



## Decentralisation - Submission

### MESSAGE FROM THE CHAIR

20 February 2021

The Hon Andrew Gee MP  
Minister for Decentralisation and Regional Education  
Parliament House  
Canberra ACT 2600

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Dear Minister,

Regional Capitals Australia (RCA) is pleased to present this submission for your consideration when preparing the Australian Government's Decentralisation Policy.

RCA is an alliance of 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. Collectively 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 five years to 2020.

Regional growth is now on the agenda. COVID-19 restrictions have provided the opportunity for people and companies to rethink their commitment to the major population centres of Sydney and Melbourne. The now daily reporting of people and business embracing new technology for a 'work anywhere' mentality and the major exodus from these cities is demonstration of a desire for a cultural shift away from mega cities in the future of Australia's development.

It is further true to assert that crushing congestion across Australian metropolitan cities, that was pre-COVID-19 restrictions, was an almost daily feature in the national media - caused long-term economic and social pressure for those who called these cities home.

The role that regional capital cities can play in a decentralisation model is two-fold; servicing the broader region in which the city is located and providing people and business with a more affordable and liveable alternative to metropolitan cities.

This submission focuses on the key things we believe should feature in a decentralisation policy. On behalf of our 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.

A handwritten signature in black ink, appearing to read 'K. Mack', with a small dot at the end.

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

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## Background

Decentralisation objectives by all levels of government have had a long history in Australia.

While governments of all persuasions have long recognised regional development as a portfolio area, Decentralisation has only been elevated to portfolio status since August 2018. Upon his appointment as the Minister for Regional Services, Decentralisation and Local Government, Australia's first Minister for Decentralisation, the Hon Mark Coulton, said: "Decentralisation is a significant part of what helps regions to thrive. I have long supported bringing more people and a diverse skillset into our regions..."

The two policy areas of 'regional development' and 'decentralisation' have often been looked at in tandem by governments. Action to decentralise through the lens of the broader "regional development" makes the assumption that investment to grow the economic and social capability will further encourage more people to live in regional areas.

RCA however, contends that decentralisation should be treated in the traditional sense of the word, a whole of government approach to balance the development of the nation.

Currently, regional development (while obviously highly important to the needs of regional Australia) is undertaken in a siloed approach. RCA believes that it would be more effective if it were connected to a broader government productivity and population agenda.

As Deputy Prime Minister McCormack said in August 2020 about decentralisation, "we know that only by growing the regions do you grow our nation" (17 August 2020, transcript).

Upon its re-election in May 2019, the Morrison Coalition Government again appointed a Minister for Decentralisation, grouping together a large number of programs and initiatives for regional areas which had already begun to be implemented. The Regional Ministerial Taskforce and the Regional and Rural Committee (RRC) of Cabinet were put in place and all portfolios will review their regional footprint annually. This evaluation has been and will continue to be published in the Regional Ministerial Budget Statement released as part of each Budget. Regional Capitals welcomes these initiatives.

At Federation Australia's population stood at 3.8 million. Over the last 120 years our population has increased by nearly seven times to almost 26 million.

Over many years analysts have marked the problems of the increasing concentration of Australia's population in the five mainland State capitals, namely, Sydney, Melbourne, Brisbane, Adelaide and Perth, which has now reached 55 per cent of our national population. More than one-third of the total population is now centred in Sydney and Melbourne.

Between 1996 and 2016, the population across Australia's capital cities grew by 37 percent on average, while in contrast, growth in regional areas was lower at 24 percent. Migration accounted for 54 percent of this population increase. In capital cities (particularly Melbourne and Sydney), declining birth rates has meant that net overseas migration has been the driver of population growth.

In fact, 63 percent of Sydney's growth is attributable to overseas migration, in part, due to net internal migration away from Sydney<sup>1</sup>.

The growth of Australia's regional cities is a 100-year trend, which began when residents of smaller rural towns, seeking more services, infrastructure and non-agriculture based employment, began moving to the larger population centres located in their regions. Regional Capitals Australia (RCA) members are committed to continuing this trend and planning to grow their populations.

