

Business Paper



Economic Development Committee

to be held at

Council Administration Centre

180 Mort Street, Lithgow

on

Monday 18 March 2024

at 6:00 PM

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1. Acknowledgement of Country

Acknowledgement of Country

Lithgow City Council acknowledges Wiradjuri Elders past and present of the Wiradjuri nation - the original custodians of the land on which the Lithgow's communities reside. The Council also extends our respects to our neighbouring nations.

Declaration of Webcasting

I inform all those in attendance at this meeting, that the meeting is being webcast and that those in attendance should refrain from making any defamatory statements concerning any person, Councillor or employee, and refrain from discussing those matters subject to Closed Council proceedings as indicated in clause 14.1 of the code of meeting practice.

2. Present

3. Apologies

4. Declaration of Interest

Ethical Decision Making and Conflicts of Interest

A guiding checklist for Councillors, officers and community committees

Oath or Affirmation of Office

Councillors are reminded of the Oath or Affirmation taken of office, made under section 233A of the *Local Government Act 1993* when elected.

Ethical decision making

- Is the decision or conduct legal?
- Is it consistent with Government policy, Council's objectives and Code of Conduct?
- What will the outcome be for you, your colleagues, the Council, anyone else?
- Does it raise a conflict of interest?
- Do you stand to gain personally at public expense?
- Can the decision be justified in terms of public interest?
- Would it withstand public scrutiny?

Conflict of interest

A conflict of interest is a clash between private interest and public duty. The test for conflict of interest:

- Is it likely I could be influenced by personal interest in carrying out my public duty?
- Would a fair and reasonable person believe I could be so influenced?
- Conflict of interest is closely tied to the layperson's definition of 'corruption' – using public office for private gain.
- Important to consider public perceptions of whether you have a conflict of interest.

There are two types of conflict:

- **Pecuniary** – regulated by the *Local Government Act 1993* and Office of Local Government. A person with a pecuniary interest should at least disclose and not vote, but it would also in these cases be appropriate to leave the chamber.
 - **Non-pecuniary** – regulated by Codes of Conduct and policy. ICAC, Ombudsman, Office of Local Government (advice only). If declaring a Non-Pecuniary Conflict of Interest, a person
-

with a non-pecuniary interest can choose to either disclose and vote, disclose and not vote or leave the Chamber.

- Local Government Act 1993 and Model Code of Conduct
For more detailed definitions refer to the *Local Government Act 1993*, Chapter 14 Honesty and Disclosure of Interest and adopted Code of Conduct.

Identifying problems

1st Do I have private interests affected by a matter I am officially involved in? **2nd** Is my official role one of influence or perceived influence over the matter? **3rd** Do my private interests conflict with my official role?

Disclosure of pecuniary interests / non-pecuniary interests

Under the provisions of Section 440AAA(3) of the *Local Government Act 1993* (pecuniary interests) and the Model Code of Conduct it is necessary for you to disclose the nature of the interest when making a disclosure of a pecuniary interest or a non-pecuniary conflict of interest at a meeting.

A Declaration form should be completed and handed to the General Manager as soon as practicable once the interest is identified. Declarations are made at Item 3 of the Agenda: Declarations - Pecuniary, Non-Pecuniary and Political Donation Disclosures, and prior to each Item being discussed: The Declaration Form can be downloaded at

5. Administration Reports

5.1. Employment lands study - Project update

Author: Jonathon Edgecombe - Director of Infrastructure and Economy
Responsible Officer: Jonathon Edgecombe - Director of Infrastructure and Economy

Executive Summary

This report advises the Economic Development Committee of progress in implementing Action 20 of the LEEP Interim Action Plan.

Administration's Recommendation

THAT the Economic Development Committee note the progress update.

Attachments

Nil

Reference to any relevant previous minute

Nil

Background and discussion

Action 20 of the LEEP Interim Action Plan reads:

"Review existing employment land zonings and potential candidate sites to ensure suitability of supply in consideration of likely demand, serviceability, infrastructure re-use, co-location and supply chain value capture, environmental and community factors and constraints."

Sub-actions of this strategy include:

- (a) Prepare procurement scope and invitation to tender documentation in collaboration with Council's planning team for a local employment lands strategy.
- (b) Help constitute a technical project control group to manage the preparation of the employment lands strategy.

Through early December 2023, Council's Economic Development and Strategic Planning staff collaboratively developed the scope for this project, calling for tenders over the period from 19 December 2023 to 21 January 2024.

