

State Plan Priority P6
Regional Business Growth Plan – Murray Region
July 2008

1. The region

The Murray region includes the major centres of Albury, Deniliquin, Moama and Corowa. As at June 2007 the region had a population of 116,471 which grew by 2.5 per cent between June 2002 and June 2007¹. The main industries are: manufacturing; agriculture; forestry; tourism; textile; transport; and retail. Growth opportunities are occurring in: manufacturing (e.g. plastics, farm machinery and high technology components); biofuels industry; transport and logistics; defence; and value-adding to fibre and agricultural production.

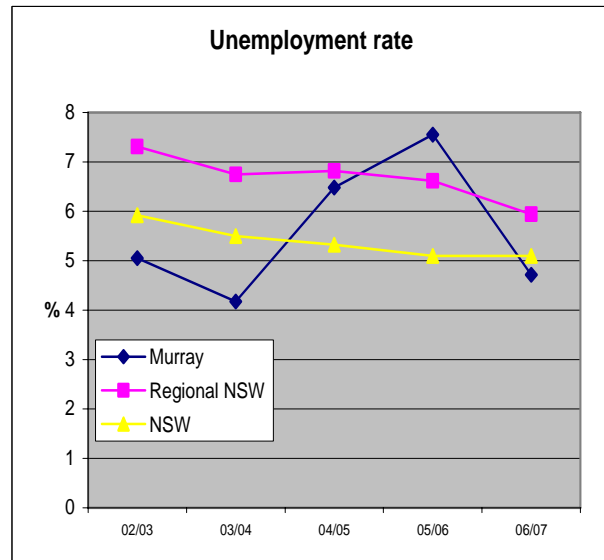
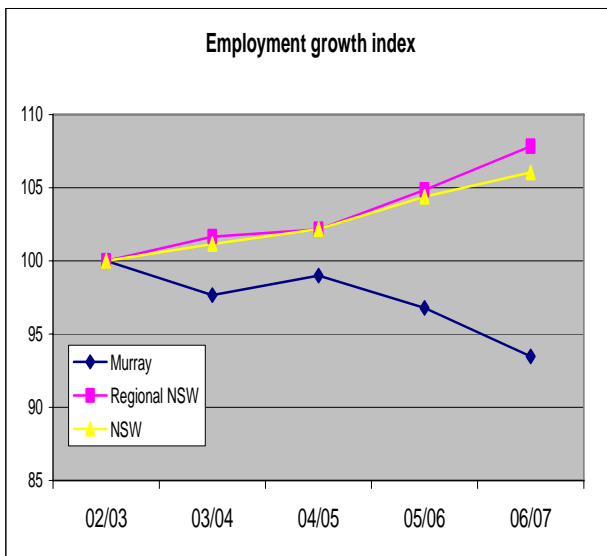
2. Regional opportunities and challenges

TYPE OF ISSUE	OPPORTUNITIES	CHALLENGES
Industry development	<ul style="list-style-type: none"> • Transport and logistics hub development • Value-adding to softwood plantation industry (paper mills) • Strong services sector development as a result of residential growth • Defence industry • Tourism and commercial opportunities arising from river frontages and boating facilities (Albury, Moama) • Exploration and development of minerals and petroleum 	<ul style="list-style-type: none"> • Manufacturing operations under pressure from offshore competitors • Cross-border business perceptions
Infrastructure	<ul style="list-style-type: none"> • Opportunities for development contributions to enable the provision of infrastructure necessary to respond to changing demands 	<ul style="list-style-type: none"> • Water security for existing and future industry development • Alignment of infrastructure with business growth needs • Natural gas infrastructure availability • Balancing development contributions to ensure housing and employment lands affordability and delivering appropriate community infrastructure

¹ Source: ABS, Cat No. 3218.0, Regional Population Growth, Australia, 2006-07.

