



Department of State and
Regional Development



new south wales
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NSW

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Regional Development

Strategic Plan
2006-2009

Director General's Foreword

The Department of State and Regional Development was established in 1995 and is the key business development agency in the New South Wales Government. It provides expert advice to Government on advancing economic development in both metropolitan and regional locations. It is responsible to the Minister for State Development, the Minister for Regional Development, the Minister for Small Business and Regulatory Reform, the Minister for Tourism and the Minister for Science and Medical Research.

The Department adopts a Whole-of-Government approach to its role and actively encourages collaboration with the business sector and the community in its work.

The Department's activities are informed by the goals in the State Plan for growing prosperity across NSW, which are:

- A higher productivity economy
- NSW open for business
- Stronger rural and regional economies.

Facilitating increased investment and productivity of the State's economy, and contributing to the stock of rewarding and high skill jobs are the key roles of the Department.

The activities of the Department are reflected in its structure, which is comprised of eight main groups:

- Industry Division
- Investment Division
- Major Events Unit
- Office of Science and Medical Research
- Policy and Resources Division
- Regional Development Division
- Small Business Development Division
- Tourism NSW

The environment for economic growth is increasingly complex and competitive, both nationally and internationally. To meet this challenge, the Department focuses on continuously refining and better targeting its activities to contribute to a dynamic and growing economy. Our goal is to send a clear message that NSW is an attractive place to both start and expand in business.

Loftus Harris
Director General

Mission

To advance the economic development of New South Wales and bring new business to the State by:

- providing leadership within Government on business, economic, tourism, science and medical research, small business and regional development issues
- adopting a Whole-of-Government perspective with respect to the use of the State's resources to facilitate investment
- supporting the interests of business and the community
- pursuing a balance between economic development and the variety of social, environmental and other challenges that confront a modern society.

Values

The Department gives effect to its mission and goals through the actions of its staff upholding corporate values of:

- integrity through honesty, consistency and fairness
- equity and social justice
- respect for the diversity of the State's multicultural base
- achievement through diligence, industry, creative thought, consultation and teamwork
- accountability, efficiency and effective professional service provision.

The Department is fully committed to the principles of social justice, which include equal employment opportunity, ethical practice and ethnic affairs priorities. The Department strives to integrate social justice principles into its management and recruitment practices, its policy advice and its day-to-day dealings with clients.

Governance

The Department's corporate governance framework provides clear direction and transparency in decision-making across the organisation and supports its capacity to achieve its key results. In undertaking its activities, the Department works within the Government's framework of reporting and accountability. This includes the Government's major initiatives in areas such as information technology, State records, anti-corruption, privacy and financial reporting and its client service focus. It also includes those Acts administered directly by the Department, which include the State Development and Industries Assistance Act 1966, the Regional Development Act 2004, the Retail Leases Act 1994, and the Small Business Development Corporation Act 1984. The governance framework is supported by the operations of the Executive Management Committee and the Audit and Review Committee.

Operating Environment

The Department operates in an increasingly complex State and national economy that provides both challenges and opportunities to the economic growth of New South Wales. These include:

- an expanding world economy
- increasing competition from other agencies and locations for footloose investment
- pressure to retain and expand skills for growth
- development of global supply chains across all sectors
- challenges to the manufacturing sector from China and other parts of Asia
- sustaining the NSW economy as a competitive business environment
- impact of the drought on the State's economy
- dynamic business client needs and expectations.

People

The Department is the New South Wales Government's primary business development agency for the State of New South Wales and its capital city, Sydney. It has a three Sydney offices and a network of 20 regional offices around the State.

Operating at the interface between the public and private sectors, the Department employs skilled staff from a variety of backgrounds and is committed to their ongoing professional development. The Department's learning and development, and study assistance programs provide opportunities for staff seeking to extend their professional, leadership and workplace skills. All managers participate in the management development program, and a young professionals group meets regularly to foster interaction amongst staff who are building careers in the Department. The Department also offers selected placement and secondment opportunities in related agencies to expand the knowledge and skills of key personnel.