The objectives of this project are to:

1. Further develop the land use planning strategies and actions outlined in the Emerging Economy Transition Plan (LEEP), Lithgow Regional Economic Development Strategy Update, Lithgow Land Use Strategy 2020-2030 (Chapter 12) and Lithgow 2040 Local Strategic Planning Statement (LSPS).
2. Provide an understanding of the key issues (enablers and barriers) for employment land in Lithgow through consultation with key stakeholders and landowners.
3. Identify the critical land characteristics and infrastructure required for the emerging target sectors relevant to Lithgow including, but not limited to, renewable energy, circular economy processes and advanced manufacturing.
4. Provide an in-depth critical analysis of existing employment land stock and precincts in Lithgow LGA to assess suitability and capability in terms of, but not limited to serviceability, infrastructure re-use, co-location and supply chain value capture, environmental and community factors and constraints.
5. Outline demand forecasts for employment land in Lithgow LGA with projected land release and take-up scenarios and sequencing.
6. Identify the quantity and location of sufficient employment lands across the LGA to meet the demand forecasts.
7. Identify the land use needs and planning framework required to support the growth of the eco-tourism and nature-based adventure tourism sector.
8. Ensure land use capability and suitability are considered in land use planning decisions.
9. Review land use zoning, policy settings and controls to optimize investment attraction and business growth and provide evidence-based recommendations to support any land use change.
10. Engage and consult with key stakeholders and the Lithgow community throughout the development of the strategy including Council's Reference Group (CRG) and Project Steering Committee (PSC).

Two companies provided a response to the request, being Hill PDA and PSA Consulting. Both submissions were well within the estimated project value of \$120,000.

Council's prior experience with Hill PDA, alongside their demonstrated understanding of the brief and resourcing requirements, have resulted in their selection as the contractor for this work.

The project set to commence no later than Monday 18 March. It is anticipated that the project will be delivered by 30 June 2024.

Consultation and Communication

Engagement of the elected Council, community, landowners, and government agencies in this project is important. The successful contractor is required to develop a Community Consultation/Engagement Program to indicate how they intend to engage with each of the abovementioned groups.

Once the final draft report for this project is complete, the document will be reviewed by the Council prior to public exhibition for no less than 28 days. Once exhibited, community suggestions will be considered prior to reporting to Council for final endorsement.

Policy

This project aligns with the endorsed outcomes of the Lithgow Evolving Economy Plan, specifically:

LEEP Action	Description
Engage in master planning around Lithgow's vision of Place	Engage the community and develop and adopt a masterplan and staging plan, subject to funding, for delivering on the key place-making and tourism recommendations of this Action Plan. Explore how planning for township main streets incorporates tourism, supporting uses such as dining and combined with street revitalisation initiatives.
Maintain alignment of Lithgow planning and strategy documents with the regional framework	Ensure broad alignment of all plans and strategic documents produced as a result of this Action Plan with the Lithgow Functional Economic Area Regional Economic Development Strategy.
Engage early and take a proactive approach to environmental planning.	Take a proactive approach to engagement with LEP processes (including most appropriate zones) for enabling diverse accommodation, tourism, renewables and new investment opportunities in Lithgow LGA and look at the potential to identify suitable land in Council mapping.
Align developers with public infrastructure.	Review (or, where applicable, draft and adopt) Part 7 infrastructure contribution agreements or plans for proposed residential and employment land release are as identifying key infrastructure step issues and infrastructure barriers to development.
Incorporate future land use needs into the precinct planning process	Engage with hospital and health care services to further understand demand and potential land use requirements.
Ensure adequate supply of employment land zonings in planning	Review existing employment land zonings and potential candidate sites to ensure suitability of supply in consideration of likely demand, serviceability, infrastructure re-use, co-location and supply chain value capture, environmental and community factors and constraints.

Legal

Nil

Risk Management

The principal risk associated with the implementation of LEEP is detailed in the plan itself. Expressed in short, it is that approximately 43% of the Lithgow economy by value-added production is likely to disappear over a ten-to-fifteen-year period. The Lithgow economic transition has commenced. Global experience points to more successful economic transition occurring where local transitions management is undertaken collaboratively.

The projects recommended by the LEEP are directed at readying Lithgow for this transition, and attracting potential future investment that aligns with identified strengths and opportunities.

Financial

- Budget approved - \$200,000
- Cost centre - 100888
- Expended to date - Nil
- Future potential impact – Expenditure of up to \$120,000, including optional deliverables and project management costs.