TYPE OF ISSUE	OPPORTUNITIES	CHALLENGES
Land use/Planning	<ul style="list-style-type: none"> Regional planning framework for the Murray Valley being developed in conjunction with the Victorian Government Each council in the region is reviewing and modernising its land use planning framework as part of the Standard LEP Planning reforms will improve operation of planning system by providing: streamlined approach to rezoning; transparent assessment of major proposals; faster assessment of routine developments; and improved accountability and affordability of development contributions Recent gazettal of the Rural Lands SEPP provides greater certainty about resolving rural land use conflict 	<ul style="list-style-type: none"> Alignment of NSW and Victorian Government planning and infrastructure priorities
Skills & Employment		<ul style="list-style-type: none"> Skills shortages

3. Regional indicators and measures

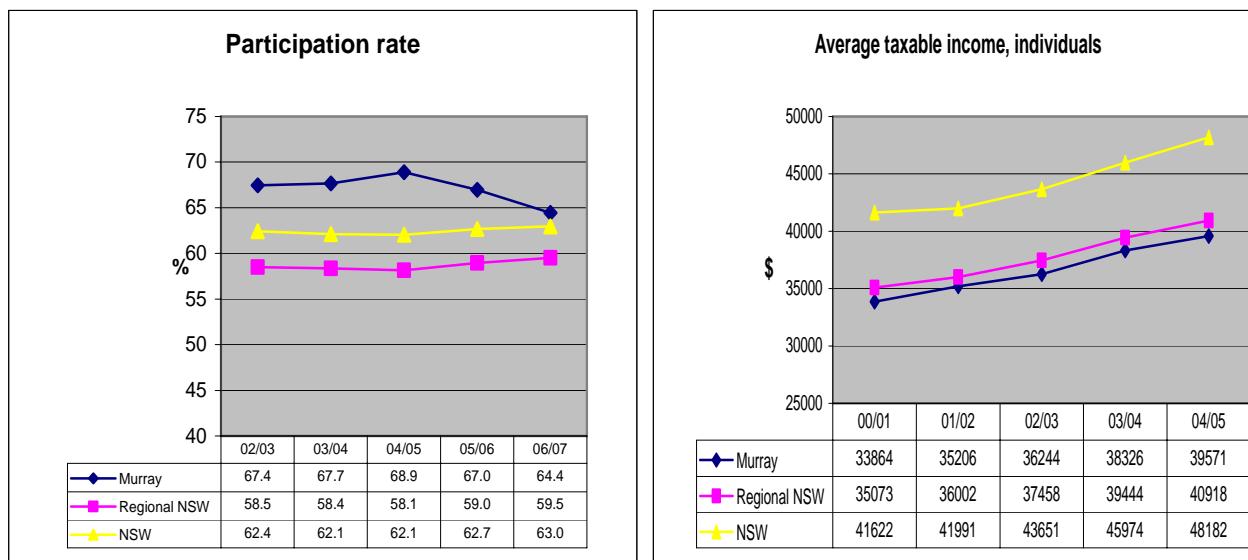


Total Employment, (000's)

	02/03	03/04	04/05	05/06	06/07
Murray	54	53	54	52	51
Regional NSW	1186	1206	1212	1243	1279
NSW	3118	3154	3187	3255	3307

Total Unemployment (000's)

	02/03	03/04	04/05	05/06	06/07
Murray	2.8	2.3	3.7	4.3	2.5
Regional NSW	93.6	87.2	88.7	88.2	80.7
NSW	196.6	183.6	179.3	175.0	177.8



Notes: (1) ABS Labour Force regions approximate DSRD regions. (2) Labour Force data for the financial year is based on the average of four quarters at August, November, February and May. (3) Taxable income for regions has been based on the postal area – statistical division concordance based on the ABS Cat No 2905.0.55.001, ABS Postal Area Classifications, Aug 2006. The concordance as at 2006 has been applied to previous years. As a result, changes in postal areas or additions and deletions of postal areas in previous years have not been considered. Sources: Labour Force data sources from ABS Cat No 6291.0.00.003 and unpublished ABS data. Taxable income data sourced from the Australian Tax Office at www.ato.gov.au

4. High priority and high impact strategies to address barriers to business investment

Strategy 1 Develop initiatives to secure water, including re-use and recycling

The current drought is unprecedented in the Murray Darling Basin severely restricting access to water for high security users and providing no water allocations for general and security users. Allocation of available water is managed by the Department of Water and Energy (DWE) in consultation with broad stakeholder representation through a Critical Water Advisory Group.

