

MESSAGE FROM THE CHAIR

11 March 2021

The Hon Josh Frydenberg MP
Treasurer
Parliament House,
Canberra ACT 2601
Via: josh.frydenberg.mp@aph.gov.au

Dear Treasurer,

Regional Capitals Australia (RCA) is pleased to present this submission for consideration when preparing the 2021-2022 Federal Budget.

RCA is an alliance of 27 local government associations across the nation, representing Australia's regional capital cities. Regional capital cities perform a 'capital city' role within their regions, providing a central point to access essential infrastructure, services, business, employment and education. These services and infrastructure are accessed by local residents as well as those in surrounding towns and rural areas.

The importance of regional capital cities to the nation cannot be overstated. Regional capital cities are home to almost four million people and service the needs of another four million Australians who live in surrounding areas. Jointly the cities generate \$225 billion per annum, or more than 15 per cent of national economic activity. An extra one million people will have been added to regional capital cities in the six years to 2021.

The issue of crushing congestion across Australian metropolitan cities is now featured almost daily in the national media and is causing long-term economic and social pressure for those who call these cities home. The role that regional capital cities can play is therefore two-fold; servicing the broader region in where the city is located and providing a liveable alternative to people and business wishing to escape the congestion of metro cities.

This submission highlights our position on the future of regional capital cities and their importance to regional Australia. We have also included our priorities for investment opportunities across three key areas required to build connected, liveable and productive regional capital cities. RCA believes a consolidated policy approach and comprehensive investment plan will deliver a more equitable and efficient outcome for all Australians.

On behalf of our 27 members, we thank you for your regional initiatives and we look forward to contributing to the development of a new regional policy strategy and building our deepening our partnership in 2021.

Yours faithfully,



Cr Kevin Mack
Chair, Regional Capitals Australia | Mayor, Albury City Council

TABLE OF CONTENTS

OVERVIEW.....	3
SUPPORT FOR NATIONAL POPUATION PLAN.....	4
SUPPORT FOR REGIONAL CAPITAL CITY INVESTMENT	5
Infrastructure Australia.....	5
Business Council of Australia	5
POLICY PLATFORM	6
INVESTMENT PRIORITIES	7
Connected Regional Capital Cities	7
National Broadband Network (NBN)	7
Regional Rail	8
Regional Roads.....	8
Regional Airports.....	8
Mobile Black Spots.....	9
Productive Regional Capital Cities	9
Decentralisation.....	10
Business Incentives for regional investment.....	10
Liveable Regional Capital Cities	11
Tertiary Education	11
Generating Greater Social Amenity	12
Regional and City Deals	12
SUMMARY OF RECOMMENDATIONS	14

For more information:

Rachael Sweeney
 Secretariat Services
 Regional Capitals Australia
 P: 0422 067 858
 E: Secretariat@regionalcapitalsaustralia.org
www.regionalcapitalsaustralia.org

OVERVIEW

Vibrant and productive regional capital cities are key to Australia's sustainability and prosperity. Regional capital cities are also growing - all Regional Capitals Australia (RCA) members are striving to continue this trend and as such have a growth agenda for their communities.

This growth has a historical as well as a modern context. The growth of Australia's regional cities is a 100-year trend, which began when residents of smaller rural towns were seeking more services, infrastructure and non-agriculture based employment, began moving to the larger population centres located in their regions.

Due to this growth regional cities have taken on a 'capital city' role, acting as service hubs for their region. The services and infrastructure are accessed by local residents as well as those in surrounding towns and rural areas; every day, eight million Australians rely on regional capital cities for their everyday needs.

In addition to the service hub role, growth in regional capital cities can also be attributed to Australia's strong immigration rate and more recently, our member cities providing urban centres which are the liveable and affordable alternative to the congested major capitals.

As has been the topic of national discussion over the past 12 months, Australia is growing – rapidly. According to the latest ABS data, Australia's overall population increases by one person every 1 minute and 23 seconds.

Meeting the cost of this growth will be challenging - Infrastructure Australia puts the cost of addressing the national infrastructure deficit anywhere between \$450 - \$700 billion. Federal and State Governments cannot afford to allow this gap to widen.