Current population trends and policies, which drive this metropolitan concentration of population growth, come with significant costs: costs to our economy, a loss of amenity for Australians and avoidable environmental damage.

In the 2015 financial year, the Bureau of Infrastructure and Transport Research Economics (BITRE) estimated the cost of traffic congestion to be approximately \$16.5 billion, growing from about \$12.8 billion in 2010.

The 2015 metropolitan total comprises approximately \$6 billion in private time costs, \$8 billion in business time costs, \$1.5 billion in extra vehicle operating costs and \$1 billion in extra air pollution costs. Infrastructure Australia's updated modelling estimates that in 2016, road congestion and public transport crowding cost the Australian economy \$19.0 billion.

Infrastructure Australia puts the cost of addressing the national infrastructure deficit to address these population congestion pressures at anywhere between \$450 - \$700 billion. Federal and State Governments cannot afford to allow this gap to widen. RCA's members across regional cities see their cities as a solution to the congestion problems of the major metropolitan cities.

Finally, economic concentration is another outcome of the concentration of population in Australia's capital cities, leading to the aggregation of key industries in metropolitan areas. This has made the Australian economy less resilient than it could be. It raises the question of the sustainability of capital city growth and demands that other solutions be examined.

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<sup>1</sup> Department of Treasury and Department of Home Affairs (2018) Shaping A Nation – population growth and immigration over time' pp 12-14

## Aspirations to Grow

In the 8 years of RCA's existence there has been a strong policy belief that people do not want to live and work in the regions. In the last year, the by product of COVID-19 restrictions has debunked this notion. There has been strong interest in regional city living. From March to September 2020, more than 145,000 people have left capital cities for regional and rural Australia. This is almost certainly the largest migration to regional areas in such a short period since the periods of the gold rushes in the 1800s.

The pandemic experience of 2020 has accelerated the use of technology and enabled productive work from home arrangements for both the public and private sectors. These new ways of working have challenged the long-accepted status quo about workplace practices and environments.

The development of a Decentralisation policy should learn from these experiences. It should tap more fully into regional Australia's potential for growth, which will help ease the congestion in our capital cities, while diversifying the economy and making Australia more globally competitive.

The importance of Australia's regions should not be underestimated. They account for around 40 percent of total national economic output and have a stabilising effect on Australia's economy.

Central to this economic influence are Australia's regional capital cities. Regional cities are the conduits through which the majority of the nation's primary production exports move and generate \$225 billion per annum, or more than 15 per cent of national economic activity. Regional capitals are also major employment hubs, particularly for the growing service sector, where demand is increasing in response to population growth. Today, eight million Australians rely on regional cities for their everyday needs.

While regional capital cities will continue to be key contributors to Australia's global competitiveness, more must be done to ensure these cities are able to adapt to structural economic and demographic changes and to capitalise on emerging markets.

This requires an integrated whole of governments approach to decentralisation, whereby national, state and local governments work in partnership with private enterprise and local communities to build more diversified regional economies.

## A Decentralisation Policy

RCA applauds the government's intention to develop a decentralisation policy. Such a policy would take advantage of Australia's unique circumstances and lay out a framework and vision for a more resilient and economically diversified nation.

RCA offers the following suggestions and recommendations to assist in its development.

A more coordinated approach is critical.

The Productivity Commission has noted that the ad-hoc and discretionary nature of investments by state and federal governments (of all political persuasions) have lessened the effectiveness of funding. For a decentralisation policy to succeed, it must not only be a "whole of government approach" but one which embraces all tiers of government, as well as the private sector and local communities.

It is critical that the decentralisation policy agenda has clear goals and objectives, has long-term funding arrangements and is strategically aligned to ensure that other government objectives are not working against its stated intent.

Given these parameters, RCA believes National Cabinet is the best vehicle to oversee decentralisation policy development. In addition, to ensure that the perspectives of all tiers of government are captured, RCA strongly believes local government should be part of National Cabinet's working body on decentralisation.

