

#	Recommendation	Outline of proposed response
1	That the Department of Primary Industries and Regional Development consider the impact and unintended consequences of exclusion eligibility criteria while designing policies and guidelines for future grant programs.	Supported The Department of Primary Industries and Regional Development (the Department) is committed to ensuring grants are effective in meeting the intended policy objectives and are strategically aligned to the Government's priorities. Equally, the Department is committed to ensuring that grant programs do not unfairly impact certain groups of the community. Eligibility criteria serve an important function when designing a grant program. This includes ensuring the program is effective in meeting its objectives which includes making sure that grants do not unfairly advantage or disadvantage businesses in a competitive market. The Department will continue to consider the potential impact and unintended
		consequences of exclusion eligibility criteria in designing future grant programs.
2	That the Department of Primary Industries and Regional Development adopt alternative funding frameworks in future grant programs including interest-free loans, more flexible milestone payments and financial assistance similar to the HECS model.	Supported in principle The Department is currently exploring alternative funding frameworks for future grant programs that address the policy objectives of the NSW Government. For example, the Department's Rural Assistance Authority provides tailored access to financial assistance to help regional and rural businesses and communities in NSW deal with challenges and change. An example of this is the recent 'Engine and Emerging Industries Loan Pilot' program as part of the Regional Development Trust. The Pilot program was available to eligible regional enterprises to apply for a low interest loan of between \$100,000 and \$1 million to fund investment in new technologies and equipment that would increase efficiency and productivity.
		The Department will consider future use of concessional or interest free loans where appropriate and take into account the policy objectives and the general approach of

		government intervention in lending products in instances of market failure or thin markets. The Department will also consider more flexible milestone payments where available noting the intended policy objectives (for example, economic stimulus), the budget profile of the approved funding, and the financial risk of grantees will impact this flexibility.
3	That the Department of Primary Industries and Regional Development consider diverse and changing business needs when setting milestone deadlines and targets in future grant programs.	Supported in principle As outlined in response to recommendation 2, milestone flexibility must be considered against other factors which may impact the Department's ability to adjust milestones. As much as possible, the Department seeks to provide reasonable extensions to milestone claims for grantees where it is permissible within the budget profile of the program funding. the Department also strives to accommodate changes to business and economic circumstances where it is able. This may include: • reductions to job outcome deliverables • changes to the scope of works to be delivered • considerations to staging of projects. These actions must be balanced with appropriate use of public funds ensuring that the grant remains an efficient, effective, economical and ethical use of money and achieves value for public money as required for the approval of a grant under the Government Sector Finance Act 2018 (NSW). The actions must also be considered in the context of the execution of a formal contract with the business grantee where a legal commitment has been made to deliver certain works and outcomes to the State. Further, significant changes to projects mid-delivery can create equity issues with business applicants who were unsuccessful at the application phase due to their inability

		to meet timeframes or inability to meet conditions for the delivery of works that were set for the program. The potential for inequitable outcomes must also be considered.
4	That the Department of Primary Industries and	Supported in principle
	Regional Development include more flexibility in program guidelines including giving staff the power to make reasonable adjustments to better support businesses.	The Department supports the concepts of flexibility and consistency in grant administration. However, program guidelines cover the application process as required by the Grants Administration Guide, and not the administration of grants once they have been approved as this must be governed contractually within funding agreements.
		The Department seeks to provide high levels of clarity in program guidelines to promote probity and fairness in project selection process. This involves ensuring statements about program eligibility and delivery are definitive.
		However, the Department agrees that some provision within program guidelines for adjustments to program and project management terms and conditions at its sole discretion would be useful. Likewise, listing of delegate levels for such decision making may support better clarity for grantees and administrators during delivery phases.
		The Department will explore the addition of these provisions, where appropriate, in future program guidelines.
5	That the Department of Primary Industries and	Supported in principle
	Regional Development streamline and simplify the paperwork required from applicants and recipients during the grant process.	All grants administered by the Department are subject to compliance under the Grants Administration Guide and the <i>Government Sector Finance Act 2018</i> (NSW). Under these instruments, public funds must be appropriately accounted for, noting there are provisions for proportionality of how grants are administered according to the value and complexity of the grant and the associated risks.
		In accordance with section 6.6 of the Grants Administration Guide, when determining what information should be collected from applicants as part of the application process,