5.2. Review of the Regional Development Act - Council's submission

Author: Jonathon Edgecombe - Director of Infrastructure and Economy
Responsible Officer: Jonathon Edgecombe - Director of Infrastructure and Economy

Executive Summary

This report seeks to advise of the detail of Council's submission to the NSW Government's review of the Regional Development Act, 2004.

The general tenor of the Council's submission was that:

1. Government economic policy must target regional strengths rather than apply a 'one-size-fits-all' approach, and
2. As the nation shifts to net zero, government action to address the challenges faced by mining and power generation communities is presently inadequate. In fact, resources (funding) previously available to those communities affected by the impacts of mining or undergoing economic disruption (because of the move to Net Zero) are being removed or delayed (Resources for Regions – withdrawn, and Royalties for Rejuvenation – no outcomes thus far). All levels of government need to act urgently to bring their commitments to life, with the priorities in Lithgow's case being formation of the Central West Jobs and Investment Authority and, until such time as that occurs, the roll-out of Royalties for Rejuvenation or other funding to facilitate impactful interim action within the affected communities, like Lithgow.

Administration's Recommendation

THAT the Economic Development Committee note the response to the NSW Government's review of the Regional Development Act, 2004, as submitted.

Attachments

1. Lithgow Council Response – Review of the RDA [5.2.1 – 6 pages]

Reference to any relevant previous minute

Nil

Background and discussion

On 18 December 2023, the NSW Government publicised their undertaking to review the Regional Development Act, 2004. Submissions to the review closed on 31 January 2024. Council sought and received an extension of time to submit by close of business 02 February 2024. Unfortunately, this tight timeline placed the submission outside the Council's Ordinary Meeting schedule.

In gathering understanding about the key issues and preparing a submission, the Council's administration engaged with or viewed the positions being taken by other parties with likely shared interests to this Council ie., the member councils of the Central West Joint Organisation of Councils, the Association of Mining and Energy Related Councils (the Association) and Mid-Western Council.

Lithgow's submission drew from the Lithgow Emerging Economy Plan. The structure of Council's submission is as follows.

- Part 1: The need for evidence-based identification of regional catchments of strategic economic initiatives.
- Part 2: Suggested change of focus regarding education and related initiatives.
- Part 3: More rigorous mining impact assessments, and greater recognition of those funding gaps experienced in regions attempting to transition from coal-related industry.
- Part 4: Advocacy for a rapid introduction of the NSW Government's jobs and investment authorities, and much greater levels of financial intervention.

The general tenor of this Council's submission was that:

3. Government economic policy must target regional strengths rather than apply a 'one-size-fits-all' approach, and
4. As the nation shifts to net zero, government action to address the challenges faced by mining and power generation communities is presently inadequate. In fact, resources (funding) previously available to those communities affected by the impacts of mining or undergoing economic disruption (because of the move to Net Zero) are being removed or delayed (Resources for Regions – withdrawn, and Royalties for Rejuvenation – no outcomes thus far). All levels of government need to act urgently to bring their commitments to life, with the priorities in Lithgow's case being formation of the Central West Jobs and Investment Authority and, until such time as that occurs, the roll-out of Royalties for Rejuvenation funding to facilitate impactful interim action within the affected communities, like Lithgow.

Consultation and Communication

On 18 December 2023, the NSW Government publicised their undertaking to review the Regional Development Act, 2004. Submissions to the review closed on 31 January 2024, but Council sought and received an extension of time to submit by close of business 02 February 2024. Unfortunately, this tight timeline placed the submission outside the Council's Ordinary Meeting schedule.

For this reason, no consultation or communication of the submission has occurred to date, but the submission closely aligns with that made by the Mining and Energy Related Councils, Central NSW Joint Organisation, and recent advocacy put forward by research groups such as the Grattan Institute.

Policy

The submission aligns with the endorsed outcomes of the Lithgow Evolving Economy Plan, specifically:

LEEP Action	Description
Engage in the NSW Government transition response	Engage with Central West Expert Panel and look for opportunities to engage in strategic projects aligned with the regional plans, for the benefit of Lithgow.
Embed processes for formal dialogue between industry, transition governance arrangements, and other key government agencies on closure planning.	Formalise dialogue arrangements between key industry actors, the governance vehicle and other key actors and agencies on closure planning and repurposing. Framework discussions should include: a. early Intervention,
Engage early following any announcement of a closure	Facilitate where possible early and ongoing workforce support, including skills recognition, training, career planning, assistance for redeployment, and financial and personal counselling on the announcement of any closures.
Engage in regional workforce planning early, and align with priority economic growth areas	Undertake a long-term regional workforce plan identifying likely skills requirements, training and pathway gaps, other opportunities, and potential disruptions, leveraging state and national approaches and initiatives, and engaging local manufacturers, schools, vocational and higher education organisations, peak bodies and unions.
Focus workforce development on skills to improve adaptive capacity	Develop a regional workforce adaptive capacity plan for focusing on strengthening flexible, innovative, and STEAM skills in the emerging workforce. Facilitate university, TAFE and industry partnerships to complement and stimulate innovation opportunities.
Establish a governance vehicle for collaboratively managing the regional diversification initiative including actions arising from this Action Plan.	c. engaging in dialogue around the policy settings of governments to facilitate local action,

Legal

Nil

Risk Management

The principal risk associated with the implementation of LEEP is detailed in the plan itself. Expressed in short, it is that approximately 43% of the Lithgow economy by value-added production is likely to disappear over a ten-to-fifteen-year period. The Lithgow economic transition has commenced. Whilst the market can be relied upon to fill much of the economic gap, global experience points to more successful economic transition occurring where local transitions management is undertaken collaboratively.

The projects suggested by the LEEP seek to ready Lithgow for this transition, and potential future investment that align with identified strengths and opportunities.

Financial

- Budget approved – Nil – funded by internal salaries
- Cost centre - 100888
- Expended to date - Nil
- Future potential impact - Nil

5.3. Completion of Investment Prospectus

Author: Jonathon Edgecombe - Director of Infrastructure and Economy
Responsible Officer: Jonathon Edgecombe - Director of Infrastructure and Economy

Executive Summary

The development of an Investment Prospectus package, compiled as a collaborative effort between the Department of Regional NSW and Lithgow City Council, is now complete. This package targets:

- Controlled environment horticulture
- Manufacturing of componentry for renewable energy
- Hydrogen production and associated activities
- Green construction materials manufacturing
- Advanced manufacturing related to defence

This report provides an overview of the process and gives an opportunity to review the final product.

Administration's Recommendation

THAT the Economic Development Committee note the update provided regarding the development of Lithgow's Investment Prospectus.

Attachments

1. Fact Sheets – Lithgow Investment Prospectus – [5.3.1 – 10 pages]
2. Pitch Deck - Lithgow Investment Prospectus – [5.3.2 – 55 pages]

Reference to any relevant previous minute

Nil

Background and discussion

In June 2022, representatives of Lithgow City Council and the Lithgow Emerging Economy Plan consultants attended an Investment Attraction Workshop coordinated by the Department of Regional NSW. The intent of the program, held alongside the development of Council's Emerging Economy Plan and the Regional Economic Development Strategy, is to assist both Council and DRNSW to:

- Build awareness and recognition of Lithgow,
- Establish direct contact to potential investors, in a targeted and strategic fashion,
- Provide support and services to potential investors,
- Build relationships with and support existing investors, and
- Provide opportunities to enhance the quality of Lithgow in the eyes of investors.

The very targeted approach taken to developing the investment prospectus, for Lithgow and some other LGAs, varies from the past common approach where Councils would pitch perceived

opportunities in their area while their peers make the same claims. For example, claims that a particular location offers an “attractive lifestyle”, is “open for business”, is “centrally located” and offers “quality labour” are regularly made. Other times broad descriptors of potential investment opportunity are generic in description (advanced manufacturing, logistics) rather than specific i.e., advanced marine defence and allied manufacturing. As well, the assertions are often not grounded in true competitive advantages. The result is saturation of the market with loose claims that reduce the impact, perhaps entirely, of these marketing strategies.

By contrast, the focus for this project was to be on development of investment attraction processes that are tailored to defined target groups. These target groups are a combination of industrial sectors, geographic markets and other relevant factors (so long as they share similar characteristics that make it possible to approach them collectively). Such groups could include “developers and operators of grid-connected battery systems” for example. This targeted approach affords Lithgow the opportunity to ensure the most effective use of resources, reflect the location’s true competitive advantages (thereby offering a true differentiation from competitors) - providing credibility and increasing the probability of success.

Identifying these target groups occurs in two parts. Firstly, there must be an internal assessment of the location. In Lithgow’s case by workshopping the region’s strengths, weaknesses, opportunities and threats, it was possible to work toward answers to questions such as:

- Are there other concrete opportunities for businesses in this location?
- How do these advantages and opportunities compare to competitor locations?
- How to articulate and validate specific value propositions?
- What types of sectors, companies or activities can benefit from these advantages and opportunities?