Local government participation in the policy development and implementation planning process will bring a valuable perspective to the table. Local government can identify both the opportunities and the barriers to effective decentralisation and align projects, thus avoiding needless duplication or projects that work against each other. In fact, a seat at the table would recognise that Local Government has historically played this role and must continue to play this role for a decentralisation policy to succeed.

Local governments design regional cities and smaller scale projects that have benefit for both regions and the wider economy. In many cases, local governments facilitate, if not deliver, housing, economic development, and regional "liveability" through arts, cultural and sporting facilities. They are advocates for all enablers of decentralisation, from connectivity infrastructure to the social and economic infrastructure like education, skills and health that help attract and retain both people and business.

Local Government brings not only a corporate knowledge of what has and has not worked in the past, but also what can work in the future. It can identify and encourage the attraction or expansion of existing

regional industries or those that have the potential to have a competitive advantage by being located in the regions. It can help determine what projects are appropriate and synergistic to regions and help facilitate the establishment of enterprises that add value to regional products, including manufacturing and product development.

Local Government can also help identify and facilitate manufacturing opportunities where regional Australia provides proximity to unique raw materials. While Australia cannot compete in manufacturing in terms of price, it could access new global markets with products that are unique or where Australia has a technological advantage that cannot be easily replicated in a low-wage country.

Importantly, Local Government can help challenge capital city-based, bureaucratic decision-making processes which often relegate transformational regional infrastructure to a lower priority below infrastructure for our capital cities. By participating in the policy development stage, Local Government can anticipate regional needs and identify “shovel ready” projects that will enable infrastructure projects to be delivered faster.

To maximise the contribution of Local Government, decentralisation policy must recognise and mitigate the constraints faced by local governments because of their size, budgets and ratepayer bases. The most important issue that emerged in a recent RCA member survey was the lack of coordination of funding from state and federal governments. This included the non-alignment of timelines for state and federal funding applications, resulting in Councils being unable to take advantage of co-funding agreements, as well as duplication in Government processes.

In one example of duplication, two small towns in proximity to one another each received a grant from a different level of government for similar projects, when this funding could have combined into a larger project benefiting both towns.

To assist in the development of this proposed integrated decentralisation policy process, federal and state governments should help build the capacity of regional local governments. This could be facilitated by providing secondment opportunities for state and federal officials within regional local government to assist with economic development.

At a minimum such a program would add additional resources and expertise at the regional level and add value to bottom-up approaches. Such a program would have the additional benefit of giving state and federal bureaucrats a greater appreciation and broader perspective of the benefits of regional infrastructure projects and their value not only to the region but the states and country as a whole.

### **Attributes of Successful Decentralisation**



There is an existing body of work which considers the attributes needed to not only encourage, but to ensure the success of decentralisation by government agencies and private sector enterprises. This includes:

The investment needed to maintain the liveability and affordability of regional capital cities;  
The appropriateness of the agency activities, which should not require regular ministerial contact and not take away from an agency's ability to perform its functions; in fact, if located more proximately to its area of activity, it could enhance performance.

The House of Representatives Committee on Decentralisation nominated factors for consideration when assessing the value of decentralisation by government. These include the appropriateness of the agency activities, which should not require regular ministerial contact and not take away from an agency's ability to perform its functions; in fact, if located more proximately to its area of activity, it could enhance performance.

Decentralisation is, of course, a two-way street and regions in turn must have their own attractions in terms of economic, social and physical assets to entice a move by a government agency.

As the House of Representatives Committee noted, there should be career opportunities for employees and opportunity for family employment, as well as access to an existing appropriately skilled and stable local workforce. There should also be access to higher education opportunities and opportunities for local workforce development.

In addition, regions should offer good transport services and infrastructure connecting regional cities to their regions and to their capital city, along with good digital connectivity. These should be complemented by lower establishment costs and land availability and secure energy supply.

A region's liveability, including more affordable housing, access to amenities, like parks, cultural centres and sporting grounds, and key services like education and health, are also necessary to support and encourage staff relocation, in order for them to build a lifestyle that encompasses a satisfying career with a shorter commute and more time for family and friends.

