

Submission to the review of the Regional Development Act



**CENTRAL NSW
JOINT ORGANISATION**

Bathurst
Blayney
Cabonne
Cowra
Forbes
Lachlan
Lithgow
Oberon
Orange
Parkes
Weddin

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<https://www.haveyoursay.nsw.gov.au/regional-development-act-review>

Regional Development Act 2004 Review

Taking a fresh approach to how we invest in regional NSW

To whom it may concern,

Re: Regional Development Act 2004 Review

Joint Organisations (JOs) were proclaimed in May 2018 under the NSW Local Government Act 1993. The Central NSW Joint Organisation (CNSWJO) represents over 177,000 people covering an area of more than 51,000sq kms comprising the eleven Local Government Areas of Bathurst, Blayney, Cabonne, Cowra, Forbes, Lachlan, Lithgow, Oberon, Orange, Parkes and Weddin.

Tasked with intergovernmental cooperation, leadership and prioritisation, JOs have consulted with their stakeholders to identify key strategic regional priorities. The CNSWJO Strategic Plan can be found here: [Strategic Plan & Regional Priorities - Central Joint Organisation \(nsw.gov.au\)](#)

This response has been informed by policy developed in region.

Thank you for the opportunity to provide feedback into a revision of the Regional Development Act (the Act).

This region agrees that much has changed since the Act's inception in 2004. This includes:

- The impacts of Covid including more work from home and flexibility in workplace enabling a shift to region in population
- The impacts of climate change with longer hotter droughts and more intense storm and flooding events
- The construction task of rewiring the state
- Skills and housing shortages

Regional development is a broad church and the following key points are made:

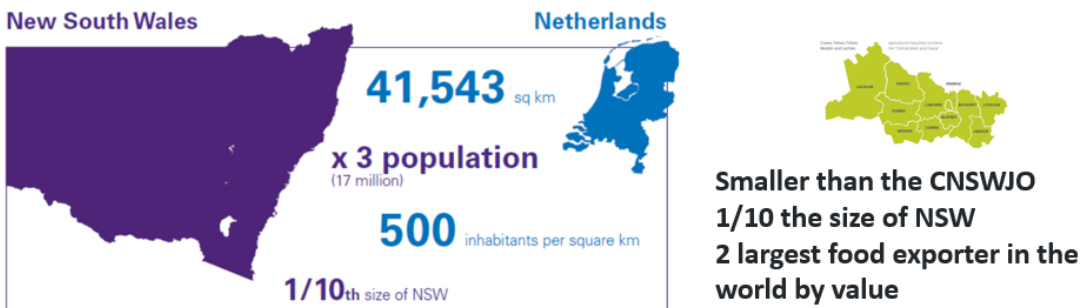
- For enduring improvement to occur, strategy needs to be embedded in the legislation;
- Implementation of strategy should be enabled by good governance and this needs to be enshrined in legislation and regulation;
- There is an opportunity to take a systemic approach to regional development through the legislation that would result in minimising duplication and better utilising existing systems, such as Joint Organisations, Regional Leadership Executives and Regional Development Australia. This region would welcome an opportunity to codesign this approach;
- Joint Organisations could be better leveraged where, according the Office of Local Government website:

"Joint organisations have transformed the way the NSW Government and local councils collaborate, plan, set priorities and deliver important projects on a regional scale.

The regional bodies are a key mechanism through which the Government delivers funding and programs to regional NSW." OLG website

- regional development is a cross agency effort and therefore needs coordination through a *development* lens rather than a *service level* lens; and
- it is possible to be aspirational where international effort shows remarkable and enduring level of change – for example in the Netherlands they have been able to double production while halving their inputs.

The Dutch Model- What can we learn?



The Dutch show that when farmers, businesses, government, scientists and the community work collaboratively to develop technological and social innovation to produce good, healthy and safe food that is produced sustainably, the country and the world benefit.

1. Are there any other matters that should be included in the objects of the Regional Development Act?

The Act's objects should include consideration of the following:

- Strategy
- Royalties for communities impacted by development where the benefit is to the State while the impacts are local, for example in the rewiring of NSW

Why should strategy be legislated for?

In NSW, planning for regional development:

- is poorly understood;
- is shortsighted;
- lacks aspiration;
- needs to be approached more strategically and in an integrated manner;
- suffers from churn, centralisation and sectoralisation and so needs enablement in the region through:
 - better resourcing; and
 - appropriate delegation
- is confused with a number of organisations taking a strategic approach to “regional development” with variable alignment and approaches across the

state;

- has a chequered history of engagement, alignment with local priorities and delivery of commitments in the development of plans in the region; and
- has ongoing issues as a result of boundary alignment, or lack thereof.

The first step in remediating the paucity of strategic planning for regional development is to legislate for it. This legislation should leverage Integrated Planning and Reporting under the Local Government Act and Regional Plans under Section 3.5 of the Environmental Planning and Assessment Act. This should include leveraging the efforts of Joint Organisations. Further, it should enable transparency and accountability of the Regional NSW service offering.

