2 million capital expenditure) in this Outcome, including:

- \$146.2 million (\$278.8 million expenses and \$0.2 million capital over four years) for continuing on-farm drought assistance measures, including transport subsidies, funding for emergency water carting for farms, waiving of interest charges on Farm Innovation Fund loans provided by the NSW Rural Assistance Authority and to build the skills of our current and future farmers
- \$142.5 million (\$471.9 million expenses and \$4.8 million capital over four years) to enable the sustainable growth of fishing and aquaculture through investment in research and protecting aquatic resources through licencing and compliance activities, including an additional \$28.3 million (\$57.9 million expenses and \$1.1 million capital over two years) to deliver the Marine Estate Management Administration Strategy
- \$140.1 million (\$493.6 million expenses and \$115.3 million capital over four years) to enhance productivity of plant and livestock farming systems whilst ensuring the sustainable use of agricultural resources, including capital investment of \$11.6 million (\$50.8 million over three years) in the State's primary industries research and development (R&D) infrastructure portfolio under the World Class Food and Fibre (WCFF) program
- \$131.7 million (\$448.1 million expenses over four years) to protect and promote biosecurity compliance for legislative responsibilities under the *Biosecurity Act 2015* (Cth) (including invasive plants and animals), deliver legislative food safety requirements, safeguarding animal welfare, and ensuring market access by undertaking biosecurity preparedness exercises, disaster response impact and assessments recovery advisory services, including \$19.1 million (\$43.5 million over two years) to bolster the delivery of the State's biosecurity activities in combatting pests, weeds and plant and animal diseases in rural communities
- \$21.0 million (\$84.3 million expenses over four years) to lead policy, industry development, research and regulatory oversight as set out in the *Plantations and Reafforestation Act 1999* and to undertake legislative requirements under the *Game and Feral Animal Control Act 2002*.

Key performance insights

This section provides analysis and insights on key Outcome Indicators for this State Outcome.

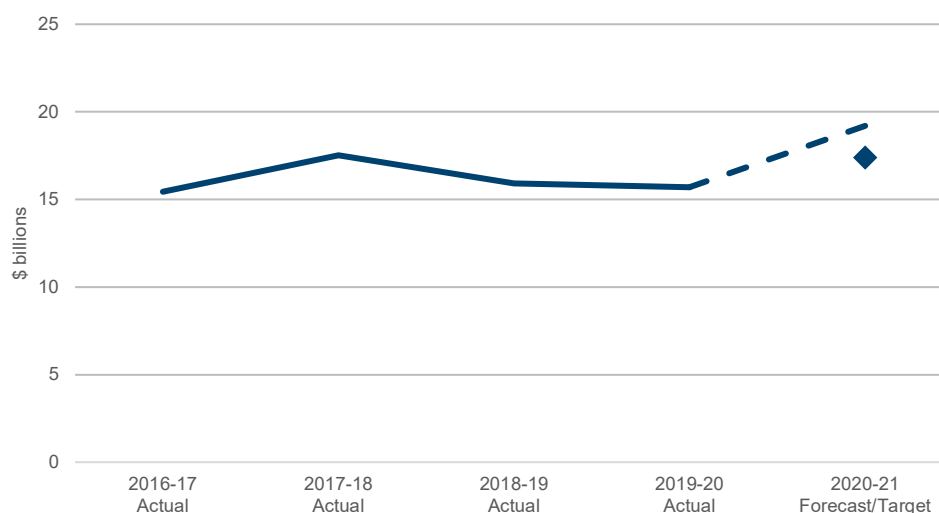
Growth in total primary industries output over 12 months

This indicator tracks the output of programs aimed at enhancing the use of NSW's primary industries, to support their sustainability, use and economic productivity. It helps demonstrate the effect of programs on minimising volatility in the output of the sector and ensure sustainability into the future.

Total primary industries' output grew from \$15.4 billion in 2016-17 to \$17.5 billion in 2017-18, an increase of 13.6 per cent. Despite the recent impacts of the severe drought, output fell by only just over 10 per cent from 2017-18 to 2019-20, on the back of strong prices in the livestock sector, a direct reflection of the quality and demand for NSW produce.