		it is important to consider the purpose of the information, how it relates to grant acquittals and evaluation, and how practicable it is to collect the data.
		Where reasonable to do so, the Department is pragmatic in the evidence provided by grantees. Financial information is commonly accepted based on the financial system the business organisation uses. the Department will often support grantees by working with them to gather certain types of evidence and making provisions for statutory declarations to be used to meet minor evidence gaps.
		The Department is committed to ensuring the collection of information is in line with the Grants Administration Guide and is proportionate to the value, complexity and risks of the grant. As part of this ongoing commitment, the Department is undertaking work to simplify reporting processes where possible, particularly for lower value grants and looking at how grant programs can be designed, such as through a two-stage application process, to enhance and simplify the applicant experience.
6	a) That the Department of Primary Industries	a) Supported in principle
	and Regional Development provide accessible and clear program guidelines in plain English and make available translation services or assistance in foreign languages where required.	In accordance with requirements under the Grants Administration Guide and best practice accessibility principles, the Department is committed to providing grant program guidelines which are accessible to a broad range of users including varying literacy levels. The Grants and Funding Finder website managed by the Department of Customer Service is inclusive by design and aims to meet Web Content Accessibility
	b) That the Department of Primary Industries and Regional Development proactively communicate key updates including any delays and ceasing of funds to grant applicants and recipients.	Guidelines at an AA level.
		Where the need is identified, the Department will strive to provide adequate support and services to allow equitable participation in the grant process, including multilingual services where appropriate.
		b) Noted
		Where possible, key updates, including any delays and ceasing of funds to grant applicants and recipients will be proactively communicated.

		In accordance with section 6.1.7 of the Grants Administration Guide, where significant changes are made in relation to a grant opportunity, the Department will revise grant guidelines, publish the revised guidelines and where appropriate, advise applicants who have already submitted applications of the changes to provide them with an opportunity to modify their applications.
7	That the Department of Primary Industries and Regional Development collect, evaluate and publish both estimated and actual data of job creation and retention in the Regional Job Creation Fund.	Robust evaluation is a key pillar of the Department grants administration and a requirement under the Grants Administration Guide and NSW Treasury Guidelines. The Regional Job Creation Fund (RJCF) Monitoring and Evaluation Plan, developed when designing the program, articulates the approach to the program's process and outcome evaluation and, identifies required data collection and monitoring over the life of the program to be able to measure outcomes. Data on the estimated number of jobs created was collected at the project level as part of the program application process. Data on the number of actual jobs created is reported as part of the project acquittal and final reporting process, when a project is completed. Overall program job creation and retention will be analysed and published as part of the program outcome evaluation, as outlined in recommendation 8.
8	That the Department of Primary Industries and Regional Development evaluate the long-term benefits of RJCF on the regional economy.	In line with section 6.7 of the Grants Administration Guide and the NSW Government publication <i>TPG22-22 Policy and Guidelines: Evaluation</i> , the long-term benefits of the RJCF Rounds 1 and 2 will be examined as part of a the Department 'Jobs and Skills' mesolevel outcomes and economic evaluation in FY2024/25. The outcomes evaluation will investigate the impact of the Department's job creation and retention programs on employment in regional areas by grouping together programs with similar objectives. The economic evaluation will use cost-benefit analysis (CBA) to

