

MESSAGE FROM THE CHAIR

Mr Tony Pasin
Chair of Select Committee on Regional Australia
PO Box 6021
Parliament House
Canberra ACT 2600

Dear Mr Pasin,

Regional Capitals Australia (RCA) is pleased to present this submission for consideration by the Select Committee on Regional Australia as part of their Inquiry into Regional Australia.

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 5 years to 2020.

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 which the cities 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 2019.



Cr. Samantha McIntosh
Chair, Regional Capitals Australia

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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. These 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. They 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 positions and investment opportunities outlined in this submission are aimed at informing the Select Committee of the need to put regional capital cities front and centre in any recommendations to government on the formation of urban and regional policy.

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

POLICY PLATFORM

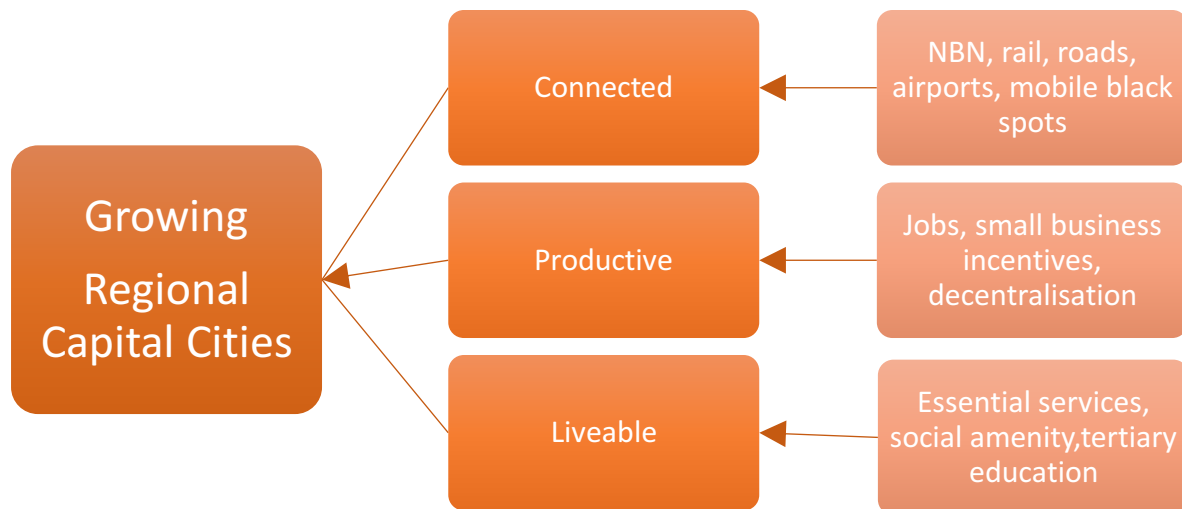
RCA's vision is to grow regional capital cities that are:

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;
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 2018-2019 Federal Budget



Population Growth

This year the government took important steps towards dealing with this issue, announcing national population 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 we all have aspirations to grow. In a large part because of 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 safe guard the liveability and amenity of Australia's regions and 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 absolutely good for everyone. Of course inaction is no longer an option, 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 are all in short supply. This is not the case in regional cities.

As governments have sought to address the issue through a bigger infrastructure agenda, more congestion is created. So the costs to individuals and families grow, anyone who has spent time during peak hour on public transport or the roads will know that the line of "please pardon our progress" is now wearing excessively thin.

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%.

For those who say it is not possible to put proactive strategies in place to grow regional cities, they are out of step with the evidence of this strategy in many other developed nations which all 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.

RCA also acknowledges that in the time of flood, fire and drought more must be done to combat the perception of regional living, as such our members have backed calls by the Regional Australia Institute to develop a new national awareness campaign to promote the opportunities of living in regional Australia, and help drive a population shift in coming decades.

The recommendation is part of the report by the institute: *Regional Population Growth: Are We Ready?* The report looks at the economic consequences of alternative population scenarios that could alleviate Australia's megacity future and supercharge regions.

RCA Recommendation

1. Ensure the Australian Government maintains an increasing and ongoing commitment to regional migration to allow for the policy to achieve its intended purpose; and
2. The government commit to a regional living campaign that promotes the many benefits of living in a regional capital city.

The Hub and Spoke Model of Regional Development

Addressing a 100 year trend

Australian cities, towns and rural areas have undergone significant change over the last 100 years, however as outlined above, this change has been most transformational in regional Australia.

The Australian Government's Bureau of Infrastructure, Transport and Regional Economics (BITRE) report: *Evolution of Australia's Towns (2014)* mapped this change and clearly showed that over this period Australia's population has trended towards a preference for people wanting to live in urban environments.

As the images below show, in 1911 (Figure 1) the majority of people lived in towns of 3000 people or less; by 1961 (Figure 2) the preference was for cities of 15,000 – 30,000. By 2006, large regional cities were growing faster than the state capitals (Figure 3 and 4).