## **Recommendations**

- 1. The creation of a National Cabinet subcommittee to develop a Decentralisation Policy and the appointment of a local government representative on this committee;**
- 2. Continued identification of Federal departments (or segments of departments) that can relocate operations and staff to regional capital cities;**
- 3. Facilitation of increased teleworking opportunities through a teleworking budget for the Australian Public Service including the setting of yearly targets for each department, corporate entity and statutory authority to offer teleworking opportunities;**

4. **Facilitation of secondment opportunities for state and federal officials to regional local government to build capacity; and**
5. **The exploration of tax incentives for business that aim to attract and retain operations in regional capital cities.**

## Measures

State and federal Governments can use a variety of policy levers, measures and initiatives to encourage effective decentralisation. RCA suggests the following for consideration.

### **Regional Partnerships**

Regional Partnerships are a new paradigm and investment model that have already demonstrated a proven track record of bringing regional stakeholders around the table to meet the challenges of growth as well as contributing to improvements for metropolitan cities.

Regional Partnerships represent an opportunity for genuine partnerships between the three levels of government, the private sector and the community to work towards a shared vision for productive, connected and liveable cities.

Regional Partnerships stimulate prosperity and increase the liveability of regional capital cities by aligning planning, investment and the governance required to accelerate growth and job creation, stimulate urban renewal and drive economic reforms.

### **Recommendations**

5. **Appropriate funding for the Department of Regional Development, Infrastructure and Cities to design a process to allow for the establishment of Regional Partnerships; and**
6. **Commitment to deliver 10 new Regional Partnerships by 2025;**

### **Liveable Regional Capital Cities**

As Australia's capital cities have continued to grow, especially in recent decades, the loss of amenity, and productivity is becoming more and more apparent. To many residents of the outer suburbs of Australia's state capitals, the inner city is distant and its attractions are as remote to them as they are to residents of regional cities.

Regional Capital cities offer an alternative and a solution to these congestion-related problems. RCA has advocated for the regional migration measures and connectivity infrastructure outlined in the Australian Government's population plan.

Discussions and studies in the last decade have illustrated that the growing footprint of capital cities is limiting the employment opportunities of those living on the cities' fringes, as well as social amenity. By way of example, Melbourne's footprint is six times the size of London's, despite having half its population; Brisbane has 20 times the footprint of New York City, with only one quarter of its population<sup>2</sup>. One consequence of this urban sprawl has been a decline in the number of households that can easily access their job by car or public transport.

For example, a worker who lives in the centre of Melbourne can access 90 percent of jobs in the metropolitan area by car within 45 minutes, compared to workers in outer suburban growth areas where just 10 percent of all metropolitan jobs can be reached within a 45 minute drive<sup>3</sup>. This has economic and liveability implications for households that cannot afford to move to areas closer to the CBD that have better accessibility to jobs.

Regional capital cities are "10 minute cities", where everything the city offers is accessible in a short period of time. They offer a great lifestyle, affordable housing and no congestion. This liveability can act as an incentive to people and businesses seeking to escape congested metropolitan cities. Regional capital cities also stand to benefit from those making the switch, particularly when those people are an educated and mobile workforce, bringing a diverse range of skills and innovative business models with them.

To continue to build on the liveability of regional capital cities, greater investment in the amenity of these cities is required. As they grow, new residents and their families will look for the amenities that make these cities desirable places to live and work. This will ensure the cities can not only attract new people, but also retain these workers and their families.

At the core of liveable regional capital cities are assets and services that build the amenity of communities, including arts centres, sporting facilities, as well as thriving community spaces and Central Business Districts.

Existing funds such as the Building Better Regions Fund and the Regional Growth Fund should be modified to recognise the value of local amenity, and provide greater certainty for local government through long-term funding allocations. Both funding streams should make more funds available for amenities and adjust their application criteria to match the growing need for investment in these areas.