However any efforts to limit the population growth of Australia would in turn limit the economic growth of Australia. In February 2018, during an ABC interview, Prime Minister Scott Morrison stated that cutting permanent migration would put a between \$4-5 billion burden on the budget and would also result in a reduction of skilled intake.¹

RCA's members across regional capital cities see themselves as a solution to the congestion problems of the major metropolitan cities. We have advocated for the regional migration measures and connectivity infrastructure outlined in the Australian Government's population plan.

However more must be done to ensure the population growth and its benefits occurs more evenly throughout the nation. In their recent audit, Infrastructure Australia confirmed that a key challenge for regional centres were lags in infrastructure and access to services, particularly in connectivity and liveability investment. These lags create the risk of regional capital cities being left behind – a scenario that will only widen the gaps between regions and metropolitan cities if left to unfold.

The call to seriously broaden the investment in regional cities is no longer just our own. This month our call was backed by the Business Council of Australia when it was announced the council does not believe Australia can have a strong country, if our regions are not strong.

The CEO, Jennifer Westacott stated that the government should look to identify the places that can make the greatest economic contribution to their regions – these are places with gateway infrastructure, successful industry, tertiary education, health services and available housing. Importantly the region must also have a willingness to grow. Regional capital cities are these places. Now is the time for the government to invest accordingly.

¹ ABC Insiders Sunday 25 November 2018 <https://iview.abc.net.au/show/insiders>

SUPPORT FOR NATIONAL POPULATION PLAN

This year the government took important steps towards dealing with population pressures in Australia by announcing a national population plan that aims to address two problems – reduce metropolitan congestion and grow the regions that have aspirations to do so.

Our member cities have welcomed this plan, as all have aspirations to grow. In a large part the desire for growth is due to the need for skilled workers to fill the more than 47,000 vacant positions in our regions but also because our member cities believe that greater populations will safeguard the liveability and amenity of Australia's regions. Additionally there is a strong belief that diversity is good for our thriving communities.

Any plan that seeks to re-address the passive way successive government have allowed our nation to grow is now fundamental to the future of a successful Australia. In 2018 the nation hit 25 million two decades earlier than expected. The vast under-estimation of growth over this period means that the nation lost 20 years of the planning and investment needed to support a liveable and productive nation.

Most of Melbourne and Sydney's growth is being accommodated in new suburbs. In these suburbs there is little in place by way of roads, rail, airports, hospitals, universities, theatres, arts centres and most importantly jobs. This is not the case in regional cities.

More importantly than just dollars and cents is fairness. Regions need more people, not just to fill the average annual job vacancy rate of almost 18 percent but also to preserve high levels of access to services and infrastructure. To curb Australia's growth to meet the needs of Melbourne and Sydney is bad policy.

The Regional Australia Institute has found that that between 2011 and 2016, more than 400,000 moved from a capital city to a regional area. While population growth in major metropolitan local government areas (10.5% for 2011-2016) was higher than regional areas, population growth in regional cities was not far behind.

Regional commuter towns and cities near major metropolitan cities grew by 9.3% across the same period, and other regional cities grew at a rate of 7.8%. Smaller regional cities located in inland communities grew by 3.3%, and even across the more isolated heartland regions populations did not decline but grew by 1.6%.

Those who say it is not possible to put proactive strategies in place to grow regional cities are out of step with the evidence of this strategy in many other developed nations, all of which have a greater distribution of growth.

Britain has a population of more than 65 million but only has one large city, London, which has a population of 8.7 million – all other cities in the country hover at 1 million or less. The US has a population of 327 million. There are just over 300 cities in the country and only 10 of these have more than 1 million residents. The largest city, New York, is 8.5 million, followed by Los Angeles at 4 million and Chicago at 2.7 million.

Growing regional cities will undoubtedly ease the metropolitan population squeeze, while also increasing the quality of life for those in the country.

The national population plan is necessary and there is no time to waste in implementing it, there is also a requirement to ensure successive governments do not reverse the settings that are established today. This plan requires a long-term, intergenerational commitment.