The report stated: "The consistent decline in the share of Australia's regional population compared to the major cities occurred in parallel with increasing urbanisation within regional areas... while the population share for towns and rural residents [in regional area] as a whole has been declining...regional cities have and continue to grow" (p66).

Figure 2: Towns in Australia – population size – 1911

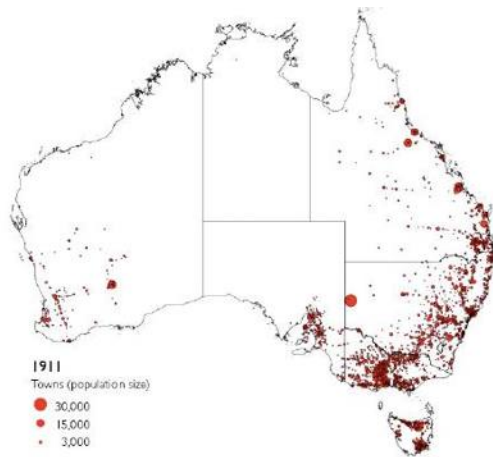


Figure 3: Towns in Australia – population size – 1911

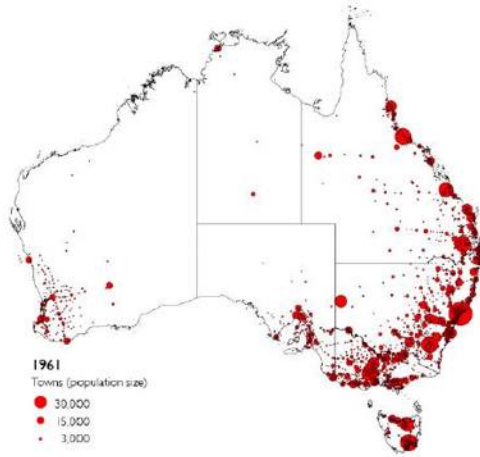


Figure 4: Towns in Australia – population size – 1961

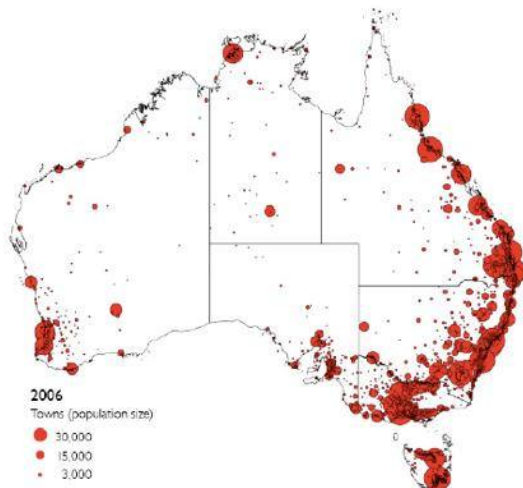
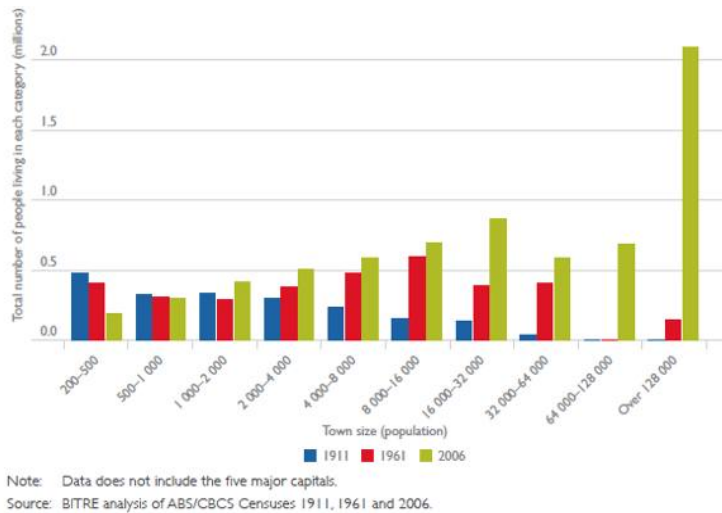


Figure 5: Populations of towns by town size 1911, 1961 and 2006



This change in living patterns was also highlighted in the recent Productivity Commission (PC) review: *Transitioning Regional Economies – Interim Report (2017)*. The PC also concluded there was a trend of consolidation from smaller towns to larger regional centres.

The report confirmed that the effect of a globally transitioning economy was one reason for this growth. The report noted that while there was considerable growth in Australia's agricultural sector, the rise of automation and overall efficiencies in this sector meant there had been a decline in the number of people employed in this sector. A similar pattern of job losses were also occurring in the manufacturing sector.

The report also confirmed a trend towards service-based employment and that regional cities with strong service sectors had growing populations and economies. The PC highlighted that this change in regional populations and economies could be attributed towards:

"...productivity, technological change, demography, personal choices and increasingly connected regions through trade in services. The ease of transport today and the capacity to undertake transactions using the internet, mobile phones and satellite-based communications systems has facilitated this trend. There is also greater amenity associated with larger regional centres as well as access to a wider range of services (including schools, aged care services, hospitals and universities)" (p20.)