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<sup>2</sup> Delbosc, A 2015, 'Public Transport is Always Greener on the Other Side', The Conversation, 10 August, available at <https://theconversation.com/public-transport-is-always-greener-on-theother-side-44307>

<sup>3</sup> Source: Kelly, JF, Mares, P, Harrison, C, O'Toole, M & Hunter, J 2013, Productive Cities: Opportunities in a Changing Economy, Grattan Institute report no. 2013-5, Melbourne

Continued investment in the Building Better Regions and the reestablishment of the Regional Growth Fund (over 4 years) will help meet the various productivity and liveability needs of regional Australia.

These funds should:

- Have flexible guidelines that target regional economic and population growth;
- Support the development of business cases;
- Serve as a funding mechanism for projects identified as part of any Regional Deals; and
- In the case of the Regional Growth Fund, provide a source of matched funding for projects valued at more than \$20m.

### **Tertiary Education**

Whilst regional Australia accounts for almost 40 percent of the population, young people aged 15-24 years from rural and regional Australia are almost half as likely to be enrolled in tertiary education as young people in metropolitan areas. Thriving regional universities are essential to overcome this discrepancy.

Ensuring that higher education, and vocational education and training opportunities exist in regional capital cities will work to address the gap in educational attainment, and will also assist communities in retaining their future leaders.

As private enterprises look for new investment opportunities in regional Australia, they will also look for a skilled workforce. Regional cities and regional educational institutions must be responsive to the needs of their current and potential industry partners.

They must provide regional facilities and appropriate courses to develop the workforce skills needed to attract and retain private enterprise to the regions.

Governments, regionally located universities, government departments and private enterprise should explore and establish more programs that incentivise regional students, to not only study in their local area, in courses which are relevant to existing and developing regional employment opportunities, but to remain in the region after study.

### **Recommendations:**

- 6. Provision of ongoing funding for the Regional University Centres initiatives; and**
- 7. Provision of more scholarship opportunities for regional students who study at regional campuses in order to cover the costs of education, accommodation and living expenses;**

## Migration Policy

RCA recognises the positive benefits that skilled migrants bring to the regions and Australia more generally.

As Department of Treasury and Department of Home Affairs' (2018) *Shaping A Nation – population growth and immigration over time* noted in 2018, skilled migrants help offset Australia's ageing population, improve labour force participation and productivity, and help businesses to source skills that are difficult to develop at short notice.

In the face of intensified global competition and technological change, the increased diversity that migrants bring is likely to play an important role in helping Australian businesses to innovate, and as the IMF noted, highly skilled migration increases productivity per worker through innovation and diversity of skills. Skilled migrants encourage innovation through their different skills and mindsets, which positively correlates with business, technological and cultural innovation.

Simply put, firms with migrant owners or partners are more likely to introduce new products or processes. In planning for the resumption of international migration, Government policy settings should further encourage international migration to regional areas to ease the congestion in capital cities. Incentives for migrant workers to locate to regional Australia should be retained.

The Government announced changes to the immigration program in November 2019 with this in mind, including:

- Skilled Regional Provisional Visas that provide a pathway to permanent residence;
- a foreshadowed Skilled Regional Permanent Resident Visa (from November 2022);
- the provision of additional points under the Skilled Migration Points Test for skilled migrants nominated to live and work in regional Australia; and
- the provision of more options for international students who graduate from regional universities should provide a foundation for the migration component of the decentralisation policy.

### Recommendations:

- 8. These programs should be retained and used as a foundation for further policies to encourage migration to regional areas.**

## Connected Regional Capital Cities

Connectivity that provides flight services, faster rail, better integrated and maintained road systems, high-speed broadband and mobile access is key to overcoming the disadvantage of distance experienced by regional cities and to increasing competitiveness.

Not only will consistent and reliable connectivity services in regional capital cities provide the private and public sectors with the enabling tools required to increase productivity and create more regional jobs, these services also work to increase the liveability of these cities.

Investment in connecting infrastructure need to be prioritised to maximise the potential of Australia's regional capital cities.

### **National Broadband Network (NBN)**

The rapid acceleration of internet access and usage provides a core platform to connect regional cities and their residents to the world.