The Department has achieved a high level of performance by adopting the following management principles for improved performance:

- customer focus and extensive consultation with clients
- operating excellence
- financial effectiveness
- continuous improvement in systems, work practices and resource usage.

Achievements

In respect of the three budget programs for which it is responsible, over the last three years up to the commencement of 2006-07, the Department has achieved the following:

Development of the NSW economy

- facilitated investment of more than \$4.8 billion which created/retained over 18,261 jobs
- supported 65 conference bids won for the State that are expected to generate more than \$290 million in direct spending
- achieved average export growth in firms assisted of around 20% per annum
- supported 530 companies participating in trade missions with anticipated export sales of more than \$140 million by the companies within 12 months of their visits
- supported the Industry Capability Network to achieve \$507 million in business outcomes.
- facilitated investment of \$3.3 billion in regional NSW with over 11,420 jobs created/safeguarded

- enlisted 120 NSW companies in the Australian Technology Showcase programs with approximately 15% based in regional NSW
- assisted over 1010 small and medium sized companies to complete business improvement projects with employment growth of over 1,000 jobs in the companies assisted
- supported Innovation Advisory Centres which provided services to 5,451 clients
- three main NSW BioBusiness programs (Non Research Establishment Costs, High Growth BioBusiness, Proof of Concept) found that 118 companies assisted with \$9 million in funding generated about \$30 million in revenues for products and brought in at least \$114 million of additional investment from the public and private sectors; and created more than 175 new jobs.

Growing the tourism economy of NSW

- invested \$4 million in the largest ever regional tourism promotion campaign
- increased the value of our domestic and international destination publicity programs by \$31 million and \$82 million respectively
- implemented the government tourism plan
- prepared six regional plans in partnership with regional stakeholders
- co-ordinated the Government's support for Rugby World Cup 2003 that provided an economic impact for NSW of over \$300 million
- acquired, supported or assisted over 30 major events
- implemented a football strategy to make NSW the home of the Socceroos over 2006-2009

Science and medical research

- implemented NSW Government BioFirst Strategy programs, including the BioFirst Awards, resulting in 15 senior researchers being attracted to NSW, \$13 million in additional leveraged funds and creation of 50 additional research positions; the Converging Technologies program, a \$1.6 million program providing high band width and fibre optic infrastructure to five research institutes; and BioLink, a business development company assisting in the commercialisation of biotechnology intellectual property
- established the NSW Government Science Leveraging Fund
- provided capital support to research institutes, including \$10 million to the Victor Chang Cardiac Research Institute and \$5 million to the Woolcock Institute of Medical Research, the latter increasing research capacity by an estimated \$6-8 million per annum
- introduced the now annual NSW Science EXPOsed event bringing science to Parliament and promoting science careers to students, involving some 1,200 students from 40 high schools in debates, challenges and hands-on exhibits
- sponsored the Re: Connections Conference in 2006, bringing together 350 clinicians, scientists and people with spinal cord injury and associated conditions on the latest in research advances. This has led to the establishment of the Australasian Spinal Cord Injury Network, which will facilitate greater connectivity, knowledge exchange and clinical trials.

Review

The Department's activities and operations are regularly and rigorously reviewed through a variety of internal and external processes including:

- financial audit (external)
- performance audit (external/internal)
- internal audit and review committee
- managerial evaluation (internal)
- the Council on the Cost and Quality of Government, the Public Accounts Committee and the Treasury
- Ministerial oversight by five Ministers
- Parliamentary oversight through a variety of committees such as the Parliamentary Budget Estimates Committee.

Managerial evaluation, Ministerial oversight and audit and review are continuous. The Department is also an active participant in the assessments of Government service efforts and accomplishments conducted by the Council on the Cost and Quality of Government.

Key Results

The Department demonstrates that it is contributing to the economic growth and development of NSW by measuring its performance using a range of key results indicators and service measures. The measures are critical in informing management decisions and ensuring that the Department's resources are allocated in a way that aligns with policy priorities of Government.