Addressing Regional Decline Through Hubs and Spokes

There is an untested view amongst some stakeholders that opportunity in regional Australia is largely based on investing in regional cities at the expense of smaller rural towns, which are being left behind with a lack of opportunity and basic amenity.

It has long been the position of RCA that creating strong regional capital cities that act as service 'hubs' for the entire region creates equity. In short, regions need cities.

Regional capital cities aim to provide a central point within regions, facilitating access to essential infrastructure, services, business, employment and education. In essence, these cities aim to perform a 'capital city' role within their regions.

There is significant end user data demonstrating that facilities (such as universities and sporting centres) in regional capital cities are truly focused on supporting their respective regions. There are also individual hub and spoke models that operate in regional areas (such as regional health networks), which deliver coordinated services for a region from a central hub.

It is however true to say that utilising a hub and spoke method to service and support infrastructure delivery is not consistent across portfolios affecting regional development. As such, RCA wanted to test the idea that strengthening regional capitals cities does in fact produce a wider regional benefit across a range of indicators.

To meet this objective, RCA partnered with the Regional Australia Institute (RAI) to map the hub and spoke networks in regions. The outcome of this work is a report titled: *Regional City Hubs and Hinterland Spokes: A national network supporting Australia's regional development*. The findings are discussed below.

Regional City Hubs and Hinterland Spokes - A National Network Supporting Australia's Regional Development

Overview and Findings

The premise and methodology of *Regional City Hubs and Hinterland Spokes* was based on a similar network approach applied in the European Union, which revealed that nations who invest in this model stimulate local development, achieve stronger economic growth, enhance labour productivity and have a more resilient economy.

Outcomes

The outcomes of RAI's analysis showed that regional capital cities (hubs) are very connected to their small rural towns (hinterland spokes) through a network of roads, jobs and essential services.

The analysis also found hub and spoke relationships stretch across regions to form a functional network that delivers jobs, and access to health, education and finance. There were two clear findings for policy makers to consider:

Hub and Spoke Networks comprise of two important areas:

- Structural: physical infrastructure connections such as road and rail; and
- Functional: role and service connections such as health or education.

The strength of the regional capital city affects the whole region:

- Smaller rural towns with higher ranked access to services and infrastructure are located in a region where the regional capital city also had a higher level of service and infrastructure; and
- Smaller rural towns with low ranked access to services and infrastructure are located in a region, where the regional capital city also had a lower level of service and infrastructure.

Both structural and functional networks are critical to achieving economic outcomes and as such, it is the position of RCA that models across a range of service areas should be mapped out, planned for and invested in for the benefit of the regions.

Breaking It Down

To arrive at this conclusion, RAI identified 31 regional capital cities (RCA members) and 97 smaller rural towns located in surrounding regions, and then examined the distance from and access to:

- Employment
- Health services
- Education
- Financial services
- Airports
- Ports

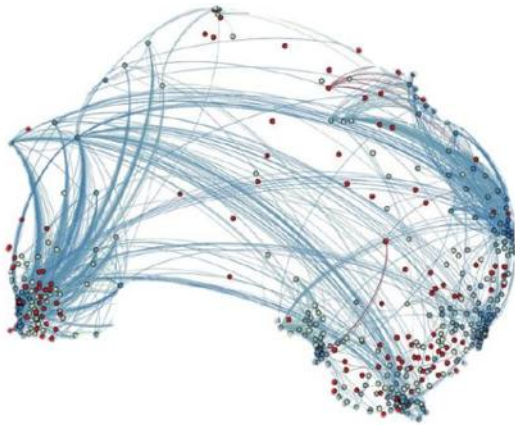
The purpose of conducting the case studies was to understand:

1. How communities moved around regions for employment purposes; and
2. What distance from the hub means for spokes.

Employment Mapped through Journey to Work Data

Using a national picture of journey to work data (2011) a clear picture emerges of jobs in hubs and workers in spokes (see Figure 5). Australia is a nation where cities are connected through jobs.

Figure 6: Australian national journey to work network (2011) - Source: Regional Australia Institute



Closer analysis of this journey to work shows that similar to the role metropolitan capital cities have in being economic hubs for employment, regional capital cities are also hubs, crucial to connecting regional and rural Australians to wider employment markets.

To date, there has been little effort to understand the relationship between regional capital cities (hubs) and the smaller rural towns (spokes). The data journey across the 31 regions however shows a clear trend towards a networked effect, where employment is being accessed in regional capital cities from those living in the smaller rural towns.

Below are samples of the journey to work data from four regions around Australia:

1. Wagga Wagga located in the Riverina region in New South Wales
2. Mackay located in the Whitsunday region in Queensland
3. Albany located in the South West region in Western Australia; and
4. Horsham located in the Wimmera region in Victoria.