SUPPORT FOR REGIONAL CAPITAL CITY INVESTMENT

Infrastructure Australia

The role that regional capital cities play as service hubs was recently confirmed by Infrastructure Australia (IA) in their [Australian Infrastructure 2019 Audit](#). The report also confirmed that our member cities have room to grow and take pressure off the major metropolitan cities by using scalable infrastructure and targeted upgrades.

The [Australian Infrastructure 2019 Audit](#) additionally found:

1. Regional cities are great places to live because of their culture, unique histories and identities; however
2. There are ongoing risks to these cities because jobs in regional cities are generally based on the success of a small number of sectors.

The 'challenges' and 'opportunities' identified in the audit for regional capital cities are a legacy of the patchy nature in which regional cities have been planned for and developed.

Importantly, the IA Audit confirmed that regional capital cities were risk of being left behind, creating a productivity and liveability gap if the right level of investment does not occur in our member cities. Urgent planning for the future of regional cities is now required to ensure [Infrastructure Australia's](#) predictions do not occur.

Business Council of Australia

In late November, the CEO of the Business Council of Australia (BCA), Jennifer Westacott, took the unprecedented step in stating the council "*do not believe we can have a strong country, if our regions are not strong.*" She also stated that the Government had become stuck in a pattern of projects, rather than places.

To remedy this investment approach, the BCA have stated the government should look to identify 10 regional deals for place based, rather than project investment. These places are those that can make the greatest economic contribution to their regions that also have forms of:

- Gateway infrastructure
- Existing and successful industries
- Close to major power grids
- Universities and a TAFE's
- Health services
- Capacity to increase the supply of housing and industrial land; and importantly
- An appetite for more people so as to take pressure and congestion off the major cities and in doing so create economic activity in their region.

Regional capital cities are these places, all our member cities have scalable infrastructure and an abundance of land for housing and industrial / commercial investment. RCA supports the BCA's call for starting with 10 regional deals.

POLICY PLATFORM

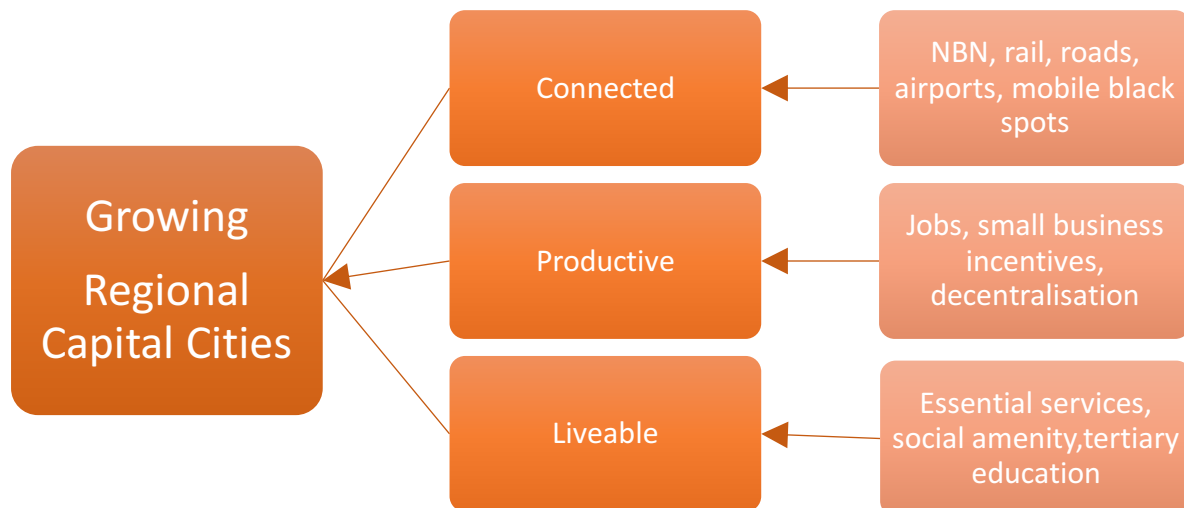
The following outlines Regional Capitals Australia's vision to grow regional capital cities that are:

1. **Strong service centres:** that continue to be a central point to access essential infrastructure, services, business, employment and education;
2. **Easing the metropolitan congestion:** encouraging regional migration and decentralisation options for new and existing residents and businesses can take the pressure of major metropolitan capitals; and
3. **An affordable alternative:** providing affordable housing and industry industrial land options for families and business seeking to avoid the inflated housing markets of the major metropolitan capitals.