Second comes an external market assessment which considers questions such as:

- Which sectors and types of activities are experiencing significant growth?
- Where are they investing, how and why?
- Are there examples of recent investments in our part of the world or similar locations?
- How big is the pool of potential investors?
- Do the advantages/opportunities of our location match their key requirements?

The final step in developing the investment prospectus for Lithgow is the creation of a ‘value proposition’. This value proposition articulates the benefits (value) of this location, providing a compelling reason for a company to invest locally. It can be based on one or several clear advantages or opportunities which are simple to understand, are convincing and achievable, and directly address the requirements of the investor.

As an example, suggesting that Lithgow is “proximate to Sydney” is non-descript. The target groups are too broad, it contains no practical information, and it does not address the critical requirements of a specific target group. A better example might be where bulk and affordable power is exploited to underpin an employment precinct i.e., the value proposition could be “a secure and sustainable electricity supply to support business critical, 24/7 uptime of datacentre servers”.

A summary of the key endowments, strengths and challenges developed from this process are:

- Significant existing heavy electrical infrastructure
- Close proximity to Sydney (within 2.5 hours to the Sydney CBD) and its associated workforce
- A significant quantity of potential industrial land if brownfield sites (former coal mines and power stations) can be re-purposed for employment uses.
- Significant quantities of water and increasing as coal mines are retired
- Relatively cheap housing

- A cold climate relative to the rest of NSW
- Proximity to the Blue Mountains workforce
- Under-utilised rail infrastructure and buildings (owned by Pacific National)

These documents are now complete, with a fact sheet, pitch deck and video developed for the following target sectors:

- Controlled environment horticulture
- Manufacturing of componentry for renewable energy
- Hydrogen production and associated activities
- Green construction materials manufacturing
- Advanced manufacturing related to defence

Attached to this report are the fact sheets and pitch decks.

This project is very closely aligned with the current work on the Lithgow Emerging Economy Plan and the Regional Economic Development Strategy.

Importantly, use of this material is governed by a licence agreement with Department of Regional NSW (who funded the work). This licence is non-exclusive and non-transferable. Council cannot grant sub-licences to any other party to use the material, however, Council's contractors may use the material, if authorised.

The material must **only** be used for the purpose of "investment attraction and promotional activities by the Licensee (Council) which is intended to attract investment in the area of Lithgow." For this purpose only, the material may be used any time from the execution of the licence with the Department of Regional NSW, which occurred on 07 August 2023.

Consultation and Communication

DRNSW met with a variety of stakeholders to develop a comprehensive list of regional endowments and strengths in June 2022. Department of Regional NSW also met with the authors of the LEEP, as the document was being developed, to sentiment test content and concepts.

Policy

This project aligns with the endorsed outcomes of the Lithgow Evolving Economy Plan, specifically:

LEEP Action	Description
Promote industrial investment opportunities	Develop and publish an industrial sector investment prospectus and review and update to maintain currency.
Position Lithgow in the hydrogen economy	Engage in NSW Government's Hydrogen Hubs initiative, including establishing potential partnerships with project proponents currently shortlisted with Lithgow as a potential off-taker.

Lithgow has identified and attracted investment in electricity, water and waste industries	Projects and capital investment that has potential to generate \$93m in gross value added over 10 years in the Lithgow economy have been identified and are in negotiation or secured for the local electricity, water and waste industries.
Lithgow has identified and attracted investment in manufacturing industries	Projects and capital investment that has potential to generate \$33m in gross value added over 10 years in the Lithgow economy have been identified and are in negotiation or secured for local manufacturing industries.

Legal

Use of this material is governed by a licence agreement with Department of Regional NSW (who funded the work). This licence is non-exclusive and non-transferable. Council cannot grant sub-licences to any other party to use the material, however, Council's contractors may use the material, if authorised. The material must **only** be used for the purpose of "investment attraction and promotional activities by the Licensee (Council) which is intended to attract investment in the area of Lithgow."

Risk Management

Nil

Financial

- Budget approved – Nil, project entirely funded by DRNSW, delivered in partnership with Lithgow City Council
- Cost centre – N/A
- Expended to date – N/A
- Future potential impact – N/A

5.4. LEEP - General Update

Author: Jonathon Edgecombe - Director of Infrastructure and Economy
Responsible Officer: Jonathon Edgecombe - Director of Infrastructure and Economy

Executive Summary

Alongside the other reports tabled for this Economic Development Committee meeting, this report provides a broad update on the status of the LEEP project, including an understanding of several challenges. This report is a short summary only, touching on matters not raised in other reports, with further detail to be discussed at the meeting.