Figure 7: Wagga Wagga and the Riverina region

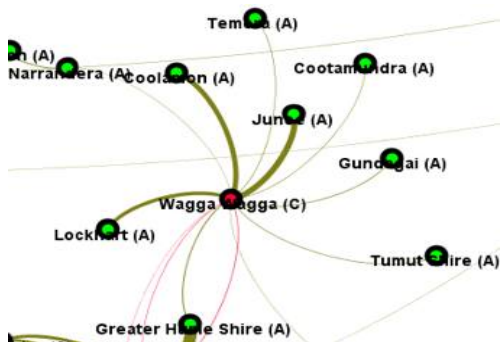


Figure 8: Mackay and the Whitsunday Region

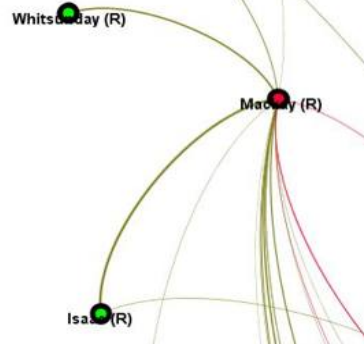


Figure 9: Albany and the South West Region

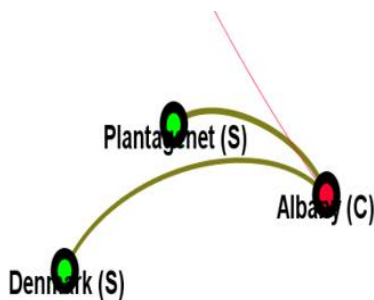
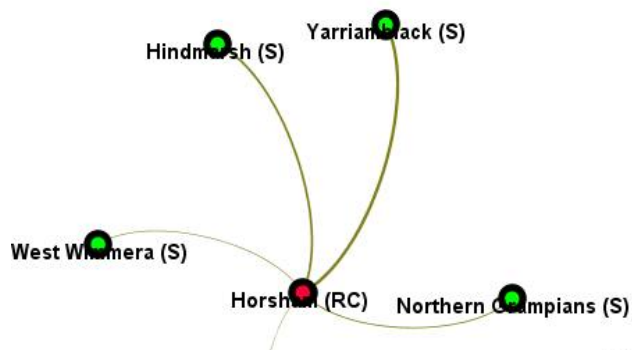


Figure 10: Horsham and the Wimmera Region



The thicker olive-coloured lines demonstrate movement from the smaller towns into the regional capital city regarding access to employment. Red lines indicate freight movements and the light green lines indicate movements from smaller towns to other smaller towns.

As you can see from these examples the regional capital and surrounding rural towns are interlinked (as displayed from the green line) from a journey to work perspective. Some towns have a stronger economic jobs link to the regional capital city than other rural towns and some smaller rural towns are providing access to employment for the regional city.

As Australian regions continue to be at the forefront of economic transitions, moving away from high levels of employment in traditional sectors such as agriculture and manufacturing, there is a need for those living in regional areas to have access to alternative employment options, for example service and knowledge sector jobs like those found in regional capital cities.

Much more needs to be done to ensure access to and the creation of a diverse range of jobs if the economic and social future of regions is to be secured.

Access to Health and Education

To examine the status of hub and spoke relationships in regional capital cities, the RAI also investigated the extent to which the existence of high or low levels of health and education services in a regional capital city was also present in smaller regional and rural towns.

The RAI's method was to use elements from its *Insight* dataset themed around education, health and business services in addition to census data showing places of work and residence. Services and infrastructure were measured with the following indicators:

- Access to financial services (business services) as percentage of population employed;
- Access to health services as a percentage of population employed;
- Access to tertiary education as a percentage of population enrolled;
- Population growth (ABS data);
- Distance from an airport or port (GIS mapping).

As a measure of strength or weakness, each regional capital city or rural town (measured by Local Government Area or LGA) received a rank in relation to access to a service such as health, education or distance from a facility such as an airport or port (refer above).

The ranking of each regional capital city or rural town was achieved by ranking each of the 563 LGAs around Australia. The ranks have been grouped into percentile bands. A score of 1 means the area ranks in the top 10 percentile of all LGAs in Australia in access to or distance from a service or piece of infrastructure. A score of 10 indicates the city or town is within the bottom 10 percentile of all LGAs. In breaking down the scoring we make the following comments:

- A score of 1-3 is considered to be excellent to good level of access to or distance from a service;
- A score of 4-6 is considered to be average level of access to or distance from a service;
- A score of 7-10 is considered to be poor level of access to or distance from a service.

Micro Level Analysis

To understand if there is a macro regional trend, an explanation of micro level data is required. Using the example of regions mentioned above, each table below breaks down the rank (relative strength) of the access and distance in regional capital cities as well as the smaller rural towns also located in the region.