		assess the net social benefits (or disbenefits) and value for money of multiple job creation and skills development programs, including the RJCF Rounds 1 and 2.
9	That the Department of Primary Industries and Regional Development develop a transition plan to help businesses navigate the discontinuance of grant programs in the future and help them explore alternative funding opportunities.	Supported in principle The Regional Economic Development (RED) division within the Department has a network of regionally based economic development professionals across the State who are responsible for working closely with businesses to navigate the range of support mechanisms available through the NSW Government. RED is responsible for brokering cross-government solutions to key inhibitors and to act as a referral point for all business support programs (regional, state or federal). This role includes assisting businesses to explore funding opportunities where available across all tiers of government and redirect businesses to alternative assistance where needed. The Department is committed to undertaking proactive business aftercare to support long term growth aspirations, as well as developing future industries through investment attraction activities. An example of some of the initiatives RED lead to support pathways outside of grant programs include building the capacity and capability of Aboriginal businesses and Aboriginal Community Controlled Organisations (ACCO). This is achieved through, amongst other things, driving accountability for Regional Aboriginal Procurement Policy and increasing regional Aboriginal employment through culturally safe training and employment programs. The Department considers the holistic approach and range of support and initiatives delivered by RED as part of its core function in providing business support across regional NSW delivers on the intent of this recommendation. Developing a specific transition plan would minimise efforts, be resource-intensive and not represent value for money.

- a) That the Department of Primary Industries and Regional Development invest in staff retention and development in regional NSW to maintain institutional knowledge of local businesses and communities.
 - b) That the Department of Primary Industries and Regional Development develop a communication strategy to better engage with businesses with no pre-existing contacts with the Department.
 - c) That the Department of Primary Industries and Regional Development collaborate with local councils and relevant organisations, to promote grant programs.

a) Supported

The Department employs approximately 5000 employees with more than 75% of the workforce located across regional NSW. The department invests in employee retention and development in regional NSW in several ways including having a 'Regionalisation Policy' that prioritises regional recruiting, promoting and supporting internal employee mobility to fill vacancies and, by providing career and learning and development opportunities.

The department is committed to investing in staff retention and utilises People Matter Employee Survey (PMES) results annually to inform actions that maintain a positive workplace culture for all employees.

Additionally, the Department's Regional Economic Development (RED) division is geographically dispersed across regional NSW and provides genuine insights into local operating environments. RED provides a range of facilitation and information services to investors and businesses to help them establish, grow and prosper. RED holds specialist place-based expertise and deep subject matter knowledge in key existing and emerging industries.

b) Supported in principle

The Department has an internal communications and marketing strategy which guides all engagements undertaken by the RED division with businesses across regional NSW. This includes including engaging businesses with no pre-existing contacts with the department.

The Department will proactively look to identify any additional channels and opportunities to better engage with businesses without contacts to or in the department, including through:

 enhanced collaboration with the Department of Customer Service, Stakeholder and Community Engagement and Customer Marketing teams who manage

		regular all-of-government electronic direct mail to 5 million customers and 1.4 million business owners statewide
		 where necessary, additional proactive social media announcements targeting regional businesses outside of promotion as part of specific grant opportunities
		 leveraging of additional on the ground partnerships with local organisations and community groups.
		The Department is currently developing an economic development-focused regional NSW newsletter aimed at providing relevant, timely and accurate information to the broader business community. Information contained within the newsletter will include open tender opportunities, events, open grant opportunities and other opportunities for engagement.
		The Department's Invest Regional NSW website and associated social media platforms will continue to be leveraged when engaging with businesses interested in establishing or expanding their operations in regional NSW.
		c) Supported
		The Department works closely with regional councils and relevant organisations to promote funding opportunities including through communication plans developed for individual grant programs. the Department will continue to collaborate with local councils and relevant organisations and, choose methods of communication that will promote open, transparent and equitable access to grant opportunities.
11	a) That the Department of Primary Industries	a) Supported in principle
	and Regional Development and the Department of Planning and Environment consult with local councils to develop a strategy on effective processing of Development Applications in regional	The Department and the Department of Planning, Housing and Infrastructure (DPHI) regularly engage with local government and businesses on various regional development matters, including impediments to project delivery.

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- **b)** That the Government consider allocating more funding to local councils to address the shortage of planning staff.
- c) That the Department of Primary Industries and Regional Development and the Department of Planning and Environment provide training resources, skills development and staffing support, including employee secondment, to address the shortage of planning staff in local councils.

The collaboration between the Department and DPHI has facilitated positive investment outcomes for regional NSW by proactively working with developers, councils and agencies to resolve issues that are delaying planning decision making, to ensure timely determinations.