High Priority and High Impact Initiatives

- The Department of Environment and Climate Change (DECC) has a number of initiatives revolving around its Sustainability Advantage Program aimed at sustainable resource use. DECC has also worked pro-actively with a number of companies in the region to reduce water use.
- The NSW Government is negotiating potential funding for water infrastructure projects under the Commonwealth Government's *Water for the Future* program.
- The Department of Primary Industries (DPI) engages with the irrigation industry to raise awareness and facilitate adoption of best irrigation management practice and systems leading to improved water use efficiency and associated water savings at the farm level.
- Assist businesses to identify ways of saving water through engaging consultants to undertake water efficiency audits.
- On a project by project basis, consideration of shared infrastructure for business to accommodate water needs.

- Educational programs will also be established for businesses to improve their water savings knowledge and expertise, their understanding of the vulnerability of their current water supply arrangements, and their options for improving its reliability.
- The Department of Planning (DOP) has commenced preparation of a Regional Strategy for the Murray region that will align with work proposed by the Victorian Government.

Impacts

- The overall impact is to protect existing economic capacity.
- A substantial number of jobs are at direct risk if industry can not obtain sufficient water.
- In addition, there are over 3,500 people engaged in agriculture in the Murray region.

Resources

- Access to NSW Climate Change and Commonwealth funds for water savings projects relevant to business.
- On a case by case basis consideration of infrastructure project funding for clusters of businesses to utilise water resources more efficiently.
- Educational programs for business to tap into water saving expertise.

Strategy 2 Harmonise cross border (NSW and Victoria) business infrastructure and planning needs

There are two issues viz:

- The impacts of what are commonly referred to as ‘border anomalies’. These are legislative or regulatory differences between States that form an impediment or complicate doing business cross-border.
- Differences in the levels of government assistance and planning requirements.

High Priority and High Impact Initiatives

- Since 2006, Victorian and NSW Government CEOs have met to discuss resolving cross border issues. Both Governments support the concept of anomalies being resolved between relevant agencies.
- NSW and Victorian regulatory issues impacting on business are also addressed through Council of Australian Governments (COAG) processes.
- The Department of Planning (DOP) and the Victorian Department of Sustainability and Environment have been working closely to develop mechanisms that will harmonise planning requirements in both States. Work will continue on this.
- Mechanisms to fund infrastructure projects relevant to securing new private sector investment will be considered.

Impacts

- A report prepared for the Murray Regional Development Board in the late 1990s suggested a cost of \$6 million to business in additional compliance costs to meet different State regulations.
- Work constructively with stakeholders to address perceptions that regional infrastructure related programs in Victoria disadvantage NSW border communities.

Resources

- Access to a modest pool of funds to address small scale and investment project specific infrastructure needs.
- Work is underway by the DOP to prepare a Regional Strategy for the Murray region.

Strategy 3 Development of infrastructure for provision of natural gas and transport needs

Infrastructure decisions are often based on current demand rather than potential demand with natural gas a case in point where commercial investment decisions are made on known gas demands. Natural gas infrastructure in NSW is predominately constructed and operated by private companies. Hence, extension of the system to new areas is always considered on a commercial basis. Regions where viable rates of return are possible include locations of significant load such as large industrial consumers or pre-existing LPG or town gas distribution systems. The natural gas industry has already developed infrastructure to the majority of these areas. This process does not always recognise future potential investment generated by the presence of natural gas. A strong communication platform is needed to ensure that NSW Government agencies are aware of proposed new private sector developments. The Regional Coordination Management Group (RCMG) mechanism provides a basis for this to occur.

High Priority and High Impact Initiatives

- The Department of State and Regional Development (DSRD) has established an economic development cluster as part of the Riverina Murray RCMG. In addition, DSRD will head up an Employment Lands Taskforce. These two initiatives will improve the platform needed to help agencies align their infrastructure funding with local economic development needs.

Resources

- Establishment of the Employment Lands Task Force.
- Access to a modest pool of funds to address small scale project specific infrastructure needs.
- Larger infrastructure to be looked at in the context of the *State Infrastructure Strategy*.