Figure 11: Rank Breakdown of Wagga Wagga and the Riverina region

Measure	Indicator	Wagga Wagga	Junelee	Lockhart	Tumut
Access	Health	2	5	2	6
	Tertiary Education	1	5	1	1
	Financial Services	2	6	3	4
Distance	Airport	1	5	5	6
	Port	9	9	9	9

In the Riverina, Wagga Wagga is the regional capital city - the city has access to a regional university, a hospital and an airport. As you can see from the table, Wagga Wagga has ranks of 1-3 for access and distance to all indicators, except a port – being an inland city this is not unexpected. Since 2011, Wagga Wagga has had a major investment in to medical facilities and as such, when the report is updated with new census data it is expected that the health indicators will rise for the whole region.

The regional towns surrounding Wagga Wagga identified as having a stronger hub and spoke relationship predominately have ranks of 4-6 (mid to ordinary) access and distance to all indicators. Interestingly there are also some ranks of 1 in the rural towns, reflecting the strength of the local university (Charles Sturt) and TAFE sector. Again, these towns have a poor access to a port as the towns are located inland.

Figure 12: Rank Breakdown of Mackay and the Whitsunday Region

Measure	Indicator	Mackay	Isaac	Whitsunday
Access	Health	7	10	9
	Tertiary education	7	9	7
	Financial Services	4	4	4
Distance	Airport	2	5	4
	Port	2	7	5

Mackay is the regional capital city in the Whitsunday region. As you can see from the table, Mackay has much lower ranks in access to health and education services, which causes poor outcomes for the smaller rural towns. These ranks reflect the historical low educational and health outcomes for this region. Mackay however performed better in the access to financial services and connectivity to air and seaports - this is due to the city being a mining and agricultural business and transport hub.

Figure 13: Rank Breakdown of Albany and the South West Region

Measure	Indicator	Albany	Denmark	Plantagenet
Access	Health	3	6	7
	Tertiary Education	1	1	1
	Financial Services	3	4	6
Distance	Airport	1	6	6
	Port	1	5	4

In the South West region, Albany is the regional capital city. As you can see from the table, Albany has excellent to good levels of access to education, health services and financial services. Additionally, as has been demonstrated in the tables above, rural towns in the South West region

have mid to ordinary level access (4-6/7). Interestingly the whole region has excellent levels of access to education, which again can be attributed to the strength of the Western Australia University campus in Albany.

Figure 14: Rank Breakdown of Horsham and the Wimmera Region

Measure	Indicator	Horsham	Hindmarsh	Northern Grampians	West Wimmera	Yarriambiack
Access	Health	1	1	2	3	1
	Tertiary Education	7	9	8	8	9
	Financial Services	2	2	5	2	4
Distance	Airport	8	9	8	8	9
	Port	8	8	8	7	9

Horsham is the regional capital city in the Wimmera region. Once again this table highlights that where Horsham has an excellent or good rank for a service, the rural towns in the region have a corresponding strength although with a mid-rating.

Macro Level Analysis

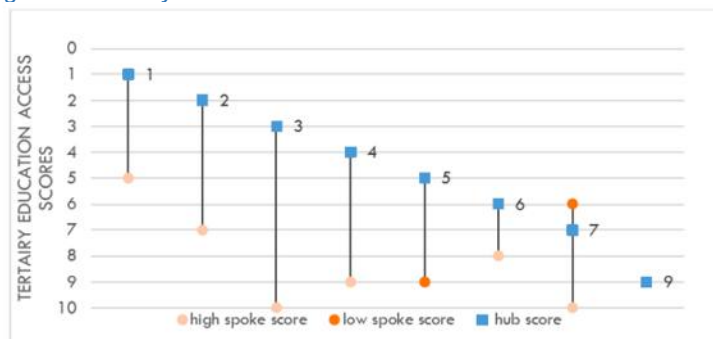
To understand the policy implications of this work, RAI also undertook a macro level analysis of access to health and education across all regional capital cities (31) and the surrounding rural towns (97). The focus of this analysis was to identify a regional trend and also if the size of a city and rural town had any basis for level of access. The findings are below:

Tertiary Education

The following summarises the average tertiary education access scores for the regional capital city and the average score for their spokes. The findings generally show:

- All regional capital cities have higher than average access to tertiary education ranks than small rural towns;
- If regional capital cities have better tertiary education access ranks, so do the smaller rural towns.

Figure 15: Tertiary Education Access Scores



This table however shows population size is not a definitive contributor to the size of a city. Large regional capital cities have a lower average rank (4.8) and as such, the rural towns also have a lower rank (6.9). This is in comparison to the smaller regional capital cities, which have an

average rank (3.6) in the hub and (5.0) in the hinterland.

It is acknowledged that many of the cities that sit in the 100,00 – 250,000 population band such are also a commutable distance to a major metropolitan city where national universities are present.

Figure 16: Regional Capital City Access to Tertiary Education

Regional Capital City by Population	Number of Cities	Number of Small Rural Towns	Tertiary Education Average Rank (Cities)	Tertiary Education Average Rank (Rural Towns)
250,000 – 999,000	1	4	3	3.5
100,000 – 249,999	5	18	4.8	6.9
50,000 – 99,999	10	30	2.6	3.35
10,000 – 49,999	15	45	3.6	5.0

Health

The following summarises the average health access scores for regional capital cities and the average score for their spokes. The findings generally show:

- If a regional capital city has a better health access rank, then the rural town will also have a comparatively better rank;
- The poorer the level of access the regional capital city's has, the poorer the rural town's access to health services; and
- The more remote a regional capital city is, the poorer access it has to health access which also affects the rural towns' access.