To achieve this vision we must continue to build regional capital cities that are:

1. **Connected:** with roads, rail, airports, broadband and mobile telecommunications;
2. **Productive:** with diverse economies that can be built with government and private sector decentralisation and skilled labour shaped through strong tertiary education opportunities; and
3. **Liveable:** with high levels of essential services, social amenities and a continued supply of affordable housing options.

Figure 1: Proposed priority funding areas for the 2021-2022 Federal Budget



INVESTMENT PRIORITIES

The following section outlines the key investment priorities of Regional Capitals Australia to ensure that our member cities continue to have access to funding opportunities to support the growth of our cities.

Connected Regional Capital Cities

Connectivity and access to national and international markets by road, rail and air are critical for people and businesses located or living in regional capital cities, particularly for industry sectors such as agriculture, manufacturing, construction and mining.

Connectivity enables a mobile workforce, such as the Fly-In-Fly-Out (FIFO) and Drive-in-Drive-Out (DIDO) for both regional communities and the broader Australian economy. Similarly, same-day business travel to metropolitan capitals and to other regional capital cities creates access to broader job networks and operations options for locally-based businesses.

The rapid acceleration of business being conducted digitally requires regional capital cities to have access to the same level of digital connectivity as their metro counterparts. The complete and efficient rollout of broadband and reduction in mobile black spots in regional capital cities are urgent issues, constraining population and skilled jobs growth.

Connectivity through the regularity of plane services, faster rail, high-speed broadband and mobile access is key to overcoming the tyranny of distance. Efficiency and effectiveness across connectivity measures will enable regions to be brought closer - closing the digital divide and increasing productivity. To maximise the potential of regional capital cities, connectivity across physical and digital infrastructure needs to be prioritised for investment.

National Broadband Network (NBN)

In a recent RCA membership survey, 80% of the capitals surveyed cited 'communications' and 'technology' as a 'top 3' policy priority for their city. Fast broadband access is now a core liveability requirement, particularly as the availability of high-speed broadband services and other connectivity technologies reduce social isolation and the tyranny of distance.

Better internet connections draw jobs to regions not just by attracting businesses, but by attracting knowledge workers for whom fast broadband is a baseline liveability requirement. When the NBN was announced, it was welcomed as a means of narrowing the economic and social inequity between residents in regional capital cities and those in metropolitan areas. The roll out of the NBN should be evaluated and prioritised where investment is required in regional capital cities.

RCA Recommendation

1. Prioritise regional capital cities in the roll-out of the National Broadband Network continues;
2. Prioritise the investment of Full Fibre to the Premise in regional capital cities; and
3. Undertake an annual review of the quality of broadband service across regional capital cities to establish connectivity gaps.

Regional Rail

High-speed rail dramatically improves the accessibility of regional and rural areas and appeals to a mobile workforce, enabling people to commute to capital cities while enjoying the affordable and relaxed lifestyle of regional capital cities. RCA has welcomed the Federal Government's announcement of a \$40 million funding package to support the development of 'faster rail' business cases, which are vital to building connected regions.

State Governments of all persuasions, who are generally responsible for funding and developing regional rail business cases have not always prioritised this investment in the last decade, leading to extraordinary and unsustainable congestion in metropolitan cities.

The resources required to build assessable business cases is a financial burden regional capital city councils are not able to bear - further funding by the Australian Government should be made available to ensure regional rail projects can be identified and assessed for funding . It is also imperative that regional projects are prioritised for the \$10 billion in funding under the National Rail Program.

RCA Recommendation

1. \$100 million (over four years) in additional funding to support the development of regional city rail connectivity projects under "faster-rail" program; and
2. Prioritisation of regional capital city faster rail projects under the National Rail Program.