As regional capital cities seek to increase their population, diversify their economies and move past an historical over-reliance on primary production, the right digital infrastructure is critical.

The NBN is a platform for narrowing the economic and social inequity between regional capital cities and those in metropolitan areas and enables the adoption of next generation mobile networks and the effective deployment of the Internet of Things.

While the rollout of the NBN is well underway, the success of this project in delivering high quality broadband must be evaluated, and where gaps are found in delivery of infrastructure, investment must take place to close these gaps.

#### **Recommendations:**

- 9. Undertake an annual review of the quality of broadband service across regional capital cities to identify service and infrastructure and connectivity gaps as the rollout of the NBN is finalised.**

### **Rail**

High-speed rail that connects regional capitals to metropolitan cities facilitates public and corporate decentralisation. It supports a mobile workforce and allows more Australians to choose the affordable and relaxed lifestyle of a regional capital city.

As Australia battles unprecedented levels of unaffordable housing and urban congestion, prioritising the development of faster rail through business case development and project funding must be a key priority for all levels of government.

The resources required to build assessable business cases for major infrastructure is a significant financial burden which 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.

### **Recommendations**

- 10. \$100 million (over four years) in additional funding to support the development of regional city rail connectivity projects under “faster-rail” program; and**
- 11. Prioritisation of regional capital city faster rail projects under the National Rail Program.**

### **Roads**

Road transport infrastructure which connects regional capital cities to their regions, their capital cities and to rail hubs, ports and airports is a critical component of any decentralisation policy. An integrated and well maintained road network will support effective decentralisation, improve international competitiveness and help the economy grow.

The development of road transport infrastructure must be done through a whole of governments approach that allows the road infrastructure programs of federal, state and local governments to create an integrated road matrix that delivers the most effective economic and social benefits to regional Australia. It requires a clear understanding of how Australia’s A, B and C roads work together and the current and future pressures these networks face.

Regional road infrastructure programs should consider the shift of population to regional cities, the development of new businesses, and the increasing demands on the system due to increased passenger and tourist vehicle traffic, increased freight and the increasing size of the vehicles used to take products to market.

### **Recommendations**

- 12. Road funding from Federal, State and Local Governments should be aligned to facilitate better integration of regional road networks and their access to major cities.**

### **Airports**

Regional airports are fundamental to the success of regional Australia. They enable the movement of people and products and assist in responding to emergencies when tragedy strikes.

Communities need access to air travel, breaking down the tyranny of distance and keeping our communities connected to opportunities in Australia and around the world

While 45 percent of all tourism opportunities in Australia are within regional Australia, many regional airports do not have the funding they need to cater to the growing tourism market.

Regional airports service their regional cities by providing:

- Business travel to and from the metropolitan cities, particularly for fly-in, fly-out (FIFO) workers;
- Access to metropolitan services for those living in regional cities;
- Easy access to unique destinations for domestic and international tourists;
- Emergency and medical hubs, which facilitate the delivery of time-sensitive items
- Over 6000 patient rescues, evacuations and transfers collectively each year.

### **Recommendations**

- 13. Additional funding for the Regional Airports Fund to ensure regional airports are able to adhere to security and safety regulations and consistently maintain airport infrastructure.**



## A Review of Infrastructure Australia funding model and priorities

Throughout this discussion of decentralisation policy, the need for enabling infrastructure in regional Australia has been apparent.

At the national level, Infrastructure Australia (IA) sets the priorities for these major projects. RCA believes that the methodology used by IA for the assessment and prioritisation of projects, disadvantages regional areas.

The use of high discount rates in calculating the net present value for cost-benefit analysis that determines the viability of infrastructure and other investments is a significant barrier for regional projects. In infrastructure cost benefit analyses, most of the costs are incurred soon after the project is approved, while the benefits are realised over decades. The future values of a project need to be discounted back to a present value (net present value), since benefits enjoyed in the distant future are worth less than benefits enjoyed in the present. Typically, regional transformative infrastructure deliver their benefits over a longer period of time than their more urban counterparts.