Finally, consideration should be given to leveraging JOs and the reintegration of Regional Development Australia into the framework.

Ultimately, a systemic approach including strategy that is legislated for and regulated will deliver much better outcomes for the communities of regional NSW and state as a whole.

Why should royalties be included in the Act?

Where a community is negatively impacted by development that is for the benefit of the citizens of NSW, royalties from the development should be remitted to that community. Take for example the case study provided: Compensation for communities impacted by the rewiring of NSW.

Royalties should accrue to communities through their councils and respond to Community Strategic Plans.

2. Are there any objects currently in the Act that are no longer relevant to regional NSW and should be changed or removed?

Both those objects in the Act as it stands and those suggested are supported.

However, it is noted that the Regional Development Act needs to be about *development* and not just for a safety net of services.

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

This region supports the Commonwealth Regional Investment Principles.

Regarding the four initial focus areas for the Trust, The NSW Government should give consideration to the broader development effort in its policy context.

Case Study: Compensation for communities impacted by the rewiring of NSW

At the time of writing the NSW Government is giving consideration to a revised energy policy framework. Included in this framework is guidance for voluntary compensation for affected communities. This includes a \$1050 per megawatt hour voluntary benefit sharing arrangement.

Assuming

- A 40% capacity factor for wind renewable energy generation
- The current price for Large Generation Certificate (LGC) is \$46; and
- All LGCs will be realised and they are realised annually as is the case at present.

\$1050 pa equates to just 0.7% of the annual income from only LGCs. The generator then sells its electricity at profit on top of that.

As it stands, renewable energy generation is being significantly incentivised and impacted communities are not being compensated. This is simply not fair.

Currently this is the development effort in support of emissions reduction.

This region would like to see urgent effort on manufacturing particularly in support of Special Activation Precincts and to enable the rewiring effort to achieve the NSW Government's net zero aspirations. The transport impacts of the freight task for renewable energy generation from port to region are profound and TfNSW is only just becoming alive to them where the Regional Energy Zone for the Central West was announced years ago. These transport impacts would be reduced substantially by manufacturing componentry in NSW where the Parkes Special Activation Precinct was designed and is ideally located for just this type of manufacturing.

4. What factors should drive investment in each region?

Please see above regarding policy and the urgency of the net zero challenge.

It is also important to recognise the differences of each region. For example, this region's priorities for regional development are as follows:

Regional Prosperity through better infrastructure and services:

1. *Initiatives to grow the visitor economy in the context of locational preference factors*
2. *Regional industry and population growth planning*
3. *Advocacy and initiatives on skills and housing shortages*
4. *Leveraging the region's endowments and opportunities*
 - *Critical minerals and mining*
 - *Circular economy and net zero*
 - *Support the development of existing and potential activation precincts including Parkes SAP*
 - *Inland Rail*
 - *Pattern of settlement; liveability, proximity to capital cities and ports*
 - *Agriculture*

In the past three years the region has seen a substantial shortage in both skills and housing. The WRI "Region Shapers" report commissioned by DPE Planning estimated a further 64,000 jobs will need to be filled in the next 5 years as a result of the construction challenge. Clearly this will have further population impacts with its corollary need for better and more planning, infrastructure and service delivery. Meanwhile DPE population projections (Common Treasury Planning Assumptions that all NSW Government agencies must use when service and infrastructure delivery) still show lower levels of growth. Indeed, population projects are notorious,¹ in NSW they have been too conservative for too long with knock-on service impacts. It is imperative that changes to the Act enable regions and NSW more broadly to get in front of change rather be reactive, often reacting badly.

Central NSW was second behind the Hunter area in the Infrastructure Australia assessment of NSW based regional growth areas and seventh overall in the nation.² However, the region is poorly recognised in NSW government frameworks where it is typically swept into the rest of the west for

¹ [Australia population: Nation hits 27 million milestone decades early | news.com.au — Australia's leading news site](https://www.news.com.au/australia/population/nation-hits-27-million-milestone-decades-early/news-story)

² Infrastructure Australia, Australian Infrastructure Plan 2015 cited in the Central NSW JO Strategic Plan page 9 – please note the subsequent Audit in 2019 did not use similar modelling and so current data cannot be provided

service deliver by NSW Government agencies, see for example the recent decision for the Central West to be merged into the mega-region of Central West, Orana and Far West for Regional NSW.

Therefore, investment in region needs to be strategic, well informed and sufficiently flexible to allow for regional differences. Given there is only \$350m being administered across regional NSW, the costs of administering funding should be kept to a minimum and competitive programs with the associated red tape should be avoided.

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

The following prioritisation is for investment in regions more broadly, not just the \$350m being administered by the Trust.