Ensuring effective processing of Development Applications (DA) is already underway through the initiatives outlined below, in particular the Faster Assessments Program (FAP).

DPHI will however consider the value in developing a regionally-focused strategy in consultation with the Department and regional councils for improving the effectiveness of processing DA's and to complement the initiatives within the FAP.

b) Supported in principle and c) Supported

The NSW Government is providing strategic funding and other mechanisms to support local councils to address the shortage of planning staff.

A Memorandum of Understanding (MOU) is in place between the Department and DHPI to fund the delivery of planning staff this financial year who will be deployed to state significant growth sites. The arrangement will assist under-resourced regional councils to navigate complex planning processes to assist them to progress the re-development of large-scale infrastructure sites in regional NSW.

DPHI has also established the FAP, which includes:

- The Ministerial Statement of Expectations Order 2024, which sets new benchmarks for council performance on development assessment, planning proposals and strategic planning.
- Public monitoring using the new council league table dashboard that measures council performance for lodging and determining DAs against the new expectations.

- A council incentives grant program, which will provide \$200 million in grants to councils that meet the Statement of Expectations Order to help deliver infrastructure including roads, open spaces, and community facilities.
- Updating the DA Best Practice Guide and DA Community Guide to reflect process, policy and legislative changes that have occurred since the Guides' initial release in 2017.
- In July 2024, DPHI awarded 16 councils over \$2.7 million in grant funding through the Early Adopters Grant Program to support councils implement and trial Artificial Intelligence (AI) products to improve their DA processes.
- Streamlining Local Environmental Plan making directions to cut red tape and ensure remaining directions are contemporary and fit for purpose.
- A holistic review of DA procedures at all stages including pre-lodgement, submission, assessment, determination and post-determination and reforms to make the DA process simpler, more efficient and easier for all stakeholders to follow.
- Reform of DA review and appeal processes to review timeframes, appeal rights and processes to reduce the overall number of appeals and introduce alternatives for resolution of DAs.

Additionally, DPHI:

- delivered the \$1.85 million Strong Start Cadetship Program in FY22/23 to provide councils with funding to pay for tuition fees for any new planning cadets they employed, and
- for the second year is delivering the Strong Start Mentoring Program to provide junior planners with exposure, coaching, networking, and professional development opportunities.

- a) That the Department of Primary Industries and Regional Development, Investment NSW and Service NSW Business Bureau jointly conduct a gap analysis of Business Concierge services.
 - b) That the Department of Primary Industries and Regional Development, Investment NSW and Service NSW Business Bureau collaborate to provide one-stop access to Business Concierge services with a customer-centric approach.
 - c) That the Department of Primary Industries and Regional Development work with Investment NSW and Service NSW Business Bureau to develop a stakeholder engagement strategy to increase awareness of Business Concierge services in regional NSW.

a), b) and c) Supported in principle

Service NSW Business Bureau's (the Bureau) Business Concierge service provides one-front-door access to a wide range of government information, services and support.

The Business Concierge is supported by the Department's on the ground Economic Development and Investment Managers who provide a face and contact point throughout regional NSW for the services available through the NSW Government.

In early 2024, the Bureau was requested, as part of the budget cycle, to conduct a comparative review of 19 industry concierge and advisory services across NSW Government. The review fundamentally achieved the same outcomes as a gap analysis. The review identified that the majority of the industry advisory and concierge services were technical and specialised on specific topics, industries and portfolio areas. It was found that these complement the Bureau's front door concierge and advisory services. The review identified opportunities to strengthen partnerships and referral pathways between business concierge and other advisory services.

The Department, Investment NSW and Service NSW are committed to continued collaboration to leverage opportunities for improving a customer centric approach to engagement with Business Concierge services.

An example of this is the Bureau's work with Investment NSW over the past year to integrate its call centre functions into the Bureau, making it easier for businesses to connect with export information through a single door to Government.

The Department, Investment NSW and Service NSW will consider how best to strengthen its stakeholder engagement practices and consider utilising existing strategies for increased and coordinated awareness of Business Concierge services.