Therefore, the discount rate set with reference to the real long-term cost of debt and the risk of realising benefits is critical in determining the viability of infrastructure projects. A high discount rate artificially rewards immediate benefits over longer-term benefits.

The NFF has argued in its recent *Regionalisation Agenda* (February 2021) that the current discount rate for government investment does not reflect the true costs and benefits of an infrastructure investment, and unnecessarily discounts benefits of long-term projects. It noted that the current discount rate for government investment, initially set in 1989, sits at 7 percent despite long-term government debt sitting well below 1 percent, record low inflation, and no prospect of the cost of debt increasing in the medium or long-term.

RCA believes that the current discount rate setting is disproportionately high and does not reflect the long term risk of debt. As a result, the current discount rate disadvantages investment in regional Australia. Discount rates should vary according to the cost of debt and the inherent risks of the project. They should be set by regular and considered evaluation of the rate with reference to risk and cost of debt. Changes to the central discount rate should be determined and agreed with national, state and territory Treasury departments.

RCA emphasises that the lowering of discount rates is not about making unviable projects viable, it is about giving projects with longer-term goals a fair chance of being prioritised.

## Recommendations

14. Discount rates used to assess infrastructure proposals to be reviewed regularly to reflect their true costs and benefits; and
15. Changes to the central discount rate should be determined and agreed with national, state and territory Treasury departments.

## Conclusion

RCA believes that these measures sit within a whole of governments decentralisation policy. Such a policy will take advantage of the technological advances that have been accelerated as a result of the pandemic and capitalise on the talents of those 8 million Australians currently calling the regions home.

The adoption of a decentralisation policy will diversify the Australian economy, make this economy more resilient, address the issues of urban congestion and the infrastructure gap, and make Australia a more globally competitive and better place for its people to live and work.

## For More Information

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## Summary of Recommendations

Attributes of Successful Decentralisation	1	The creation of a National Cabinet subcommittee to develop a Decentralisation Policy and the appointment of a local government representative on this committee.
	2	Continued identification of Federal departments (or segments of departments) that can relocate operations and staff to regional capital cities.
	3	Facilitation of increased teleworking opportunities through a teleworking budget for the Australian Public Service including the setting of yearly targets for each department, corporate entity and statutory authority to offer teleworking opportunities.
	4	Facilitation of secondment opportunities for state and federal officials to regional local government to build capacity.
	5	Prioritisation of corporate decentralisation as a key criteria of new regional partnerships.
	6	The exploration of tax incentives for business that aim to attract and retain operations in regional capital cities.
Regional Deals	7	Appropriate funding for the Department of Regional Development, Infrastructure and Cities to design a process to allow for the next round of Regional Deals.
	8	Commitment to deliver 10 new regional partnerships by 2025
Tertiary Education	9	Provision of ongoing funding for the Regional University Centres initiatives.
	10	Provision of more scholarship opportunities for regional students who study at regional campuses in order to cover the costs of education, accommodation and living expenses.

	11	Establishment of a fund that will allow the recommendations of the Regional Higher Education Expert Advisory committee to be delivered.
Migration Policy	12	These programs should be retained and used as a foundation for further policies to encourage migration to regional areas.
NBN	13	Undertake an annual review of the quality of broadband service across regional capital cities to identify service and infrastructure and connectivity gaps as the rollout of the NBN is finalised.
Rail	14	\$100 million (over four years) in additional funding to support the development of regional city rail connectivity projects under “faster-rail” program.
	15	Prioritisation of regional capital city faster rail projects under the National Rail Program.
Roads	16	Road funding from Federal, State and Local Governments should be aligned to facilitate better integration of regional road networks and their access to major cities.
Airports	17	Additional funding for the Regional Airports Fund to ensure regional airports are able to adhere to security and safety regulations and consistently maintain airport infrastructure.
Infrastructure Australia	18	Discount rates used to assess infrastructure proposals to be reviewed regularly to reflect their true costs and benefits.
	19	Changes to the central discount rate should be determined and agreed with national, state and territory Treasury departments.