Performance against this indicator is challenging due to the compounding impacts of drought, bushfires and COVID-19. However, an increase in annual output is forecast for 2020-21 with a return to improved seasonal conditions. The Government's continued investment in primary industries ensuring producers are able to recover quicker and undertake the investment needed to remain competitive, so much so early forecast estimate output to reach record highs in 2020-21 if prices remain strong and seasonal conditions continue to improve.

Chart 6.6: Total primary industries output over 12 months



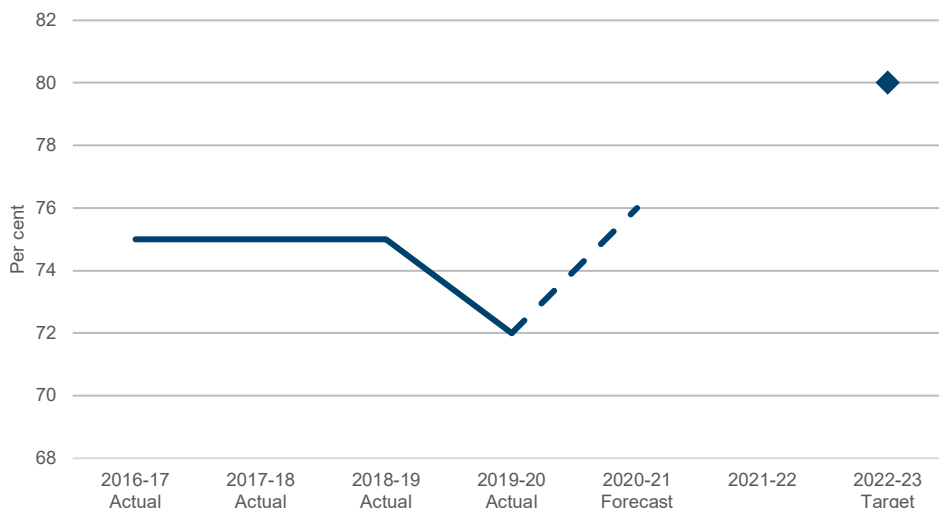
Note: A 2020-21 forecast is provided as well as the 2020-21 target.

Increase in stakeholder satisfaction

This indicator tracks stakeholders experience when interacting with the Department of Primary Industries (DPI). Maximising connections with industries, communities and people of New South Wales is a key driver in delivering on DPI's Outcome of stronger primary industries.

Performance against this indicator is on track to meet the target. Concerted efforts to support industry stakeholders during the COVID-19 pandemic have shown promising signs of strong satisfaction despite challenging conditions. As New South Wales recovers from drought, bushfire and the COVID-19 pandemic, how closely government, industry and community can work together will be the marker of success.

Chart 6.7: Rating of Industry Stakeholders based on engagement with DPI

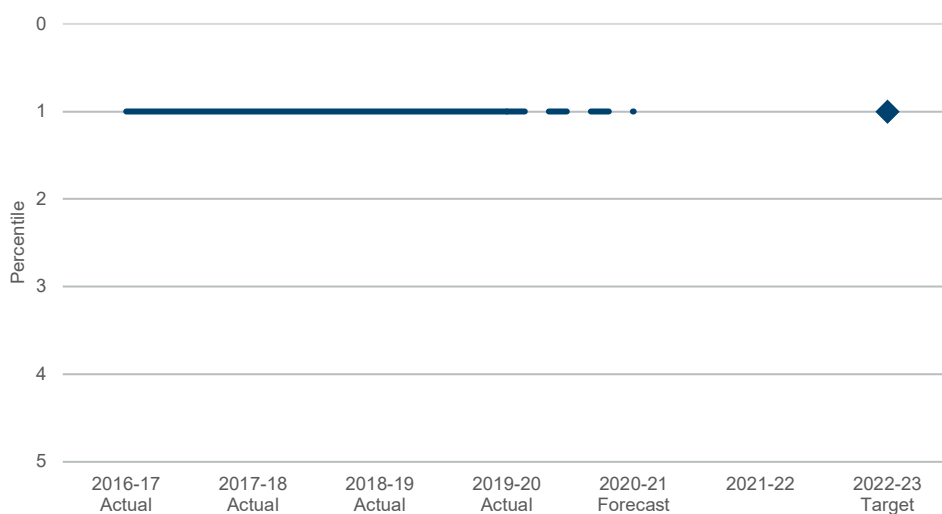


Maintain top one per cent of International Research Ranking in Agricultural Science, Plant and Animal Sciences