Strategy 4 Develop initiatives to assist the manufacturing sector with innovation to increase productivity and global competitiveness

Manufacturing accounts for 21 per cent of the Murray region's Gross Regional Product, a much higher percentage than for comparative regions. Overall, the local manufacturing sector has largely withstood the trend for off-shoring of facilities through the use of innovation and orienting production to suit niche markets.

High Priority and High Impact Initiatives

- Implement relevant components of the Lean Manufacturing program consisting of a combination of awareness workshops, diagnostics and implementation groups. The format of the program will be industry driven.
- Formulate quick response strategies to sudden job losses in the manufacturing sector due to business or industry restructures/closures.
- Facilitate the development of business clusters and networks in the local manufacturing sector.
- Work with Commonwealth Government agencies to attract overseas investment prospects for the local manufacturing sector where the region demonstrates a competitive advantage.
- Promote distribution hub opportunities to assist manufacturing businesses with cost effective solutions when deciding on expansion or establishment of operations in the region.

Impacts

- Retention of existing manufacturing plants. Over recent times a number of firms have shed jobs, citing increased competition from overseas competitors.

Resources

- Implementation of Lean Manufacturing Program funded from existing DSRD regional program resources.
- The TAFE NSW - Riverina Institute has also developed expertise and experience in Lean Manufacturing and Competitive Manufacturing.
- Other initiatives will be funded from within existing DSRD regional program funds.

Strategy 5 Develop initiatives to bring skills (including migrants) to the region and to retrain the existing workforce

Skill shortages have been reported across all sectors of the workforce with significant shortages of health professionals, planners, metal workers and truck drivers. The Murray Regional Development Board is well advanced in relation to attracting skilled migrants with 168 placed in 2006/07. The Board's program is evolving to not only assist businesses to locate migrant workers but is also providing settlement services, and has developed alliances with employment placement agencies both in Australia and overseas.

High Priority and High Impact Initiatives

- The Murray Regional Development Board provides migration services to assist the attraction of skilled workers.
- The Board will continue to report on the success of its skilled migration attraction programs and local skills attraction programs.
- TAFE NSW has major regional responsibility for increased skilling of the existing workforce. DSRD works closely with TAFE NSW - Riverina Institute in meeting this objective. TAFE NSW is currently undertaking a State-wide review of their face-to-face teaching needs to meet emerging industry needs.
- DSRD undertook a 'roadshow' in November 2007 to provide stakeholders with advice on current activities to address skills shortages. The roadshow examined the demographic trends behind skills shortages and reported on the success of programs in the education sector such as school based apprenticeships and co-operation between TAFE NSW - Riverina Institute and universities in delivery of degree courses. The next step includes delivery by DSRD of three (3) 'Travelling Expert' forums.

Impacts

Lack of skilled labour results in:

- Local businesses restricted in their growth potential, for example a local steel fabricator had to forgo \$1.5 million in contracts because they did not have the workforce available to fulfil available orders.
- Local businesses not maintaining operations in the region and/or off-shoring operations.

Resources

- The Murray Regional Development Board will continue to provide migration services supported by DSRD.
- The TAFE NSW-Riverina Institute is providing an educational consultancy and support programs for a number of businesses in the area and this can be extended to other businesses on a commercial basis.

Strategy 6 Develop initiatives to attract potential investment in minerals and petroleum

The Murray region has considerable potential for both minerals and petroleum however the area remains under explored.

High priority and high impact initiatives

- During 2007-08 a gravity survey was completed in the Murray region at a cost of approximately \$0.46 million.

- Over the next three years the Department of Primary Industries will undertake surveys of a major deep crustal seismic line across the western and central parts of the Murray region.
- The far western and southern parts of the Murray region are also priorities for the acquisition of gravity data at a high density.
- Geological mapping and geophysical interpretation maps are also planned for the Jerilderie area in the southern part of the region.
- The data will be incorporated in a new 3-dimensional model for the area.

Impacts

- The new data and information are designed to attract both minerals and petroleum exploration investment into the region, support area selection and guide exploration strategies.

Resources

- The NSW Government has committed \$16.5 million to the New Frontiers exploration initiative across NSW over the next three years.
- This is expected to be supplemented by additional funding from industry and the Commonwealth Government.

For more information: regional@business.nsw.gov.au