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Tabled, by leave, Ms Sharpe

Clark of the Parliaments

REGIONAL DEVELOPMENT AMENDMENT BILL 2024

14 / 8 / 2024

## STATEMENT OF PUBLIC INTEREST

### **Need: Why is the policy needed based on factual evidence and stakeholder input?**

The *Regional Development Act 2004* (the Act) provides a framework for investing in regional development in NSW. Our regional communities have changed significantly since the Act was first introduced 20 years ago. In September 2023 the NSW Government committed to reviewing and modernising the Act to ensure it can meet the needs of regional communities and economies today and into the future.

From November 2023 to February 2024, the NSW Government conducted public consultation on the review of the Act. This included a series of face-to-face roundtables across NSW chaired by the Minister for Regional NSW and attended by the Premier, MPs and more than 200 stakeholders. 232 submissions were received on an issues paper and advice was provided by the Regional Development Advisory Council, which was established in December 2023.

Consultation feedback identified that the Act's current focus is no longer fit for purpose. The Bill has been prepared in accordance with this community feedback and seeks to align the object of the Act to the needs of regional NSW, and to improve the flexibility and transparency of how investments are made under the Act.

### **Objectives: What is the policy's objective couched in terms of the public interest?**

The Bill will modernise the regional development investment framework to ensure it delivers strategic, effective and transparent investment in regional NSW.

Consultation feedback highlighted that the existing Act's focus on economic challenges was too narrow and limiting. In response, the Bill will expand the scope for investments under the Act to include supporting sustainable economies and communities, delivering place-based solutions, supporting diversification and resilience, facilitating economic and social development for Aboriginal communities and enterprises, and encouraging cooperation across all tiers of Government.

The proposed requirement to establish a Regional Development Advisory Council under the Bill will ensure that investment decisions are informed by expert advice. Transparency of investment decisions is further enhanced through the publication of a Regional Development Trust governance framework, investment strategy and annual report.

### **Options: What alternative policies and mechanisms were considered in advance of the bill?**

The NSW Government committed to delivering a modernised regional investment framework by reviewing and updating the Act.

Other models to support regional investment into the future may include:

1. Retaining the existing investment framework established by the Act.
2. Relying on alternative mechanisms to support for regional NSW.

Feedback from the regional communities and stakeholder showed strong support for the NSW Government's commitment to modernising the Act.

### **Analysis: What were the pros/cons and benefits/costs of each option considered?**

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The Bill will establish a strong and strategic regional investment framework that meets the needs of NSW's regional communities and economies now and into the future.

Option 1 – Retaining the existing framework would mean continuing to operate with a framework that does not meet community expectations around the need for Government assistance in addressing the range of challenges facing regional NSW. It would also not meet expectations about the need for stronger governance and transparency around investment decisions than what is currently provided for under the Act.

Option 2 – Relying on alternative mechanisms for support would mean foregoing the benefits of taking a strategic approach to regional development investments which is informed by expert advice. This could result in support that does not meet community expectations or does not align with the areas of most need.

**Pathway: What are the timetable and steps for the policy's rollout and who will administer it?**

It is proposed that the Bill will commence on assent.

Once the Bill has passed Parliament, the NSW Government will take steps to implement the new requirements under the Act. This will include the publishing of a Governance Framework and Investment Strategy, developed in consultation with Regional Development Advisory Council.

Annual reporting will be carried out as per the Act with the oversight of the Minister and support from the Department of Primary Industries and Regional Development.

**Consultation: Were the views of affected stakeholders sought and considered in making the policy?**

An issues paper was released for public consultation prior to the preparation of this Bill. This issues paper sought feedback from the community and stakeholders to inform the review of the Act. 232 written submissions were received.

Consultation ran from November 2023 to January 2024 and included community roundtables held by the Minister for Regional NSW in Bega, Bourke, Broken Hill, Casino, Coffs Harbour, Maitland, Narrabri, Orange and Wagga Wagga and attended by more than 200 stakeholders. The Regional Development Advisory Council, established by the Minister for Regional NSW in December 2023, was also consulted.

Feedback showed strong support for updating the object of the Act to support the diversification, adaptation and resilience of regional economies and improve living standards, service delivery and quality of life for regional communities. Feedback also noted that a more flexible range of financial assistance was required, with the current types of permitted financial assistance being too narrow, and the purposes for which they can be provided too focussed purely on economic outcomes rather than broader support for regional communities. There was also strong support for ensuring Trust funds are invested transparently, and that robust governance and reporting arrangements are adopted. A Consultation Report has been published on the Department's website. The proposed changes in the Regional Development Amendment Bill 2024 address this feedback.