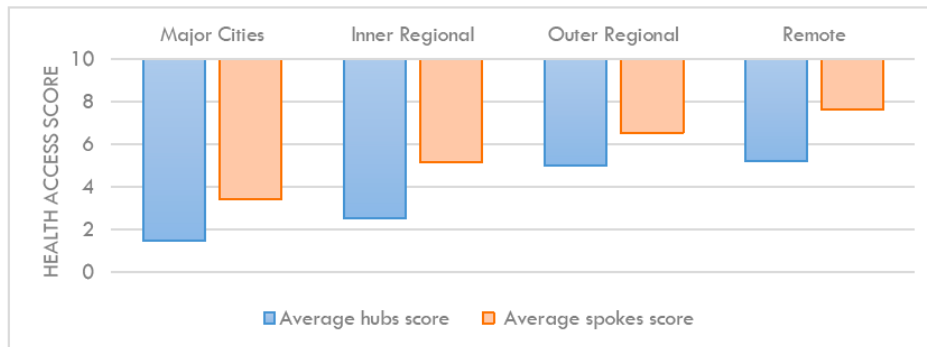
Figure 17: Regional Capital City Access to Health

Regional Capital City by Population	Number of Cities	Number of Small Rural Towns	Health Average Rank (Cities)	Health Average Rank (Rural Towns)
250,000 – 999,000	1	4	1	2.5
100,000 – 249,999	5	18	2.6	5.4
50,000 – 99,999	10	30	2	5.4
10,000 – 49,999	15	45	4.1	5.8

This table shows that the population size of the regional capital city is also a contributor, however so is remoteness. As regional capital cities get smaller in population, their average access to health services is reduced. As a result, smaller regional capital cities have poorer access (4.1) as do the spokes (5.8). As smaller regional capitals cities (50,000 or less) are also servicing more smaller rural towns, access to health really does start to become a significant problem.

It is also clear that remoteness is a substantial challenge. The figure below shows that the more remote a regional capital city is, the less access the city and rural town have to health services. The trend of better access in the regional capital city equalling better access in the rural town is however still present in this scenario.

Figure 18: Remoteness Index of regional capitals with average hub and spoke scores for access to health services



Please note: An analysis of financial services is also available in the full report: Regional City Hubs and Hinterland Spokes - A National Network Supporting Australia's Regional Development

The Importance Of Hub And Spoke Analysis

RCA acknowledges the case studies above are an interim piece of work that requires further analysis. Despite this, we believe there is an indication of a trend in the cities and towns that could improve service and infrastructure delivery in regions.

It is our position that the hub and spoke relationship is a valuable tool for analysing regions, identifying strengths and disparity in key policy delivery areas which when adjusted, will allow both cities and regions to thrive.

It is the position of both RCA and the RAI that the Government should further investigate this model to allow for a clearer understanding of how regional capital cities and rural spokes can be invested in to ensure equity of opportunity in Australia.

RCA Recommendation

3. Further investigate the mapping of the service 'hub' role of all regional capital cities as a matter of priority; and
4. Use this information to plan create a regional development framework for investment and new policy initiatives.

Regional Capital Cities in Urban Policy

Potential of Regional Capital Cities

As highlighted above, regional capital cities are growing due to the service hub and amenity role the city plays within their region. These cities also provide a liveable and affordable alternative to the congested major capitals.

Despite the many benefits, the understanding of how to best back regional capital cities to support a growing nation lacks a clear strategy. This is further complicated by the fact that in the regional development portfolio, planning and investment remains to target the homogenous whole of region – with no strategy to target investment in to regional capital cities in a way that will benefit the wider region.

In the urban / cities portfolio some larger regional cities – which are often satellite cities are accounted for and other are not, meaning the impetuous to plan for the development of smaller regional capital cities does not exist.

These two cross portfolio factors create imbalances and a patchy response to what should be a very simple solution with a large national return. The thing that should not require debate is that regional capital cities are urban places, with access to varying levels of connectivity, social and economic infrastructure as well as a diverse range of employment options.

The RAI has confirmed this position by identifying that planning for the future of regional capital cities will allow these cities to “produce twice as much as all the new economy industries produce in today’s metropolitan cities” by 2031 or an additional (GVA) \$378 billion BY 2031.

Additionally the ability to scale the services and infrastructure in these cities, rather than beginning from scratch in greenfield outer suburban areas should not be under estimated in a time when a slowing economy is so reliant on population growth to

Does The Size of a City Matter?

It is the position of RCA that all regional capital cities should be the focus of planning and investment regardless of their size. The RAI in the release of the latest release the: Lighting Up our Great Small Cities: Challenging Misconceptions report (2017) confirmed this position.