1. Growth of new industries – to support renewable energy generation and reduce emissions being the priority
2. Supporting regional supply chains – again for the rewiring and emissions reduction effort
3. Improving community services (health is the region’s priority)- noting that this would **not be coming from the \$350m**
4. Local and regional infrastructure
5. Sustainable food and fibre industries
6. Capacity-building in local Government – here it would be worthwhile giving consideration to leveraging Joint Organisations. Where done effectively this will save the government purse – this region would welcome an opportunity to provide examples where the bridge study case study is attached.
7. Aboriginal business and partnerships

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

The Trust’s role could include being a “trusted advisor” to government of the barriers and enablers to regional development preferably with legislative mechanisms that this advice had to be considered. This would enable ongoing improvement to the “system.”

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

Yes.

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

Outcomes will be dependent on what policy position the investments takes. For example, if there was a manufacturing and emissions focus outcomes would be linked to manufacturing outputs and emissions reduction.

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

Having recognised regional champions with integrity and a mixture of skills including the capacity to build trust relationships and sound communication would be helpful. At the end of the day the funds being administered are not substantial and the bigger issue is the size of the investment. However, if the model works it would lend itself to greater investment in the future and this should be considered.

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

Good governance leveraging place and the principle of subsidiarity, good resourcing, having the ear of government and remaining in place for at least a decade would be helpful.

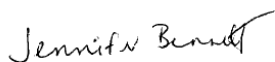
11. Do you have any further suggestions for how the NSW Government can effectively respond to regional issues as part of this work?

This region supports Act being updated to capture other matters important to how the NSW Government will work to support regional communities. This could include establishing strong reporting, assurance and evaluation frameworks to ensure regional investment decisions are evidence-based and delivering on regional priorities. Again, care should be taken to not over burden administration with its costs eating into the limited funding.

Conclusion

Thank you again for the opportunity to respond to the review of the Regional Development Act. If you require further information or clarification on comments in this submission, please do not hesitate to contact Jennifer Bennett on 0429 690 935.

Yours sincerely,



Jenny Bennett
Executive Officer
Central NSW Joint Organisation (CNSWJO)

Attachment: Bridge Assessment Case Study

CASE STUDY

Bridge Assessments in Central NSW

What happened

At the request of member Councils this region applied through the Fixing Country Roads program for bridges to be assessed. Advice and support from Riverina Regional Organisation of Councils enabled the funding request. This program was 100% funded by the State and administered through Centroc now known as Central NSW Joint Organisation (CNSWJO). This led to cost savings on the aggregated procure, the State only having to deal with one entity instead of 10 and Councils only needing to deal with the ROC rather than the funding entity. Centroc gained a small income stream from the provider as it managed the contract on behalf of eleven Councils.

What was achieved

The project was completed September 2019. From CNSWJOS perspective the aggregated procure has led to 164 bridges being assessed at a lower price than anticipated, one contact for Councils, the provider and the State. There were also regional learnings and next steps for members to consider with regards to this asset class. The region has progressed further collaborative work on bridges building on this work.

Shared value

Value to the State

One entity to deal with, CNSWJO, experienced in regional projects and offering a compliant procurement and contract management framework. This region estimates the State spends 3 hours per month managing this contract. The life of the contract including variations is 12 months. Instead of 36 hours in administration, or one week, it would have been 10 weeks assuming each Council were as easy to deal with as CNSWJO.



- Aggregated procurement delivers cheaper pricing and a better ROI to the State – quite simply, more bridges being assessed for the same price.
- CNSWJO manages Council staff turnover and other risks that lead to slippage. With their deep knowledge of Council personnel CNSWJO is able to assure project delivery including altering internal timeframes in the project to manage Councils' capacity to engage.
- Regional learnings from the project inform further action. In an ideal world the State would be party to these conversations to help optimise the program going forward.
- Councils with staffing challenges are taken on the journey, deliver outcomes, and give consideration to future engagement.
- Road safety outcomes as bridges are closed or in other ways managed depending on their status.

Value to members

- Councils with staffing challenges are taken on the journey, deliver outcomes, and give consideration to future engagement.
- Cheaper pricing for bridges being assessed outside the grant using the same provider as a contract extension.
- Councils deal with Centroc staff using known CNSWJO processes which offer compliance and with which they are comfortable rather than unknown grant administrators.
- Regional management means less staff time and costs dedicated to the project, for example reporting to Councils and the funding entity, the procurement process and contact management are all delivered by CNSWJO.
- Road safety outcomes.
- Asset management outcomes.

Value to contractor

- One entity to deal with rather than 11.
- Experienced at regional programming, CNSWJO smooths the way for the contractor with member Councils.
- The contractor recognises this value by paying a management fee.

Value to JO

- Regional advice leads to further regional programming embedding the value to members of CNSWJO.
- Success of project leads to further regional programming embedding the value to members of CNSWJO.
- Income stream from management fee from the contractor helps with financial sustainability.