Administration's Recommendation

THAT the Economic Development Committee note the update on the status of the LEEP project, including current challenges faced.

Attachments

Nil

Reference to any relevant previous minute

Nil

Background and discussion

1. Recruitment

Council's typically engage an Economic Development Manager to work with government and private industry to attract investment to an area. However, with Lithgow's economic development tasks very focussed on the issue of economic transition and *readying* the city for future investment, the role has changed somewhat to better reflect the requirements of the LEEP. It is known as the *Enterprise and Economy Manager*.

The role was advertised pre-Christmas with just three applicants. However, none of the applicants were suitable for the role. Understanding the importance of the project, an improper fit was considered too much of a risk.

Since then, the administration has approached recruitment agents and several potential candidates and spoken with them directly about the role. With greater interest at hand, the role was readvertised. This second attempt has attracted a number of applications. These are currently being reviewed. It is anticipated that the interviews will commence shortly. A rep with economic development expertise from another council in the region has agreed to participate on the selection panel.

Alongside this position, the LEEP also requires the following positions:

- A *City Rejuvenation Officer*, tasked with implementing the planning, urban regeneration, place-making and other allied actions recommended by the Lithgow Emerging Economy Plan

- An Engagement Officer tasked with the implementation of the community engagement, communication, strategy, reporting, and other allied actions recommended by the Lithgow Emerging Economy Plan.

Each of these positions are to be funded by the LEEP project funding, allocated from the approved Special Rate Variation. They are yet to be formally advertised.

2. Introduction of the NSW Government's Jobs and Investment Authorities

In April 2021, the NSW Government announced its Royalties for Rejuvenation legislation and committed to partner with mining-affected regions to effectively transition their economies, and consequently minimise the disruption caused by a transition to net zero. This legislation came with a commitment to allocate \$25 million per year of state funding to the task.

Then, in the lead up to the 2023 election, the government reaffirmed its commitment to establishing an authority, the Central West Jobs and Investment Authority, to support the city's economy as it transforms into the future. Best practice suggests that this Authority must be comprised of three levels of government, key stakeholders in the mining and power generation community, representatives of the workforce union, and the knowledge sector.

While Council has taken bold action to commit \$1.1 million to the LEEP project, alongside forming an interim governance structure that mirrors best practice, a significant contribution will also be required by other levels of government if this effort is to influence real change within the timeframe required.

There have been positive policy announcements from both governments at the national and state levels.

For the Federal Government, a Net Zero Economy Agency and Advisory Board was established in mid-2023. In media statements at the time the Government described the purpose of the Agency as being "to ensure that the workers, industries and communities that have powered Australia for generations, can seize the opportunities of the net zero transformation." The Federal Government has also committed "to legislate a national Net Zero Authority, which will work with state, territory and local governments, existing regional bodies, unions, industry, investors and First Nations groups to help key regions, industries, employers and others proactively manage the transformation to a clean energy economy." The administration has contacted the federal bureaucrats on a number of occasions to seek information about their progress and to update them about the Council's own actions to grow and diversify the economy.

The NSW Government has committed to the establishment of Jobs and Investment Authorities (J and IA) - one for each coal mining region – with Lithgow and Mid-Western local government areas proposed to be bundled together. In November 2023, the NSW Government held a Roundtable in Lithgow on "the Future of Regional Jobs and Investment in the Central West Region". The responsible Minister, The Hon. Courtney Houssos MLC, acknowledged in her comments on the day that Lithgow is particularly exposed because of the relationship and co-dependence between this city's coal mines and the Mt Piper power station. This differs from all other coal mining regions across NSW which are overwhelmingly mining coal for an export market which is likely to operate for many years more. It is understood that the NSW Government is undertaking work preparatory to the establishment of Jobs and Investment Authorities.