Regional Roads

Regional roads are enabling connectors, which provide access to national and international markets while creating opportunities for employment, tourism and access to key services in neighbouring regional towns. Investing in roads infrastructure contributes directly to a city's economy by providing jobs, increasing value-add spending and lifting productivity both within the regional capital city and the surrounding region.

RCA has welcomed the scheduled investment over the next decade through the new Roads of Strategic Importance (ROSI) and the Roads to Recovery Program that will deliver funding of \$4.4 billion from 2013-14 to 2020-21. This is a significant step forward in meeting the existing gaps in road infrastructure. RCA recommends that the Federal Government prioritises this funding into regional roads, providing crucial infrastructure to connect regional communities and metropolitan cities to one another.

RCA Recommendation

1. Increase investment to upgrade roads and construction in regional capital cities, particularly for regional capital cities where a hub and spoke effect enables inter-regional employment opportunities; and
2. Increase the flexibility of available funding in road programs to develop feasibility studies and business cases that will allow for potential upgrades of roads between regional capital cities.

Regional Airports

The airports in regional capital cities play a crucial role as essential infrastructure in connecting individuals, facilitating trade, providing employment and supporting tourism. Regional airports are hubs for emergency and medical services and also play a large role in same day business travel to metropolitan/capital cities and enabling FIFO employment.

Airfreight is also an emerging opportunity for regional economies where the existence of regions premium goods are in demand from growing world markets. Across Australia in 2016-17, airfreight trade was worth \$130 billion, or 21% of total trade². As capital city airports continue to face the demands of population growth, unlocking the potential of regional airports to increase airfreight capacity and share in the airfreight trade presents a win-win for the Australian economy.

However, the cost of urgent upgrades in regional capital city airports, which suffer from World War II infrastructure as well as the increasing burden of ongoing security upgrades which are onerous. Nearly 40% of regional airports expect persistent budget deficits over the next 10 years.

RCA Recommendation

1. Provide recurrent funding for the newly established regional airport fund to ensure that regional airports can be upgraded and maintained and guarantee the sustainability of the regional aviation network; and
2. Providing increased flexibility for programs like the Building Better Regions Fund to include funding for feasibility studies and business case development to allow regional airports to diversify their operations offering.

Mobile Black Spots

Mobile coverage is of significant concern to regional capital cities. The knowledge economy, which regional capitals can contribute to greatly, is based on mobile connectivity. The 2015 Infrastructure Australia Audit has projected that *“demand for telecommunications infrastructure will continue growing faster than GDP growth”*. This growth is largely due to business and consumer demand for services that increasingly depend on high volumes of data. This includes agriculture, tourism and financial services – industries that drive regional economies. Mobile access also facilitates community safety and access to social infrastructure such as medical services, social connectedness and liveability factors around wellbeing.

RCA welcomed the commitment of an additional \$160 million for rounds 5 and 6 of the Mobile Black Spot Program for regional and remote communities across Australia. Regional capital cities should be clearly prioritised for further funding to ensure they are not left behind in economic connectivity and competitiveness.

RCA Recommendation

1. Invest an additional \$500 million over three years to enable the prioritisation of regional capital cities in the roll out of the Mobile Black Spot Program; and
2. Set aside funding for monitoring and evaluation post program rollout and a contingency of funding to undertake additional work as required.

Productive Regional Capital Cities

Regional capital cities are the hubs through which the majority of Australia’s agribusiness and resources exports move. They are also employment centres for wider regional areas, where demand for service sectors is growing. Collectively, Australia’s regions account for around 40% of total national economic output and most importantly, have a stabilising effect on Australia’s economy.³

² Commonwealth of Australia, Inquiry into National Freight and Supply Chain Priorities, Supporting paper No. 1, Air freight, March 2018, https://infrastructure.gov.au/transport/freight/freight-supply-chain-priorities/supporting-papers/files/Supporting_Paper_No1_Air_freight.pdf

³ Regional Australia Institute, ‘The Economic contribution of regions to Australia’s prosperity’, http://www.regionalaustralia.org.au/wp-content/uploads/Talking-Point-The-economic-contribution-of-regions-to-Australia’s-prosperity_to-send.pdf

Regional capital cities will continue to be key to Australia's global competitiveness, but more must be done to ensure they are able to adapt successfully to local structural economic change and emerging market trends. To remain competitive at a local and global level, regional capital cities need to capitalise on their core strengths while ensuring there is adequate diversification of industry and labour force to guard against industry-specific downturns and economy-wide shocks if they are to have an effective service based labour force that can support primary and secondary industries.

