



4 November 2016

The Hon. Warwick Smith AM  
Independent Reviewer  
RDA Independent Review

Via email: [rdareview@infrastructure.gov.au](mailto:rdareview@infrastructure.gov.au)

Dear Mr. Smith,

### ***RDA Independent Review***

The NSW Business Chamber (the Chamber) welcomes the opportunity to make a submission to the Regional Development Australia (RDA) Independent Review.

As you may be aware, the NSW Business Chamber (“the Chamber”) is one of Australia’s largest business support groups, with a direct membership of more than 19,000 businesses, providing services to over 30,000 businesses each year. Tracing its heritage back to the Sydney Chamber of Commerce established in 1825, the Chamber works with thousands of businesses ranging in size from owner operators to large corporations, and spanning all industry sectors from product-based manufacturers to service provider enterprises.

The Chamber is a leading business solutions provider and advocacy group with strengths in workplace management, occupational health and safety, industrial relations, human resources, international trade and business performance consulting.

With a membership that stretches across NSW, and with 11 regional offices based across the state, the Chamber actively engages with RDA as we look to promote greater economic opportunities for regional communities. With the NSW Government currently undertaking structural reform of local government, a key partner in delivering services and infrastructure and the promotion of regional economic opportunities, this review is both timely and appropriate.

### ***Previous Advocacy on RDA reform***

As part of the Chamber’s broader advocacy for government reform, in 2014 we consulted with our 11 regional advisory councils on whether the current role and functions of RDAs were appropriate and any ways in which our members felt the current RDA system could be improved. Specifically, we sought feedback on the following:

- How effective is your local RDA?

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- Are there any functions of the RDA that are already being met by other federal state or local agencies?
- Level of support for retaining RDAs
- Any suggestions on ways to improve the current RDA system?

The feedback received was collated and shared via formal correspondence with responsible state and federal Ministers. A copy of this correspondence is linked in the footnote below<sup>1</sup>.

While the feedback indicated that there was broad support for a regional body to fill the “representative gap” between local, state and federal government, support for RDAs to fill this gap, in their current form, was very mixed with responses ranging from positive, to partial support to hostility.

From the observations provided by our members, we put forward a proposal that the current structure of RDAs be overhauled with functions (in particular, RDAs promoting regional economic development) and funding to be re-directed towards Regional Organisations of Councils (ROCs). We believed that such a change would reduce duplication, improve alignments between local, regional, state and federal planning and increase the prominence and authority of regions.

The Chamber’s support for such an overhaul was however contingent upon reforms being made to the structure of ROCs which would see them corporatise, more effectively share services as well as staff. This was contemplated at the time through the Independent Local Government Review Panel suggesting that new Regional Joint Organisations (RJOs) be created to replace ROCs. While there has been far reaching structural reform of councils in NSW, the final model of RJOs have yet to be finalised. We note that a number of pilot RJOs have been operating across NSW with an independent evaluation of these new organisations indicating they provide:

- better alignment of state, regional and local priorities, with a stronger focus on outcomes
- improved collaboration between councils and better working relationships with State agencies
- stronger recognition of the role and value of local government in regional planning<sup>2</sup>.

The Chamber believes that subject to further improvement and refinement of RJOs including having a clearly defined role in creating regional economic development strategy which includes an opportunity for significant business sector input, aligning

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<sup>1</sup> See <http://www.nswbusinesschamber.com.au/NSWBCWebsite/media/Policy/140115-Letter-to-A-Stoner-Reform-of-RDA-structure.pdf>

<sup>2</sup> See <http://www.fitforthefuture.nsw.gov.au/sites/default/files/JO%20End%20Pilot%20Evaluation%20Report.pdf>

RDA functions with these new organisations would be a sensible approach, reducing duplication and improving the focus on economic development across regions.

### ***Feedback on the Independent Review***

On receipt of the terms of reference for this current review, the Chamber once again reached out to its regionally based offices seeking feedback on the performance of and potential RDA reform.

Responses once again were mixed with some members suggesting positive experiences with RDAs, particularly in the provision of regional economic data, while others suggested projects were misdirected and that funding processes for grants from RDAs were cumbersome. A number of regions recognised their partnership with RDAs that had been developed and strengthened through the creation of priority lists of infrastructure<sup>3</sup>. There are also examples, such as in the Illawarra, where business chambers and RDA Boards are building more collaborative strategies to define and advance priorities and such interactions should be encouraged<sup>4</sup>.

Overall, however there was a strong degree of ambivalence towards the current structure of RDAs. Many of the functions provided by RDA could, potentially, be delivered by others.