The report examined the performance (population and economic growth) of 31 of Australia’s regional cities (with populations ranging from 50,000 to 546,000). The report revealed that these cities collectively expanded their economies at 3 per cent per year from 2001-2013. They share comparable economic performance with our major cities across the key measures of growth, output, participation, and productivity (refer Figures 6 and 7 below).

Additionally, the report showed there was little difference between the smaller regional cities as compared to the larger regional cities².

² Regional Australia Institute - Lighting Up our Great Small Cities: Challenging Misconceptions report (2017)

Figure 19: Comparison on output between small and big regional cities

	Big regional cities	Small regional cities
Participation rate	74%	74%
Productivity workers (\$'000/ worker)	137.11	159.26
Historical GVA growth rate (CAGR)	3.2	2.2
Projected GVA growth rate (CAGR)	2.8	2.3

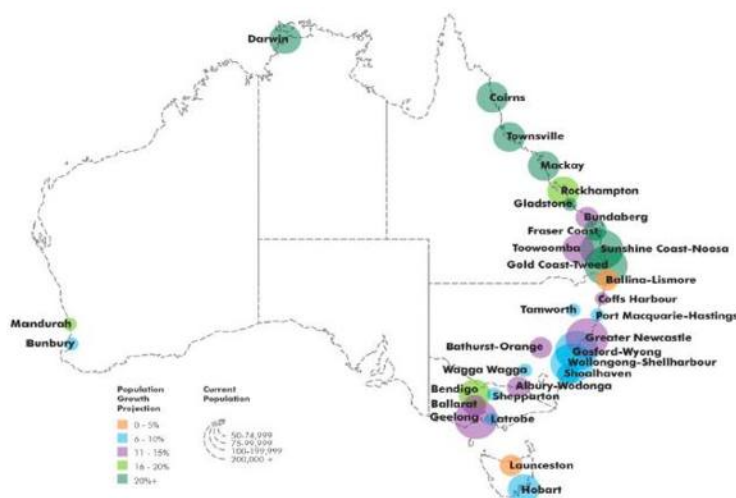
Figure 20: Regional cities share of the metropolitan cities economic performance

Regional and Metro cities share economic performance



The report also showed there was a robust historical population growth at an average of 1.6 per cent per annum from 2002 to 2013, and strong population projections to 2026 showing an expected total population increase of 16 per cent (refer figure 19 below) 3.

Figure 21: Projected population growth across 31 of Australia's regional cities



3 Regional Australia Institute - Lighting Up our Great Small Cities: Challenging Misconceptions report (2017)

RCA believes our cities have great potential and now is the time to plan for and develop a network of economically and socially sustainable regional capital cities.

As we can see above, the policies should not only focus on the largest cities, smaller regional cities are also socially and economically important to the nation but also to regions themselves.

Measuring the Policy – National Cities Performance Framework

A measurement of achievement must be established to ensure the policy interventions are successful. It is the position of RCA, that properly measuring the performance of our Regional Capital Cities will support interventions designed to improve how Australian cities grow.

In November 2017, the Government launched the **National Cities Performance Framework**. The framework however only includes a small number of regional capital cities – those with populations of 85,000 or more.

Through this framework, RCA members like Albury-Wodonga, Ballarat, Bendigo, Geelong, Launceston, Mackay, and Toowoomba have been shown as not only the best places to live, but also excellent choices for businesses to make their next investment.

As the work of the RAI highlights – cities of all sizes however have social and economic value. The exclusion of the remaining regional cities significantly undersells the contribution and potential of regional Australia. It is the position of RCA that **monitoring all regional cities** will significantly increase the understanding of how these cities function. This monitoring will highlight investment opportunities and identify how the service hub role can be strengthened - a stated objective of the *Smart Cities* plan.

Missing Analyses for Regional Capital Cities

Proper planning for the future of all regional capital cities requires specific analysis of all cities, and not just as part of a wider regional analysis.

Work undertaken by RCA to compare three sources of Government reporting (State of Australian Cities, Progress in Australian Regions and Regional Online) has highlighted there are real gaps in how the Australian government collects and reports on regional city data (refer to Appendix A).

RCA believes this is attributed to the way the Australian Bureau of Statistics (ABS) collects data under levels of delamination. For the purposes of this submission, we have highlighted Statistical Area (SA) 4 and Statistical Area (SA) 3 as they relate to regional capital cities; specifically the following:

- **SA4s** were designed using a number of criteria, which reflect a balance between respective considerations. A minimum of 100,000 persons was set for the SA4s, although there are some exceptions to this. In regional areas, SA4s tend to have populations closer to the minimum (100,000 - 300,000).
- **SA3s** are designed to provide a regional breakdown of Australia. They generally have a population of between 30,000 and 130,000 people. In regional areas, SA3s represent the area serviced by regional cities that have a population over 20,000 people.

For regional cities that have populations over 100,000, there is a suite of data available to understand how the city is performing – in many cases highlighting the many competitive advantages for potential businesses and residents when compared to major metropolitan cities.