This indicator tracks the publication of research in high-impact scientific journals, which is a key indicator of the quantity, quality and robustness of NSW Department of Primary Industry's (DPI) science functions. DPI benchmarks against similar organisations using widely recognised metrics, such as, the number of scientific publications, citations and science impact. The citation ranking is based on how many other scientists refer to DPI's research in their scientific papers. As such, it is a measure of the impact or 'usefulness' of DPI's research work, which can improve performance of NSW's primary industries.

Performance against this indicator has remained stable, with DPI consistently maintaining its place in the top one per cent of research organisations globally for over a decade and are on track to maintain this place in 2020-21.

Chart 6.8: Maintain top 1% of International Research Ranking in Agricultural Science, Plant and Animal Sciences



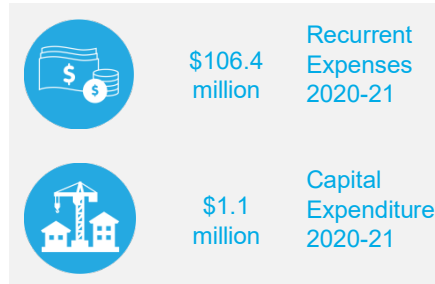
Performance indicators for this Outcome

Outcome Indicators	Units	2019-20 Actual	2020-21 Forecast
Growth in total primary industries output over 12 months	\$ billions	15.7	19.2
Maintain top 1% of International Research Ranking in agricultural Science, Plant and Animal Sciences	%	1.0	1.0
Total primary industries export earnings	\$ billions	5.5	6.2

6.2 Outcome 3: Mineral and petroleum industries generating prosperity, safely

State Outcome overview and 2020-21 investment

Led by the Mining, Exploration & Geoscience division and the NSW Resources Regulator, this Outcome's focus is to support and grow responsible mining and exploration across regional New South Wales. Our mission is to make New South Wales a preferred investment destination for exploration and mining through leading practice policy and legislation, excellence in geoscience, efficient titles assessment and proactive regulation. The sustainable growth of the minerals industry creates opportunity for economic growth and meaningful employment opportunities for the people of New South Wales.



2020-21 State Outcome Budget highlights

In 2020-21, the Regional NSW Cluster will invest \$107.5 million (\$106.4 million recurrent expenses and \$1.1 million capital expenditure) in this Outcome, including:

- \$26.8 million (\$108.1 million expenses and \$1.0 million capital over four years) to set the strategic policy direction for the industry and provide world class geoscientific information to support mineral and petroleum exploration and mining, including \$45.2 million over four years from the Coal Innovation Fund for research and investment in carbon capture, use and storage and low emissions coal technology projects
- \$26.4 million (\$104.8 million expenses and \$1.0 million capital over four years) to regulate mine and petroleum site safety in relation to Work Health and Safety compliance and enforcement
- \$11.3 million (\$44.8 million expenses and \$1.0 million capital over four years) to deliver robust assessment of exploration and mining titles applications and calculation of quarterly royalty returns for collection by Revenue NSW
- \$6.6 million (\$26.1 million expenses over four years) to undertake regulatory compliance inspections and investigate instances of non-compliance of the *Mining Act 1992*.

Key performance insights

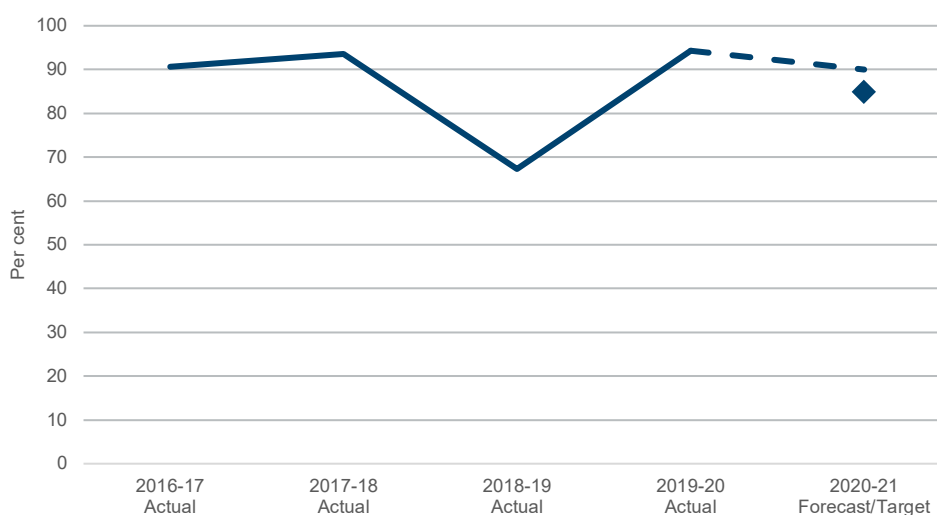
This section provides analysis and insights on key Outcome Indicators for this State Outcome.