While the above comments acknowledge that arrangements to assist communities like Lithgow's appear to be being advanced by both levels of government, the current reality is:

1. The Lithgow Evolving Economy Plan is complete. It is leading edge for an economic transition plan, and applies new and best practice. It makes the case for early action and it clearly enunciates what form that action should take.
2. This Council has demonstrated real leadership in endorsing the overall Plan and an interim LEEP Action Plan. The costs of implementing the interim action plan are being borne by this community by way of the Special Rate Variation's allocation to LEEP of just over \$1 million annually – see the next point below however.
3. Successful transition, in Lithgow's case, will require between \$150 million and \$400 million of government funding (depending on the timing of the intervention relative to the decline of mining and power generation activity). It will also require 10 years of affirmative action from the Investment Authority.
4. \$3.5 billion was collected by the NSW Government in the form of mining royalties in the 2021/22 financial year *alone*. This is relevant because expert individual entities make the case that a portion of these royalties should be revolved back to the regions from which they have been sourced, to fund economic transition and/or to partially offset some of the impacts of mining and power generation (near and long term) ie., in their July 2022 report - "The next industrial revolution: Transforming Australia to flourish in a net-zero world" - the Grattan Institute said "To help people and communities hit hardest by the decline of coal, state governments should: direct all or most coal royalties to coal regions for as long as coal mining continues."
5. No Royalties for Rejuvenation funds have been released. Just this month, after the administration enquired about the proposed timing for the release of some of these funds for beneficial use in the identified localities, the NSW Government advised that -
 - *The NSW Government recognises the need to support workers and communities impacted by the shift towards net zero.*
 - *Since 2021/22, **\$22.5 million** has been allocated to the Royalties for Rejuvenation Fund each financial year. The total balance of the Fund as of 26 February is \$76.5 million, including investment earnings.*
 - *In addition, **\$2.5 million** per year is provided to the Department for operational expenditure.*
 - *Expenditure of the fund is locked until 2028/29 or when the balance of the fund reaches **\$250 million**.*
 - *Under the Mining Act, the object of the Fund is to alleviate economic impacts in affected coal mining regions caused by a move away from coal mining by supporting other economic diversification in those regions, including by the funding of infrastructure, services, programs, and other activities. Funds must be drawn down in accordance with the provisions of the Mining Act.*

The first and final bullet points above make statements of commitment but they conflict with the other three bullet points which speak of no apparent near-term allocation of resources toward the commitments. This mis-close, between commitment and real action, is especially concerning for Lithgow because LEEP confirmed that this city's local economy is already in transition and now is the time for action at an impactful manner. This requires resources, including funding.

6. Resources for Regions funding has been discontinued for communities impacted by mining, removing considerable capacity for these regions to mitigate the impacts of mining or to undertake activities which can assist to mitigate the impacts of future mine closures. This has resulted in the loss of \$5 million annual funding (on average) from Lithgow. The reduction of this funding will have a material impact on the ability of this Council to provide much needed local infrastructure to offset the impact or capture the benefits of mining.
7. To date, the Jobs and Investment Authorities have not been formed.

It is imperative that communities like Lithgow are not left behind economically as Australia moves to a net zero economy, but without immediate address of these concerns, there is the

genuine danger that this will occur. A separate briefing will be provided for the councillors outlining the advocacy actions that are being undertaken and those that are proposed.

3. Formation of the Council's interim governance vehicle

The Council again demonstrated its absolute commitment to positioning this city's economy for the future when it recently approved a governance body to implement LEEP. The structure and make-up of the governance body is best practice – see the report to Council's Ordinary Meeting of 26 February 2024. It was incredibly open-minded of the Council to support this model, which outsources considerable responsibility to the committee, - on the basis that they are subject experts in economic transition.

The administration is making the arrangements for the committee to be convened as soon as possible.

4. Study tour of the LaTrobe Valley

Arrangements are being made for a study tour of the LaTrobe Valley, the Victorian region with most affinity with Lithgow in the sense that it has historically been a coal mining and power generating region, and it has undergone significant economic disruption over many years. There are many lessons to be learned and perspectives shared amongst other communities, local councils and other institutions that are actively dealing with similar economic transition and confronted with the same challenges. A report will be presented to the February Ordinary Meeting seeking councillor interest in participating in the study tour, which is being scheduled for May.

5.5. Draft Destination Action Plan

Author: Shaun Elwood – Director People and Planning
Responsible Officer: Shaun Elwood – Director People and Planning

Executive Summary

The Seven Valleys Destination Action Plan (DAP) is about setting the direction and priorities to sustainably grow the visitor economy of the Lithgow LGA over the next six years (2024 – 2030). It provides a vision to lead a practical and prioritised Action Plan that supports regional promotion, visitation and prosperity while addressing barriers and challenges faced by the region.

The DAP was still being formally compiled at the time that this paper was finalised. It is envisaged that councillors will receive a copy in the days ahead of this meeting. With the DAP to be reported to the March Ordinary Meeting (to seek approval to exhibit it), councillors will have considerable time to review the DAP. The council staff will be available at this meeting to explain the general tenor of the DAP and next steps.

