

BUSINESS HUNTER

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Regional Development Act Submissions
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Regional Development Act Review

To whom it may concern.

Business Hunter is pleased to have the opportunity to consider and contribute to the NSW Regional Development Act Review, building on our input provided at the recent Ministerial Roundtable hosted in Maitland.

Business Hunter is the peak business group for Australia's largest regional economy, with more than 4,400 member and affiliate businesses in industries spanning all sectors and all sizes, from start-ups through to some of the nation's most prolific organisations.

An affiliate of Business NSW (BNSW), Business Hunter also contributed to and supports their submission to the Review. Our comments that follow adopt the headings used within the Issues Paper concerned with the Review.

The Act's Objectives

The existing Objects when read in conjunction with the draft "contemporary objectives" are broad enough and relevant in our view. The challenges and opportunities across the regions of NSW are going to be diverse, in different time settings, and constrained or fuelled by a vast range of location related circumstances.

Object point iii refers to "regional communities capitalising on their regional strengths". To do this, there must be a clear understanding of the existing capability and capacity of regions, which in turn will inform policy and projects that are mobilised to assist or support that region. To do this effectively, there must be a clear understanding as to the economic DNA of each region. Does it have generational relevance and capacity? If it is clear it could be come redundant, what does the 'mutation' look like and how is it achieved? What are the constraints?

Economic opportunity should be measured both in terms of seeking to preserve and strengthen the existing industry, business, and economic base as well as formulating

BUSINESS HUNTER

levers for growth that will either target existing industry or concentrate on business attraction via new industry and business.

Financial assistance and compensation

It is appreciated the state government is seeking to realign, rationalise and restructure a range of fund and assistance programs.

As a corollary to the point noted under Objects above, financial assistance programs over the next 1 – 2 years are going to need to have a strong focus on stabilising, preserving, and strengthening the existing economic base of regions. In some cases, it is restoring the community and economy following weather events and natural disasters.

We believe it is more practical for a regional community to recover, preserve, and support an existing business or industry than resurrect one that has perished, or re-structure to develop a new business or industry.

The approach to support and strengthen existing industry will not always be practical, however it must be a consideration in the short term given the sustained economic fallout that is evident around the state from the impacts of Covid and specific weather related and bushfire events.

In some cases, this might mean the proposed Regional Development Trust needs to consider innovative funding mechanisms that go beyond seeking leverage from other sources. Subsidised loans come to mind at a time when business is struggling to find appropriate and affordable finance in the commercial domain, often because the option is simply unavailable.

Regional Development Trust Fund

The concept of developing an investment strategy that is complementary to the Australian Government's program is supported.

The Regional Development act review will inevitably consider the aspect of the calculation and use of benefit cost ratio (BCR) as a central mechanism in determining the allocation of specific funding and support. This has long been used in NSW as a primary measure to determine eligibility and priority in the fund's allocation process.

This reliance on BCR to this extent often causes a struggle and constraint in regional areas. On the one hand, the need for assistance and funding is transparent and identifiable, however the BCR outcome often falls well behind metro and major regional centres BCR's which they at times measure against. The BCR framework

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should be in the frame for review and if there are better and more simplified mechanisms being used elsewhere that still offer government the assurance and protection it requires, they should be incorporated.

It is appreciated it is at times difficult for generalist funding and support programs to successfully measure as one size fits all. How do you compare the return on a substantial social infrastructure project which might result in social or health improvement to traditional economic infrastructure projects like new roads and transport systems? They warrant discrete programs with respective funding support.

The idea of discrete funding and assistance portals typified under programs like the former 'Resources for Regions' are worth considering. These might not overcome the social versus economic infrastructure comparison, however they can, and should tie in with the overall Regional strategy and allow areas with particular 'DNA characteristics' which are directly impacted by a particular circumstance, to compete for and attract funds in 'like for like' circumstances.

Regional Development Advisory Council

The composition of the Council is important. There are a range of experiences noted that would qualify appointment of certain members.

We believe it is important to expand these criteria to make sure not just the "development of new industries" is included but expand this to note "the growth and development of existing and new industries". This versatility creates the option to draw on expertise about the fabric of an existing industry and business base within a region or district and not just new industry.

Secondly, it is important that the Finance and or public administration include an understanding of "government funding processes" and "probity", notwithstanding that probity advice may be provided as a separate supporting element.

For the Advisory Council to be able to build and consider "resilience, capacity and long term sustainability of communities and industry" they are going to need access to contemporary and relevant data. This gets to the heart of understanding the DNA.

Much of this simply does not exist in regional areas and the methodology for its collection is ad-hoc and quite different to what might be called upon in larger communities where data is more commonly routinely collected. It entails undertaking base research at a finely defined level and this needs to be funded. It should include a thorough review and recording of the type and structure of existing industries, employment, skills and trades and supply chains so conclusions on the challenges and

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opportunities within a particular region can be assessed. This will be different from region to region.

We thank you for the opportunity to comment on the Review and would be happy to expand on these matters if required. We look forward to the government progressing the Review and the release of further documentation that articulate the governments priorities and intentions for the future.

Your sincerely



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