Efficient and effective mining titles assessment performance as measured against industry agreed KPIs for titles assessment activity over 12 months

This indicator tracks the output of programs aimed at enhancing the use of the State's key natural resources, to support their sustainability, use and economic productivity. The titles assessment indicator tracks the performance of Mining, Exploration and Geoscience in assessing and determining mineral and petroleum title applications and renewals. It measures the Department's effectiveness in facilitating the responsible extraction of the State's mineral and petroleum resources.

The growth of the minerals industry helps to ensure New South Wales is well placed to benefit from the increasing global demand for metals, create jobs and capitalise on opportunities for economic development. An average of 94.3 per cent performance against industry agreed key performance indicator of 85 per cent was achieved for titles assessment in 2019-20. Performance against this indicator is already exceeding the target of 85 per cent for 2020-21.

Chart 6.9: Mining titles assessment performance



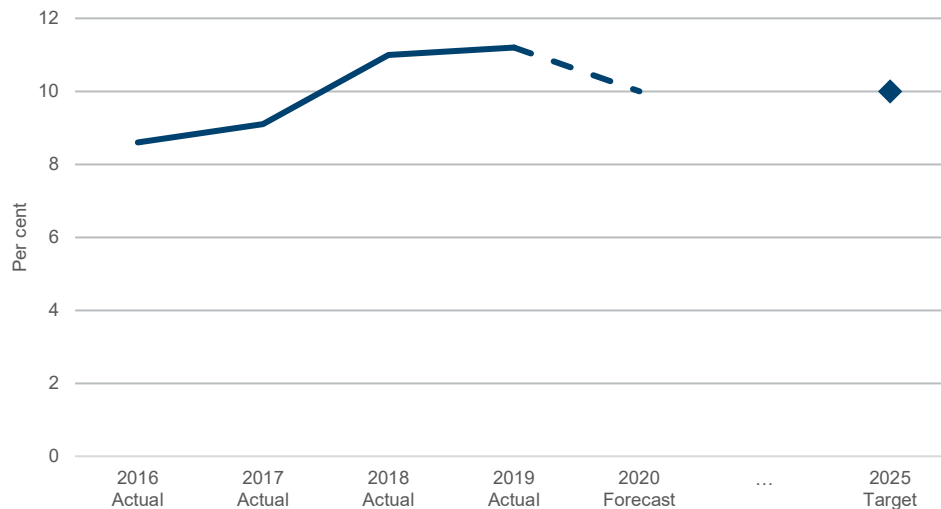
Note: A 2020-21 forecast is provided as well as the 2020-21 target.

New South Wales to average over 10 per cent share of Australian mineral exploration expenditure in Australia over five years to 2025

This indicator tracks the output of programs aimed to enhance the use of the State's key natural resources, to support their sustainability, use and economic productivity. The State's share of exploration expenditure is positively correlated with mineral and petroleum discovery and mining investment.

Performance against this indicator is well above expectations with an 11.2 per cent share of Australian mineral exploration expenditure in the 2019 calendar year. This represents a new record expenditure of \$297.0 million in 2019, which was, \$50.0 million higher than the previous record expenditure of \$247.0 million in the 2018 calendar year.