Achieving the diversification of industry, building the labour force and encouraging greater economic productivity can be more rapidly undertaken by funding the decentralisation of public services initiatives and providing incentives for businesses to shift to regional capital cities.

Decentralisation

The rise of connectivity technology and the changing drivers of Australia's economy towards knowledge roles presents numerous opportunities. The decentralisation of government departments and the private sector also presents a unique opportunity to build on the economic capability of Australia's regional capital cities through economic diversification. There are numerous benefits of decentralisation for employees and employers including cost-saving, workplace flexibility, greater workforce participation, increased business resilience and reduced costs.

RCA notes that there is a growing trend of Australian employees using technology to work remotely and recommends that a program of teleworking is supported by Government. The results from the Characteristics of the Employment Survey conducted by the Australian Bureau of Statistics (ABS) in 2015 indicated that of the 11.6 million people employed in Australia, 3.5 million were teleworkers, which has been steadily increasing over time. Previous efforts at government decentralisation have proven to be successful.⁴ (see our submission <http://regionalcapitalsaustralia.org/wp-content/uploads/2017/09/Decentralisation-Reg-Development-Submission-FINAL-1.pdf>).

RCA Recommendation

1. Funding is allocated for an accelerated decentralisation program to enable the Australian Public Service to relocate staff to regional capital cities; and
2. Provide a teleworking budget for Commonwealth employees and set yearly targets for each Commonwealth department, corporate entity and statutory authority to offer teleworking opportunities for a percentage of its staff.

Business Incentives for regional investment

Building regional capital cities requires the creation of liveable and affordable urban forms as well as a partnership with private investors and businesses that are committed to decentralise their operations. This commitment can be fast-tracked through Federal Government investment and incentivising business opportunities in regional capital cities. The decision in 2015-16 by the Federal Government to cut the business tax rate for smaller businesses was a step forward. Further tax breaks specifically available for regional businesses should be offered to further incentivise business operation in the regions. RCA also recommends that funding for the Federal

⁴ House of Representatives Select Committee on Regional Development and Decentralisation, '*Regions at the ready; investing in Australia's future*' https://parlinfo.aph.gov.au/parlInfo/download/committees/reportrep/024136/toc_pdf/RegionsattheReadyInvestinginAustralia'sFuture.pdf;fileType=application/pdf pg.xxvii

Government Industry Innovation and Competitiveness Agenda and the investment of \$188.5 million for Industry Growth Centres is prioritised for regional capital cities.

RCA Recommendations

1. Industry Innovation and Competitiveness Agenda – Industry Growth Centres funding is prioritised for regional capital cities; and
2. Implementing tax incentives for businesses that re/establish operations in regional capital cities.

Liveable Regional Capital Cities

Regional capital cities are seen as a desirable 'liveable alternative' rating highly for liveability; offering great lifestyle, short travel times, affordable housing and clean air. The liveability of regional capital cities offers an alternative for people and businesses seeking to escape congested metropolitan cities – people making the switch are often of a highly educated mobile workforce, bringing a diverse range of skills and innovative business models with them to the regional capital cities.

To continue to build on the liveability of regional capital cities, greater investment is required in social amenity to ensure that our member cities can not only attract a mobile workforce but also retain these workers and their families.

Tertiary Education

University study and research generates more highly skilled students who are better prepared to be creative and entrepreneurial to meet future job challenges. Whilst regional Australia accounts for almost 40% of the population, young people aged 15-24 years from rural and regional Australia are almost half as likely to be attending university as young people in metropolitan areas and less likely to have completed a Bachelor degree. Many more leave regional communities to undertake further education causing a significant 'brain-drain'.