Some members were not aware of RDAs and how their functions were distinct from councils, ROCs or state / federal government appointed regional coordinators. Other members indicated that while RDAs were good at making plans they lacked the authority to follow through with those plans and to pull together the requisite resources to make things happen. As one member put it:

*...when I've met with RDA I have found the conversation a bit conceptual/unrealistic. And then that conversation has had no follow through.*

Considering this feedback, we provide the following responses to the three themes identified in the Terms of Reference:

### ***Alignment with the Australian Government policy objectives***

As noted above, the Chamber believes that the current RDA framework is not the most optimal in terms of delivering either new initiatives or programs from either state or federal governments.

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<sup>3</sup> For example RDA Central Coast worked closely with NSWBC Central Coast and other regional stakeholders to develop a priority infrastructure list: [http://www.rdacc.org.au/infrastructure\\_priority\\_list](http://www.rdacc.org.au/infrastructure_priority_list)

<sup>4</sup> For example, the Illawarra Business Chamber has been part of an "Illawarra Consortia" led by RDA Illawarra on the case for the relocation of the Royal Australian Navy Fleet base to the Port of Port Kembla see: <http://www.rdaillawarra.com.au/ran/>

Even those members that indicated broad support for RDAs accepted that the current boundaries of RDAs do not sufficiently align with federal or state agency definitions of “regions” creating unnecessary duplications and potential conflicts. The benefits of aligning boundaries were identified by one member as being:

1. *Consistency when economic modelling/analysis is undertaken, and hence more reliable data and outcomes*
2. *Minimise duplication across the boundaries wherever there are overlaps/gaps*
3. *Coverage of real and relevant customer communities when commercial and service delivery projects are considered.*

The Chamber agrees with these identified benefits but would suggest that rather than attempting to better align RDA boundaries with federal, state and local boundaries the more sensible approach would be align the boundaries of RJOs more effectively with state and federal boundaries.

### ***The RDA program framework***

The Chamber notes that the terms of reference for the RDA program framework includes issues such as whether the number of RDAs should be reduced and whether or not capital city RDAs should be included.

As noted above and subject to the specified provisos, at a statewide level, the Chamber supports the functions and funding of RDAs being directed into the new RJO structure.

At a capital city level, while the Chamber has worked effectively with RDA Sydney for a number of years, with the structural reform of Sydney Councils, the establishment of the Greater Sydney Commission and a more activist federal government on urban affairs issues (the federal government’s “City deals” being one example) we believe it appropriate to examine closely the structure of RDA Sydney.

In light of the renewed focus on both Sydney and urban issues, at a minimum we believe it appropriate to consider how RDA Sydney can best engage and support the economic and strategic planning functions of the Greater Sydney Commission - whether the RDA needs to exist and be funded as a separate entity to the Commission should be examined.

At a statewide level, the Chamber supports reforming the way in which Governments undertake research into regionally significant economic issues to allow for a greater level of contestability from groups with specific expertise and experience in undertaking such research.

For example, in recent years the Chamber through its thought leadership series ***Thinking Business*** has undertaken significant pieces of research and led major

advocacy campaigns on a range of diverse issues impacting on specific regions of NSW including the ability of [High Speed Rail](#) to reshape the livability of Sydney and NSW, the [Economic Impact of a Western Sydney Airport](#) and the need to grow [Professional Services in the Illawarra](#).

We believe that opening up the pool of economic development research funds to allow for groups such as Chambers to tender for such work in the future would provide greater weight to advocacy calls and lead to more diverse voices raising key regional issues. By working with a broader range of groups, these arrangements could see government funding leveraged to help secure business and institutional investment to advance new initiatives and targeted research.

### ***The governance and administration of the program***

Similar to the Chamber's concerns in relation to the ability of local councils to attract, appoint and retain both elected and suitably qualified staff we hold concerns that RDAs as currently structured are not able to consistently attract high quality staff or board members.

The Chamber is aware of situations in which councils and RDAs have competed for the same staff. We believe that exploring the role of RJOs in initiating and planning regional development strategy should help make the best use of scarce skills and ensure that there is a high quality pool of candidates available to work in key roles across the state.

Improved transparency in the appointment of RDA and/or RJO members with clearer opportunities for input from representatives from the regional business community, including chambers of commerce, would also be welcome.

Thank you for the opportunity to participate in this consultation. If you have any further questions in relation to this submission, please feel free to contact Mr Luke Aitken, Senior Manager, Policy on 9458 7582 or [luke.aitken@nswbc.com.au](mailto:luke.aitken@nswbc.com.au).

Yours sincerely,



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