Chart 6.10: Proportion of NSW's share of Australian mineral exploration expenditure in Australia

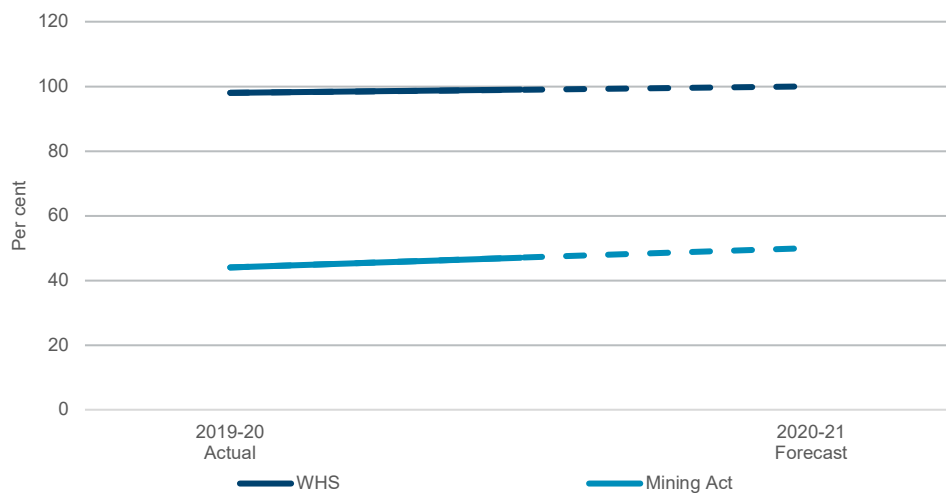


Proportion of high risk and priority mine sites proactively inspected for compliance with work health and safety (WHS) & Mining Act requirements

This indicator tracks the number of sites which the New South Wales Resources Regulator considered to be high-risk from a Work Health and Safety (WHS) or environmental perspective, which have been subject to inspection in the reporting period. Proactive, consistent regulation of high-risk sites continue to contribute to improved industry performance and ultimately better health, safety and environmental outcomes in New South Wales mines. Regulatory oversight is a key aspect of ensuring compliance with the legislative requirements and providing certainty in the regulatory process and framework.

Performance against this indicator is stable and performance targets are in development.

Chart 6.11: Proportion of high risk and priority mine sites proactively inspected for compliance with WHS & Mining Act requirement



Note: Performance targets are in development.

Performance indicators for this Outcome

Outcome Indicators	Units	2019-20 Actual	2020-21 Forecast
Improved pre-competitive mineral and petroleum resource data and analysis to support exploration as measured by the Fraser Institute over 12 months ^(a)	%	97.0	95.0
Efficient and effective titles assessment performance as measured against industry agreed KPIs for titles assessment activity over 12 months	%	94.3	90.0
NSW to average over 10% share of Australian mineral exploration expenditure in Australia over five years to 2025 ^(a)	%	11.2	10.0
Proportion of total Australian private mining capital spent in NSW ^(a)	%	8.8	8.0
Four year rolling average value of royalties from mining received by NSW	\$b	1.7	1.4
Proportion of high risk and priority mine sites proactively inspected for compliance with WHS & Mining Act requirement	%		
WHS		98.0	100
Mining Act		44.0	50.0

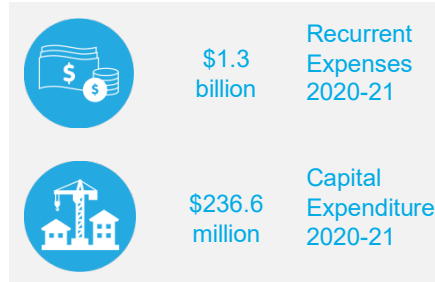
Note

(a) As this indicator is measured on a calendar year basis, 2019-20 actual data and 2020-21 forecast relates to 2019 and 2020 respectively.

6.3 Outcome 4: Stronger and cohesive regional communities and economies

State Outcome overview and 2020-21 investment

Led by Public Works Advisory & Regional Development and Strategy, Delivery & Performance divisions, this Outcome's focus is community wellbeing and economic growth in regional New South Wales. The regions have endured unprecedented destruction and disruption through the compounding impacts of droughts, bushfires, floods and COVID-19. The implementation of a refreshed of the *20-Year Economic Vision for Regional NSW* will support industries and communities to recover and build resilience.