In regional cities under 100,000 persons data collected for that city as part of the wider regional area. This lack of an analysis of smaller regional capital cities will have an effect on the ability of the leaders of that city to highlight the competitive advantage or a barrier to investment for the city – the very things that will affect further population and economic growth. Missing indicators also mean the impact of investment into regional cities cannot easily be measured, compared and as a result, planned for.

The gaps relate to two key areas:

- **Liveability:** air pollution, housing affordability, traffic congestion, average commuting time, proximity to arts, culture and sporting facilities; and
- **Connectivity:** access (direct or indirect connections) to national and international markets by road, rail, air and reliability of broadband and mobile service.

It is the position of RCA that as data is collected against LGAs to support ABS figures, there is scope to develop a specific dataset **measuring performance in all** Regional Capital Cities (of varying populations). This would enable the production of data sets, which would invariably assist in master planning for Regional Capital Cities.

RCA Recommendation

The Committee seek to highlight the importance of prioritising the delivery of the Government's regional city stream of City Deals to Regional Capital Cities by requesting the Government:

1. Increase the number of regional cities to be measured under the National Cities Performance Framework to 51 – to align with the objectives of the Smart Cities Plan and to enable regional city deals to be measured;
2. Develop a specific dataset measuring performance in all regional capital cities (of varying populations).

Infrastructure Australia

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

The same report also confirmed that regional capital cities were risk of being left behind. This was due to lags in infrastructure quality and access to services could lead to a growing gap in productivity and liveability.

The report confirmed what RCA had long been advocating – that urgent planning for the future of regional cities is now required to ensure [Infrastructure Australia's](#) predictions do not occur.

The [Australian Infrastructure 2019 Audit](#) 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.

Infrastructure Australia's 2019 Audit 'challenges' and 'opportunities' identified for regional capital cities are a legacy of the patchy nature in which regional cities have been planned for and developed.

The report also enforces the need for data gaps on all regional capital cities to be closed and for these cities to have a clear place in policy.

Regional and City Deals

In total, regional capital cities generate \$225 billion per annum, or more than 15 per cent of national economic activity.⁴ 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 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.

⁴ 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

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 trades. 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 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.⁶

Regional capital cities will continue to be key to Australia’s global competitiveness, but more must

⁵ 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

⁶ 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

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.⁷ (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 Government Industry Innovation and Competitiveness Agenda and the investment of \$188.5 million for Industry Growth Centres is

⁷ 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

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.⁸ 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.⁹

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.

⁸ Australian Government, Department of Education, *Undergraduate Applications, offers and acceptances 2014*

⁹ 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.

SUMMARY OF RECOMMENDATIONS



Population Growth	1	Ensure the Australian Government maintains an increasing and ongoing commitment to regional migration to allow for the policy to achieve it's intended purpose.
	2	The government commit to a regional living campaign that promotes the many benefits of living in a regional capital city.
The Hub and Spoke Model	3	Further investigate the mapping of the service 'hub' role of all regional capital cities as a matter of priority.
	4	Use this information to plan and prioritise investments identified in the Government's development Regions 2030: Unlocking Opportunity Program and the Smart Cities – City Deals program.
National Urban Policy	5	Increase the number of regional cities to be measured under the National Cities Performance Framework to 51 – to align with the objectives of the Smart Cities Plan and to enable regional city deals to be measured.
	6	Develop a specific dataset measuring performance in all regional capital cities (of varying populations).
Regional and City Deals	7	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.
	8	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):	9	Prioritise regional capital cities for additional funding as the roll-out of the National Broadband Network continues.
	10	Prioritise the investment of Full Fibre to the Premise in regional capital cities.
	11	Undertake an annual review of quality of broadband service across Regional Capital Cities to establish connectivity gaps.
Rail Connectivity	12	\$100 million (over four years) in additional funding to support the development of regional city rail connectivity projects under "faster-rail" program.
	13	Prioritisation of regional capital city faster rail projects under the National Rail Program.
Access by	14	Increase investment to upgrade roads and construction in regional capital cities, particularly for regional capital cities where a

Roads		hub and spoke effect enables inter-regional city employment opportunities.
	15	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	16	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.
	17	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	18	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.
	19	Set aside funding for monitoring and evaluation post programme roll-out and a contingency of funding to undertake additional work as required.
Decentralisation	20	Funding is allocated for an accelerated decentralisation program to enable the Australian Public Service to relocate staff to regional capital cities.
	21	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	22	Industry Innovation and Competitiveness Agenda – Industry Growth Centres funding is prioritised for regional capital cities.
	23	Implementing tax incentives for businesses that re/establish operations in regional capital cities.
Tertiary education	24	Restore the demand-driven student system for university places.
	25	Provide ongoing funding for the Regional University Centres.
	26	Provide more scholarship opportunities for regional students who study at regional campuses in order to cover the costs of education, accommodation and living expenses.

	27	Establish a fund that will allow the recommendations of the Regional Higher Education Expert Advisory committee to be delivered.
Social Amenity	28	<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.