Thriving regional universities are essential to help ameliorate this discrepancy. Regional universities help to train, attract and retain skilled workers required for a successful and diversified economy. Historically, students who study in regional areas are likely to remain in the regions, contributing socially and economically to their communities. They also overwhelmingly apply to courses in the fields most in demand in their areas, particularly nursing, education, agriculture and environmental courses.⁵ Evidence to this fact has been identified by the Regional University Network, which found that 7 out of 10 graduates from regional universities have found employment in regional Australia, compared to 2 out of 10 graduates who work in the regions when they study in metropolitan areas.⁶

RCA welcomed the \$134.8 million investment in November 2018 for access to regional higher education provision and scholarships and also the formation of a Regional Education Expert Advisory Group as a strong commitment exploring the needs of regional students. RCA notes that other initiatives, such as the inclusion of universities in place-based initiatives including City and Regional Deals, and the restoration of the demand-driven student system for studying at university are also needed to address the inequities caused by geographic isolation and disadvantage. Ensuring that tertiary study, including both higher education and vocational education and training opportunities exist in regional capital cities will work to address the gap in educational attainment between metropolitan areas and the regions.

⁵ Australian Government, Department of Education, *Undergraduate Applications, offers and acceptances 2014*

⁶ Jobs and Productivity Effects of the Regional Universities Network, 2018, Nous Pty Ltd <http://www.run.edu.au/resources/RUN%20Jobs%20and%20productivity%20report%20final.pdf>

RCA Recommendations

1. Restore the demand-driven student system for university places;
2. Provide ongoing funding for the Regional University Centres;
3. Provide more scholarship opportunities for regional students who study at regional campuses in order to cover the costs of education, accommodation and living expenses; and
4. Establish a fund that will allow the recommendations of the Regional Higher Education Expert Advisory committee to be delivered.

Generating Greater Social Amenity

At the core of liveable regional capital cities are assets and services that build the social capacity of communities including arts centres, community sporting facilities, accessible foreshores or connected and activated Central Business Districts. High amenity regional capital cities provide the sorts of amenity that people living in metropolitan cities are accustomed to having in order to enhance their lives, while also making smaller rural towns more liveable. The amenities of regional capital cities are frequently accessed by local residents, as well as those in surrounding towns and rural areas.

Investment in social infrastructure increases amenities and attracts investment from companies and individuals, delivering regional development through a range of benefits from community maintenance to economic growth. There is a clear case for this investment, the Regional Australia Institute (RAI) estimates that for every 100,000 Australians who choose to live in regional capital cities rather than the big five metropolitan cities, that an additional \$50 billion will be released into the economy over 30 years in reduced congestion costs alone.

Existing funding such as the Building Better Regions Fund and the Regional Growth Fund do not sufficiently match need, nor do they provide certainty through long-term fund allocations. Both funding streams should be expanded in terms of funds available and extended to provide greater long-term security.

RCA Recommendation

1. \$2 Billion combined Building Better Regions and Regional Growth Fund (over 4 years) that will meet the various productive and liveability needs of regional Australia. This funding should:
 - I. Have flexible guidelines that target regional economic and population growth;
 - II. Support the development of business cases;
 - III. Serve as a funding mechanism for projects identified as part of any Regional Deals; and
 - IV. Like the current Regional Growth Fund and Building Better Regions Fund be able to fund small projects up to \$10 million and large projects of over \$20 million.

Regional and City Deals

In total, regional capital cities generate \$225 billion per annum, or more than 15 per cent of national economic activity.⁷ With the appropriate levels of investment and commitment by the three tiers of government via Regional and City Deals, there will be scope to expand upon economic output while having a long term positive effect for Australia across a number of

⁷ Submission by RCA, House of Representatives Standing Committee on Infrastructure, Transport and Cities Inquiry into: The Australian Government's role in the development of cities July 2017. <http://regionalcapitalsaustralia.org/wp-content/uploads/2017/08/Cities-paper-working-FINAL-04-August.pdf> pg. 3

indicators.