The Department prepares an annual Results and Services Plan in accordance with Whole-of-Government practice in New South Wales, which includes annual targets for results and services measures that link into the State Plan. The Department's linkages to the State Plan are covered in the Growing Prosperity across NSW area of NSW Government activity.

The NSW Government Statement on Innovation (November 2006) sets the industry analysis framework for the Department, and the five policy goals are applied to work with individual companies, investment projects and in the approach to supporting a business-friendly environment. These goals are to:

- improve human capital
- upgrade knowledge and information infrastructure
- reduce the cost to business of utilising science and technology
- encourage capital allocation to invest in innovation
- reduce regulatory barriers to innovative NSW companies.

These goals are pursued in four results areas.

Key results areas are:

Greater investment in regional and metropolitan areas by new and established companies

Indicators:

- investment committed:
 - metropolitan
 - regional

- Employment impact of investment committed:
 - metropolitan
 - regional

Increased internationalisation of the NSW business sector through:

- more NSW companies exporting
- greater global supply and major project participation by NSW companies
- higher export values by NSW companies
- internationalisation of the State's competitive industries.

Indicators:

- total exports by SME clients assisted
- export growth by SME clients assisted (rate)
- export market visits reported by DSRD business program clients
- local industry participation in projects - business secured for NSW firms (\$):
 - metropolitan
 - regional

Increased growth by NSW companies through:

- of the tourism sector

Indicators:

- rate of employment (& sales) growth reported by SME clients
- reported value of new investment, exports and sales achieved through Australian Technology Showcase program
- % of SME clients reporting new/improved products and services marketed
- growth in total NSW visitor nights (millions):
 - total
 - domestic
 - international.
- percent of SME clients reporting innovation in business during the year:
 - undertook R&D/ new product development
 - marketed new or improved products.

Improving business climate through:

- greater awareness of Sydney as a global city
- expanding science and research knowledge base
- strengthened regional economy
- competitive levels of entrepreneurship
- increased skills for business

Indicators:

- expenditure benefit of major events secured
- Sydney market share of international visitor nights
- leveraged funding and investment from science and medical research grants programs:
 - investment
 - leveraged funding
- number of industry /geographic business clusters assisted by DSRD in Regions
- new employment by start-up and small business program clients.

Planning Framework

The NSW State Plan is the overarching planning framework for the Department's activities. The Department has two priorities to manage and a role in monitoring targets and measures for investment and related economic progress in the State. The State measures are set out below, and form the high level measures against which the Department assesses its impact.

Measures and Targets

Priority Measures	Target	2005-6	2010-11	2015-16
Private business investment	7.2 per cent pa to double current level in ten years ¹	\$40 billion	\$55 billion	\$80 billion
Exports-goods and services	4.3 per cent annual moving average to give 40% growth in ten years	\$45 billion	\$55 billion	\$65 billion
Total employment	1.5% annual moving average to grow by 16 per cent in ten years	3.3 million	3.5 million	3.8 million
Tourism visitor nights	Growth by an average one million visitor nights per annum	136 million	141 million	146 million
Average weekly earnings (full-time adult)	NSW average weekly earnings (AWE) will be above average weekly earnings for Australia as a whole. Currently NSW AWE is 3 per cent higher.			
Real Gross State Income per capita	NSW Gross State Income per capita will be at or above the level for Australia as a whole.			
Business confidence	Business confidence in NSW as measured by National Australia Bank Quarterly Business Survey is higher than national business confidence. ²			

The Priority Delivery Plans under the State Plan, the annual Results and Service Plan and this Strategic Plan together form the basis of operating plans developed in the divisions of the Department, in which detailed deliverables and budgets are set out annually. Set out in the Guide to the Department's Activities that follows is a 'plain English' outline of the 'what, why, how and how measured' of the Department across nine key action areas.