Promotion of the Bureau, including its Business Concierge service has been a recent focus with the Bureau proactively working with regional stakeholders to increase awareness through a promotional marketing campaign from April to July 2024 which included a strong focus on regional NSW. The campaign included coverage across

		regional radio stations and press, plus targeted social media and digital advertising for regional customers. The target audience for the campaign included 40% regional audiences. Of the total radio spots, almost 50% were on regional radio stations. In addition, print advertisements appeared in 133 regional publications across the State.
13	That the Department of Primary Industries and Regional Development consider working with TAFE to help relevant grant recipients leverage Jobs Connect, and training and apprenticeship programs.	Supported in principle The Department through a partnership with the Department of Education, is delivering the Targeted Workforce Development Scheme (TWDS) that provides bespoke talent attraction and workforce development solutions to address current and future skills gaps. Where eligible, grant recipients that are strategically significant regional businesses are referred to the TWDS where a dedicated officer provides support to navigate existing training programs (including those offered by TAFE) relevant to their needs, including: The Regional Industry Education Partnership (RIEP) program Educational pathways including HeadStart and Start Your Future Vocational Education and Training (VET) for secondary school students including school-based apprenticeships/traineeships and work placements Aboriginal partnerships including 'Skilling for Employment' Refugee Employment Program and Asylum Seeker Employment Skills Support program Trade Pathways for Women program Micro-credentials and skill set programs to support existing workers Importantly, TWDS also provides strategically significant regional businesses with much needed bespoke development packages including upskilling existing staff, talent attraction and recruitment support.

14	That the NSW Government consider	Not Supported
	expanding the Planning System Acceleration Program to allow for fast-tracked assessments for projects that receive NSW Government grants.	The NSW Government does not consider it appropriate to expand the Planning System Acceleration Program. The Program was a temporary measure to redirect resources within the department to accelerate the assessment and determination of projects that inject investment into the NSW economy and keep people in jobs during the COVID-19 pandemic and has now been discontinued.
		However, the NSW Government has committed to a range of new measures to support a more efficient planning system and speed up DA processing times, including for projects that receive NSW Government grants. These include:
		 Faster rezoning pathway in the 7 Transport Oriented Development (TOD) Accelerated Precincts and a proposed temporary state significant development pathway until November 2027 for residential DAs valued over \$60 million, in addition to investing \$520 million for community infrastructure, such as critical road upgrades, active transport links and good quality public open spaces.
		 A council incentives grant program which will provide \$200 million in grants to councils that meet the Statement of Expectations Order 2024, to help deliver infrastructure including roads, open spaces, and community facilities.
		 Faster state significant development housing assessments for affordable housing with a target average time of 275 days from lodgement to determination (or referral to the Independent Planning Commission or Minister for Planning).
		 Social and Affordable Housing rezoning pathway which facilitates accelerated rezonings for projects proposed by the State's housing delivery agencies Landcom and Homes NSW.
15	a) That the Office of Local Government review and update the Collaboration and Partnerships between Councils – A	a) Supported in principle

- Guidance Paper (2007) to promote collaboration between metropolitan and regional councils.
- b) That the Department of Primary Industries and Regional Development work with metropolitan and regional councils to implement the Regional NSW Investment Attraction Strategy 2022-2027 including grant opportunities for business expansion into regional NSW.

Since 2007, the Office of Local Government (OLG) has implemented significant legislative, policy and operational changes to encourage collaboration between councils, including metropolitan and regional councils where appropriate.

These initiatives include:

- Integrated Planning and Reporting (IP&R) reforms to support councils to plan and deliver services for their communities based on community aspirations and needs.
- Joint Organisations (JOs) have been established in regional NSW to strengthen
 regional collaboration between councils. JOs, as legal entities, have some advantages
 over informal collaboration through Regional Organisations of Councils (ROCs) and
 other council alliances as they can directly enter into and administer contracts for
 collaborative projects and programs on the behalf of member councils.
- OLG's Council Engagement Team is made up of Council Engagement Managers who
 have direct relationships with both metropolitan and regional councils and can often
 connect regional councils with metropolitan councils with issues, projects and
 expertise. The Council Engagement Team also run webinars and host a Council Portal
 that brings metropolitan and regional councils together to discuss common interests.
 A key example of this was the establishment of a Local Government Bushfire
 Recovery Support Group in partnership with Local Government NSW, City of Sydney
 and Sydney Resilience Office that was set up during the 2019-20 bushfires to
 facilitate the sharing of firefighting assets from metro to bushfire-impacted regional
 and rural councils. This was re-established again to support with flood-affected
 communities in 2021.