Regional and City Deals represent an opportunity for genuine partnership between the three levels of government, the private sector and the community to work towards a shared vision for productive, connected and liveable cities. By aligning planning, investment and the governance required to accelerate growth and job creation, stimulate urban renewal and drive economic reforms, Regional and City Deals stimulate prosperity and increase the liveability of regional capital cities.

Regional and City Deals are a new paradigm and investment model that has a proven track record of achieving getting regional stakeholders around the table to meet the challenges of and too growth as well as contributing to improvements for metropolitan cities.

As the nation's productivity continues to decline, the development of a network of socially and economically thriving regional capital cities should be the objective of all levels of government. Regional and City Deals should be seen as a mechanism to achieving this outcome.

RCA Recommendation

1. Assign appropriate funding for the Department of Regional Development, Infrastructure and Cities to design a process to allow for the next round of Regional and Regional City Deals; and
2. Use the \$2 Billion Building Better Regions / Regional Growth Fund as a source of funding for the federal component of any Regional / Regional City Deals.

SUMMARY OF RECOMMENDATIONS



Regional and City Deals	1	Assign appropriate funding for the Department of Regional Development, Infrastructure and Cities to design a process to allow for the next round of Regional and Regional City Deals.
	2	Use the \$2 Billion Building Better Regions / Regional Growth Fund as a source of funding for the federal component of any Regional / Regional City Deals.
National Broadband Network (NBN):	3	Prioritise regional capital cities for additional funding as the roll-out of the National Broadband Network continues.
	4	Prioritise the investment of Full Fibre to the Premise in regional capital cities.
	5	Undertake an annual review of quality of broadband service across Regional Capital Cities to establish connectivity gaps.
Rail Connectivity	6	\$100 million (over four years) in additional funding to support the development of regional city rail connectivity projects under "faster-rail" program.
	7	Prioritisation of regional capital city faster rail projects under the National Rail Program.
Access by Roads	8	Increase investment to upgrade roads and construction in regional capital cities, particularly for regional capital cities where a hub and spoke effect enables inter-regional city employment opportunities.
	9	Increase the flexibility of available funding in road programs to develop feasibility studies and business cases that will allow for potential upgrades of roads between regional capital cities.
Regional Airports	10	Provide recurrent funding for the newly established regional airport fund to ensure that regional airports can be upgraded and maintained and guarantee the sustainability of the regional aviation network.
	11	Providing increased flexibility for programs like the Building Better Regions Fund to include funding for feasibility studies and business case development to allow regional airports to diversify their operations offering.
Mobile Black Spots	12	Invest an additional \$500 million over three years to enable prioritisation of regional capital cities in the roll out of the Mobile Black Spot Program.
	13	Set aside funding for monitoring and evaluation post programme roll-out and a contingency of funding to undertake additional work as required.

Decentralisation	14	Funding is allocated for an accelerated decentralisation program to enable the Australian Public Service to relocate staff to regional capital cities.
	15	Provide a teleworking budget for Commonwealth employees and set yearly targets for each Commonwealth department corporate entity and statutory authority to offer teleworking opportunities for a percentage of its staff.
Business incentives	16	Industry Innovation and Competitiveness Agenda – Industry Growth Centres funding is prioritised for regional capital cities.
	17	Implementing tax incentives for businesses that re/establish operations in regional capital cities.
Tertiary education	18	Restore the demand-driven student system for university places.
	19	Provide ongoing funding for the Regional University Centres.
	20	Provide more scholarship opportunities for regional students who study at regional campuses in order to cover the costs of education, accommodation and living expenses.
	21	Establish a fund that will allow the recommendations of the Regional Higher Education Expert Advisory committee to be delivered.
Social Amenity	22	<p>\$2 Billion combined Building Better Regions and Regional Growth Fund (over 4 years) that will meet the various productive and liveability needs of regional Australia. This funding should:</p> <ul style="list-style-type: none"> V. Have flexible guidelines that target regional economic and population growth; VI. Support the development of business cases; VII. Serve as a funding mechanism for projects identified as part of any Regional Deals; and VIII. Like the current Regional Growth Fund and Building Better Regions Fund be able to fund small projects up to \$10 million and large projects of over \$20 million.