¹ Base is 2005-06 constant price estimate

² NAB survey of 1,000 firms with over 35 employees. Measure is an average of net balance in confidence relating to profitability, trading conditions and wages

GUIDE TO THE DEPARTMENT'S ACTIVITIES

Key Action Area	What we do	Why	Results sought	How measured?
Investment	<p>Find new companies to invest or locate in NSW</p> <p>Minimise delays for new investment</p> <p>Work with major corporations to attract new functions to NSW</p> <p>Attract business migrant investors</p>	<p>To win share in the intense competition for global capital</p> <p>To increase the diversity and sophistication of State's business sector</p> <p>To retain and expand major companies in NSW</p> <p>To increase NSW investment by migrant entrepreneurs</p>	<p>Larger pool of global companies in NSW</p> <p>Retain/grow share of Australian private business investment</p> <p>Attract new skills and technologies to NSW</p>	<p>ABS measures of investment growth</p> <p>\$ investment committed by project assisted</p> <p>Number of projects</p> <p>Number of jobs generated by projects assisted</p> <p>Number of high paid jobs attracted</p> <p>Number of Australian share of high net worth business migrants</p>
Innovation	<p>Work with firms in high leverage sectors to enhance innovation capability</p> <p>Lead implementation of Government's Statement on Innovation policy framework and initiatives</p> <p>Help companies to commercialise new IP</p> <p>Win new markets for technology companies</p> <p>Introduce new technologies and processes to NSW companies in regional and metropolitan areas</p>	<p>Increase competitiveness of NSW economy</p> <p>Increase productivity of business through innovation</p> <p>Open new markets for new NSW products and services</p> <p>Increase efficiency in NSW manufacturing sector</p>	<p>Value of State funded research captured for NSW</p> <p>Expanded sales of NSW elaborately transformed manufactures [ETMs] in international markets</p> <p>Key sectors grow in size and new high wage employment opportunities</p> <p>Renewal of NSW manufacturing</p>	<p>Number of clients companies reporting innovation activity</p> <p>Growth in business and employment numbers in high leverage sectors</p> <p>Number of NSW technology companies making sales in new international markets</p> <p>Manufactured products export sales</p>

Key Action Area	What we do	Why	Results sought	How measured?
Tourism	<p>Market Sydney and NSW to international and interstate tourists</p> <p>Coordinate services across Govt to support tourism businesses</p> <p>Disseminate market and business intelligence to tourism businesses</p> <p>Assist regions to profile their tourism advantages</p>	<p>Increase tourism expenditure in NSW by non-residents</p> <p>Govt services support tourism, and red tape for tourism businesses minimised</p> <p>Improve market knowledge, product and process in tourism businesses</p> <p>Maintain regional population, jobs and investment</p>	<p>Tourism sector increases its contribution to State GDP</p> <p>Greater share in international visitors to Australia visit NSW for longer</p> <p>Tourism infrastructure meets current and drives future demand</p> <p>Tourism helps sustain regional investment and population</p>	<p>Growth in tourist visitor nights and expenditure - domestic, international</p> <p>Number of Government agency activities and policies supporting tourism</p> <p>Regional tourism visitation numbers</p>
Major Events	<p>Identify and attract international profile events to Sydney and NSW regions</p> <p>Support events that assist key sectors to build global position of NSW</p>	<p>Increase profile of Sydney as a global city</p> <p>Attract high spend event attendees</p> <p>Capture greater NSW share of major business, sporting and cultural national events</p>	<p>More international media exposure of Sydney</p> <p>Higher levels of expenditure by event visitors</p> <p>Increased tourism by business travellers</p>	<p>Expenditure by event visitors</p> <p>Brand awareness of Sydney</p> <p>Business confidence levels</p> <p>Visitor nights</p>

