

31 January 2024

Regional Development Act Submissions  
Department of Regional NSW  
1 Monaro Street  
Queanbeyan, NSW, 2620

By email: [regionaldevelopmentroadmap@regional.nsw.gov.au](mailto:regionaldevelopmentroadmap@regional.nsw.gov.au)

Dear Sir or Madam,

**UDIA NSW submission to the review of the *Regional Development Act 2004***

The Urban Development Institute of Australia, NSW (UDIA) has around 500 member companies engaged in the urban development industry across NSW, including Chapters in the Hunter, Central Coast, Illawarra and Shoalhaven regions. UDIA invests in evidence-based research that informs our advocacy to state, federal and local government, so that policies that impact our industry are shaped, and critical investment is directed to where it's needed the most. Together with our Members, we create the places where people will live for generations to come and in doing so, we shape the cities of the future.

We appreciate this opportunity to offer our comments on the *Review of the Regional Development Act 2004 Issues Paper* (Issues Paper).

The Issues Paper examines the NSW Government's Regional Development Roadmap (Roadmap), including:

- modernising the Regional Development Act,
- investing in a Regional Development Trust Fund, and
- appointing a Regional Development Advisory Council.

UDIA notes that the economic development of regional NSW is imperative to support the growth of our state, and that growth requires the delivery of new housing to support workers. With that in mind, UDIA makes the following recommendations, detailed in our submission:

**UDIA recommends:**

- 1. The objects of the Act should be added to as follows: "to develop regional or local solutions for regional or local business development problems ... including in relation to housing".**
- 2. The Regional Development Trust Fund should prioritise investment into infrastructure that unlocks housing.**
- 3. The Regional Development Advisory Council should include a representative from the development sector.**

## Modernising the Regional Development Act

The Regional Development Act underpins the Roadmap activities. It is noted that the existing objects of the Act are to provide a framework for strategic intervention in the economies of regional NSW to:

- a) help fill gaps left by the market system;
- b) promote economic and employment growth in regions;
- c) assist regional communities to capitalise on their regional strengths, to broaden and reposition the industry base of their regions and to develop new products and new markets; and
- d) develop regional or local solutions for regional or local business development problems.

While these objects remain relevant, UDIA emphasises that one of the greatest challenges currently facing regional NSW is the availability and affordability of housing. The NSW Government documented the regions' unique challenges through the Regional Housing Taskforce and has committed to supporting regional housing supply as part of the pledge to meet our state's targets under the National Housing Accord.

With reference to the second object, we note it is very difficult to "promote economic and employment growth in regions" if employers are restricted in attracting workers due to a lack of accessible housing options. The dire shortage of housing supply, both properties for sale and properties for rent, has fuelled dramatic increases in asking prices in many areas across regional NSW, so much so, that not only is it difficult for new workers to move into these areas, but existing residents on low incomes are finding it unaffordable to remain in their own communities. The inability to house workers and their families in suitable accommodation also highlights the importance of the other objects of the Act, including the need for regional or local solutions.

**Recommendation #1: The objects of the Act should be added to as follows: "to develop regional or local solutions for regional or local business development problems ... *including in relation to housing*".**

## Regional Development Trust Fund and Advisory Council

UDIA is pleased that the NSW Government has invested \$350 million into the Regional Development Trust Fund to support the regions. We recommend utilisation of this fund to deliver the infrastructure necessary to enable new housing and new jobs.

Development involves very high up-front cost outlays, including land holding costs (land tax and interest), professional and administrative costs to obtain various approvals, and infrastructure servicing costs. This is consistent across industrial, commercial and residential projects.

The sharp rise in construction costs over the past 2-3 years has adversely impacted the feasibility of development in many regional locations, making it difficult for would-be

developers to obtain finance for projects that are viewed as too risky by financial institutions. As a result, anticipated new housing and/or jobs are not being delivered.

A practical way in which the government could, and we argue should, “help fill gaps left by the market system” and “develop regional or local solutions for... business development problems” is to forward-fund infrastructure necessary to enable development. Examples include trunk water and wastewater infrastructure, and new or upgraded roads and intersections. NSW Government should also seek more opportunities to work with industry to speed up delivery, including broader use of “works in kind” agreements.

Growth pressures are particularly high in the Hunter, Central Coast and Illawarra-Shoalhaven regions, all of which are critical to the economic growth of NSW as a whole. These regions warrant focused government investment to enable them to make a significant contribution to the state’s housing targets. The Hunter, Central Coast and Illawarra-Shoalhaven regions have the potential to house a greater proportion of new residents arriving in NSW, however, to unlock this potential, more infrastructure is required. The Regional Development Trust Fund should be utilised to invest in infrastructure that unlocks new housing and new jobs.

In considering priorities for government investment in regions, we note the fundamental importance of housing in the context of the Commonwealth principle of ‘no one held back and no one left behind.’ Consequently, government investment in infrastructure that enables housing and jobs should be a top priority in the coming years. Including a development sector representative on the Regional Development Advisory Council would assist in identifying appropriate opportunities.

**Recommendation #2: The Regional Development Trust Fund should prioritise investment into infrastructure that unlocks new housing and new jobs.**

**Recommendation #3: The Regional Development Advisory Council should include a representative from the development sector.**

### Conclusion

UDIA appreciates this opportunity to offer our comments, and we would like to work closely with the Department of Regional NSW to ensure the delivery of new jobs is supported by the consideration of housing supply and affordability in the regions. I invite you to contact Elizabeth York, Policy & Regional Manager, Hunter Chapter & Central Coast Chapter at [eyork@udiansw.com.au](mailto:eyork@udiansw.com.au) with any questions or follow up.

Yours sincerely,



Gavin Melvin  
**Acting CEO**  
**UDIA NSW**