Administration's Recommendation

THAT the report on the Seven Valleys Destination Action Plan (DAP) be received.

Attachments

Nil

Reference to any relevant previous minute

N/A

Background and discussion

The Destination Action Plan provides a clear framework, identification of priority projects and actions to achieve the sustainable growth of the visitor economy within the Lithgow LGA

The guiding principles established for the DAP are:

1. Inclusive of the whole region and all communities
2. Informed - evidence-based
3. Showcasing the destination's existing and emerging strengths
4. Customer-centric - putting the visitor first
5. Future-focused and sustainable - understanding a dynamic industry and the importance of protecting the destination's values and attributes
6. Foster collaboration across sectors and between industries and stakeholders
7. Demonstrate leadership through effective implementation, partnerships and communication -including through alignment with NSW Visitor Economy Strategy 2030
8. Measurable in terms of both deliverables and outcomes

The DAP has been informed by a comprehensive Situation Analysis, which involved a detailed review of:

1. Global and domestic trends that are influencing consumer behaviour in travel
 - a. Motivations, interests, preferences, and barriers to travel
 - b. Future-focused and putting the visitor first
2. Visitor research
 - a. Influences on travel to the destination over time and as consumer behaviours have evolved
3. Existing strategies, plans and programs
 - a. National, State, regional and local level

A key to success for any destination is to foster and strengthen collaboration and partnerships within the region and beyond its borders.

Overall, the Situation Analysis reinforces that:

- After many years of natural disasters - drought, fires, floods and the COVID-19 pandemic – Government funding and grant opportunities will be significantly reduced and are more competitive. As a result, Return on Investment (ROI) modelling for the visitor economy will require destinations to adopt a laser like focus when it comes to prioritising destination activities.
- A distinctive place brand and positioning statement that builds civic pride and connects to the target market on an emotional level and responds to their motivations, preferences and behaviours will be critical to success.
- Connecting all elements of the experience – from accommodation to tours, attractions, villages, towns, retail and hospitality and other industries – will set the context for delivering on our brand promise in a more meaningful way. The region's natural and cultural assets and investment in shared infrastructure, such as the Gardens of Stone SCA and ZigZag Railway, can be a core part of the experiential tourism focus of the future.
- Sustainable communities are at the core of sustainable destinations. Building civic pride and vibrancy comes from effective and long-term place planning.

By considering opportunities across the landscape, destinations can encourage greater dispersal of visitors, reducing impacts on specific sites or locations. This will facilitate the sharing of the benefits of the visitor economy with the smaller towns and villages of the region while being part of a proactive approach to managing the impacts of unbalanced tourism.

Perhaps the most prominent insight and theme that arose from the situation analysis and stakeholder consultations was the need to build civic pride. Civic pride plays a significant role in destination management. **Building civic pride will be critical in developing a thriving visitor economy and a place that people want to live, work and play.**

Civic pride contributes to a more vibrant, authentic, and sustainable destination, benefiting both residents and visitors. For these reasons, it will be critical to place focus on building civic pride locally to create a community that people want to visit and revisit.

As a key strategic priority, the Seven Valleys theme requires development of a place brand that will meet the aims and needs of both the visitor economy and the broader economy, including attracting investment, new industries, and new residents. This means that the brand strategy will need to consider a broader audience than strictly those who are visiting the region for leisure or visiting friends and relatives (VFR).

It is recommended to undertake primary consumer research with both core visitor markets and people who have recently relocated to this region or are considering relocating. This will provide invaluable insights to inform a high-quality place brand strategy.

Another strategic priority in the short-term is optimising owned channels to build the foundations for launching a world-class place brand. A quick competitor analysis in the Situation Analysis revealed there is considerable amount of work that needs to be done to elevate The Seven Valleys identity and positioning.

Effective social media management in the short-term can assist in building the social media platforms' performance and engagement to be better positioned when the new place brand is launched.

Consultation and Communication

The DAP is intended to be reported to a future Ordinary Meeting for approval to place on public exhibition in April. This will be followed by a further report allowing for consideration of any submissions received and adoption of the final DAP by the Council.

Policy

N/A

Legal

NA

Risk Management

Ad hoc messaging about the wider LGA without a strategic direction, agreed marketing plan and product development assistance program.

Financial

- Budget approved - \$50,000
- Expended to date - \$50,000
- Future potential impact - The DAP will require an allocated and approved budget to ensure the first stages of delivery can be achieved. This will include the development of a Strategic Place and Destination Marketing Plan and the consequent implementation of the marketing plan.