Key Action Area	What we do	Why	Results sought	How measured?
Exports	<p>Work with companies to increase export values</p> <p>Help companies to commence exporting</p> <p>Win new export markets for technology companies</p> <p>Introduce new markets to companies in 'IS' industry sectors</p>	<p>To increase the size of NSW economy through international income to the State's companies</p> <p>To sustain high value jobs in export companies</p> <p>Open new markets for new NSW products and services</p>	<p>More high value added NSW products and compete in world markets</p> <p>More companies participating in export</p> <p>Increased international success by companies in key sectors</p>	<p>Export values by clients</p> <p>Jobs growth in clients</p> <p>Number of NSW exporters</p> <p>NSW services export growth</p> <p>NSW merchandise export growth</p> <p>Number of NSW technology companies making sales in new international markets</p>
Small Business	<p>Work with competitive SMEs on growth strategies</p> <p>Work with new businesses to provide management skills and information</p>	<p>To maximise investment and jobs growth in small firms</p> <p>To maximise the formation of sustainable businesses</p>	<p>World class levels of entrepreneurship</p> <p>Low levels of early stage business failure, investment retained</p> <p>Dynamic and competitive business sector</p> <p>High quality supply chain service sector</p>	<p>Number of new businesses formed</p> <p>Client company growth in jobs and sales</p>

Key Action Area	What we do	Why	Results sought	How measured?
Science and medical research	<p>Attract national and international research facilities and funding to NSW</p> <p>Strategically allocate NSW funding for science and medical research</p> <p>Improves access to new knowledge for business, especially in science and technology</p>	<p>Achieve better economic, health, technology, environment outcomes from science and medical research</p>	<p>Increased share of Commonwealth and international research funds and facilities for NSW</p> <p>Improved health and quality of life outcomes from research</p> <p>More NSW research accelerated into products, services and processes</p> <p>Higher levels of critical mass reached in research hubs – more world class results</p>	<p>Level of funds leveraged from NSW assistance from Commonwealth and other sources</p> <p>NSW share of research investment by business, Government and higher education in Australia</p> <p>Health savings from research outcomes</p> <p>NSW share of Australian patents and number of patents & spin-out and companies formed from funded research centres</p>
Business Environment	<p>Market NSW as a place to do business</p> <p>Support competitive retail sector</p> <p>Provide interface with business community for Government</p> <p>Advocate for business in Government</p> <p>Conduct red tape reviews</p>	<p>To attract new investment</p> <p>To create confidence in retail sector</p> <p>To ensure business needs and expectations are factored into Government policies where community benefit clear</p> <p>To reduce unnecessary costs and ensure a competitive business environment</p>	<p>Businesses invest and increase presence in NSW</p> <p>Retail leasing disputes reduced</p> <p>Business views articulated</p> <p>Balance in policy directions by regulatory agencies</p>	<p>Survey of business confidence and perception of NSW as a place to do business</p> <p>Business investment growth measures</p>

Key Action Area Regional Development	What we do	Why	Results sought	How measured?
<p>Regional Investment</p> <p>Regional community economic development</p> <p>Growth of existing business in regional NSW</p>	<p>Recruit companies to relocate establish or expand operations in regional NSW.</p> <p>Minimise delays for new investment</p> <p>Promote regions as business locations for existing and emerging industries</p> <p>Work with local councils / business organisations to improve business services</p> <p>Work with companies to commence and/or increase exports</p> <p>Work with companies to access new domestic markets.</p> <p>Work with companies to achieve scale and improve competitiveness</p>	<p>More balanced growth across the State</p> <p>Regional locations for some types of industries offer competitive option to secure new investment</p> <p>To address inconsistency in professionalism of servicing business needs across the State</p> <p>Companies in regional NSW limited by scale, more difficult to tap into expertise and market information.</p> <p>Create opportunities to build scale for regional business</p>	<p>More uniform business and employment growth across the State.</p> <p>Contribute to NSW retaining and growing share of private business investment</p> <p>Attract new industries and skills to NSW</p> <p>Creates positive investment perceptions about regional NSW as a location.</p> <p>Responsiveness to commercial timeframes</p> <p>Growth of employment and investment in regional enterprises.</p>	<p>Regional investment growth.</p> <p>Employment growth in regions</p> <p>Number of jobs and value of investment captured by projects</p> <p>Engagement of local councils/business organisations in setting economic direction for local communities and regions.</p> <p>Business confidence measures</p> <p>Jobs growth and sales growth in clients.</p> <p>Business numbers in regions.</p>