2020-21 State Outcome Budget highlights

In 2020-21, the Regional NSW Cluster will invest \$1.5 billion (\$1.3 billion recurrent expenses and \$236.6 million capital expenditure) in this Outcome, including:

- \$560.5 million (\$830.2 million in expenses over three years) for the *Make Safe and Clean-up Program* and to deliver the *Bushfire Industry Recovery Package* and the *Bushfire Local Economic Recovery Fund* following the 2019-20 bushfires, including co-funding from the Commonwealth
- \$323.1 million (\$201.8 million recurrent expenses and \$397.8 million capital over four years) for Snowy Hydro Legacy Fund projects including Special Activation Precincts to deliver place-based solutions to foster economic development, and to bring a faster, more reliable digital network to regional NSW through the *Regional Digital Connectivity Program*
- \$212.5 million (\$509.2 million expenses over four years) enabling the growth, development and wellbeing in regional New South Wales, including \$18.2 million (\$60.6 million expenses over four years) to deliver a new round of Resources for Regions and for the Indigenous Tourism stream of the Regional Growth Environment and Tourism Fund
- \$107.7 million (\$261.8 million over two years) from the \$3.0 billion *Jobs and Infrastructure Acceleration Fund* to deliver a regional stimulus package, including the new \$100.0 million *Regional Job Creation Fund* to incentivise the attraction and expansion of businesses and job retention and creation in regional NSW and delivery of fast tracked infrastructure projects, including \$25.0 million for the Orange Sports Complex
- \$80.0 million (\$300.0 million over two years) to provide for the Regional Growth Fund 2.0 to boost regional economic stimulus and job creation, including:
 - \$10.0 million over four years for the Office for Regional Youth
 - \$3.0 million over four years to support the Office of Drought Response
- \$64.5 million (\$254.1 million expenses over four years) for Public Works Advisory to deliver regional projects and to provide infrastructure and advisory services.

Key performance insights

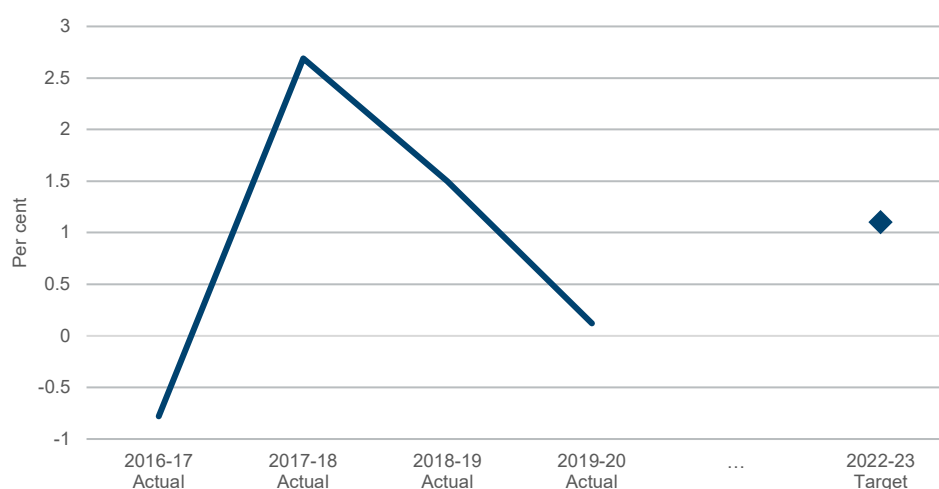
This section provides analysis and insights on key Outcome Indicators for this State Outcome.

Percentage growth in employment in regional New South Wales over four years

This indicator tracks the economic change and growth in the regional New South Wales economy and its subsequent impact on employment. The target of 1.1 per cent growth each year equates to 50,000 jobs over the next four years.

Performance against this indicator is challenging as the COVID-19 restrictions have had a major impact on employment across Australia since March 2020.

Chart 6.12: Percentage growth in employment in regional NSW over four years



Note: Forecast for 2020-21 is not yet available due to the effects of COVID-19, bushfire and drought on the ability to accurately forecast.

Performance indicators for this Outcome

Outcome Indicators	Units	2019-20 Actual	2020-21 Forecast
Percentage growth in employment in regional NSW over four years	%	0.1	n.a. ^(a)

Note

(a) Forecast for 2020-21 is not yet available.