Importantly, while OLG encourages collaboration between councils, council alliances between metropolitan and regional councils must be fit-for-purpose, sector-driven and evolve over time based on local opportunities and mutual needs, often identified in councils' IP&R plans.

OLG and Local Government NSW encourage and actively work with local government communities of practice or special interest groups with metropolitan and regional council members across NSW, looking at matters such as council revenue and finance, event management, IP&R, waste, governance and regulatory practice. Local Government NSW also plays a key role in supporting councils to collaborate through its own programs and networks.

Considering the initiatives implemented by OLG since the 2007 publication of the 'Collaboration and Partnerships between Councils – A Guidance Paper', OLG will look to review the paper in the future, based on competing priorities to consider its appropriateness.

b) Supported in principle

The creation of the Department in July 2024 reflects the NSW Government's commitment to supporting the growth of primary industries through a greater focus on extension services, research and development and regional economic development. The department's focus is to protect, support and develop regional NSW's primary industries, mining sector, and regions. Supporting regional industries and employment through a focus on regional economic is central to this work.

The Department has commenced re-setting its key priorities for regional NSW and defining the remit. Given this work is in its infancy and plans are underway to develop an NSW Trade and Investment Strategy, it has been decided that the Regional NSW Investment Attraction Strategy 2022-27 is no longer required.

However, the RED division of the Department will continue to work with Investment NSW and the wider Industry and Manufacturing Outcomes network to ensure that the significant trade and investment opportunities that exist in regional NSW are reflected in the new state-wide Trade and Investment Strategy and on-the-ground support is continued to secure these opportunities.

That the NSW Government review the 2022
Regional Strengths and Infrastructure Gaps:
New South Wales and in consultation with
regional communities, develop a whole-ofgovernment strategy to address the gaps.

Supported in principle

The NSW Government recognises that a range of logistic and infrastructure issues exist in regional NSW which can impede business expansion and regional economic growth. These issues can be complex, structural and systemic requiring a multi-agency approach.

The Regional and Metropolitan Plan program, managed by DPHI, is a long-established framework for aligning long-term land use planning and priorities of the State with the current priorities and gaps of communities identified by councils.

As a result, and as a proactive measure, DPHI has existing programs underway across various agencies (such as Transport for NSW, NSW Reconstruction Authority, the Department, Infrastructure NSW and DPHI) which will include an overarching strategy document that among other things, will aim to improve integration, coordination and decision making between agencies and regional councils and assist in addressing structural delivery issues.

These existing programs leverage the <u>NSW Common Planning Assumptions</u>, agreed information assets (data sets, parameters and assumptions, models and analytical tools) used by NSW Government and external stakeholders, to prepare proposals, business plans and strategies that rely on projections. They provide a consistent evidence base for NSW Government agencies to use in planning for key services and infrastructure in the State. The use of common planning assumptions gives NSW Government agencies easier access to the latest datasets and assumptions for planning well-targeted services and infrastructure in NSW.

DPHI will continue to integrate and build on the work and evidence base of other agencies including Infrastructure Australia's 2022 Regional Strengths & Infrastructure Gaps report and the advice of Infrastructure NSW to have a clearer conversation on the earlier alignment between strategic land uses, current NSW priorities and the earlier

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identification and prioritisation of the enabling infrastructure investment needed to deliver appropriate regional economic growth in regional NSW communities.

The NSW Government will further continue to identify, prioritise and progress investment into infrastructure as part of the NSW Budget process with regional infrastructure already representing an important priority for existing regionally focused funding mechanisms such as the NSW Working Regions Fund, the Snowy Hydro Legacy Fund and the Regional Development Trust.