



**Australian Government**

**Department of Infrastructure, Transport,  
Cities and Regional Development**

# Submission for the Inquiry into Regional Australia

## Introduction

The Department of Infrastructure, Transport, Cities and Regional Development (the Infrastructure portfolio) contributes to the prosperity and wellbeing of all Australians through the design and implementation of the Australian Government's infrastructure, transport, cities and regional development programs. The Infrastructure portfolio promotes new jobs, productivity improvements, economic growth and sustainability through significant social and infrastructure investment in all areas of Australia.

The Infrastructure portfolio supports the Government's objectives to help regions realise their economic potential and build vibrant communities where people want to work, live and raise their families. The portfolio does this in a number of ways, including through: policy advice on best practice approaches to regional development; significant investment in regional transport infrastructure to boost connectivity; investment in regional communities to enhance their liveability; and support for stronger local leadership and collaboration to make the most of local opportunities. The portfolio also assists in the analysis of the possible impacts of a policy proposal on regional communities, including through the assessment of Regional Australia Impact Statements (RAIS) that can form part of the policy development process.

The submission explores the challenges and opportunities faced by regional Australia and the investment made by the Infrastructure portfolio in our regions to support the Government's objectives, and provides case studies around regions that are capitalising on their strengths and that are working with government to strengthen their communities.

Regional Australia makes a key contribution to national growth, with just under a third of the country's gross domestic product generated outside of capital cities. Regionally located industries, such as resources and agriculture provide a significant proportion of our exports. Accordingly, it is in the national interest to have productive and connected regional economies to help our regions to be as resilient as possible to future economic shocks, and support vibrant and viable regional communities that can attract and retain people, businesses and investment.

Looking ahead, like other developed countries in the Organisation for Economic Co-operation and Development (OECD), Australia faces a number of megatrends that will affect regional communities and economies in different ways to our major cities. Consequently, some industries and regions will face challenging circumstances and disruptive transitions. These factors are playing out against a background of ongoing drought conditions and management of natural disasters. Ensuring regional communities have the capacity and capability to navigate these changes is a key priority.

With these trends in mind, the Infrastructure portfolio, working alongside other Commonwealth agencies and drawing on OECD and Australian research, has identified a range of factors that can

help build sustainable regional economies, drive economic opportunities and strengthen resilience. These are: connectivity and infrastructure (physical and digital); regional employment and business; local leadership and collaboration; amenity and liveability; human capital and skills; and sustainable natural resources.

The Australian Government plays a key enabling role with respect to these factors, along with state, territory and local governments. This portfolio in particular supports greater connectivity through its investment in major regional road, rail and freight links. We also support amenity and liveability through our regional grant programs, and play an active role in boosting local leadership and collaboration through programs such as Regional Development Australia Committees.

These key factors that can help drive regional economic growth and resilience provide a guide for government policy makers and regional leaders to assess possibilities to further leverage a region's economic opportunities and focus our efforts. It is essential to understand that every region is different and the broader trends affecting the nation will play out in individual regions in different ways. Accordingly, there is merit in looking towards more targeted, coordinated, place-based policy responses that respond to local priorities and enable individual regions to assess where there may be opportunities to exploit key growth drivers.

A number of Commonwealth portfolios contribute to outcomes in regional Australia. In preparing this submission, input has been included from the Department of Home Affairs and the Department of Industry, Innovation and Science.

## The economic importance of Australia's regions

With almost one third of our population (over 8.1 million people) living outside of capital cities<sup>1</sup> our regional communities and economies are important to Australia's future. The economic and social wellbeing of regional Australia is fundamental to the wellbeing and prosperity of the nation.

Supporting our regions to realise their economic potential benefits not only those regions but the rest of the nation. Estimates indicate that around 31 per cent of Australia's national Gross Domestic Product is generated in the regions beyond our capital cities, contributing around \$537 billion to the national economy in 2016-17.<sup>2</sup> In 2017-18, agriculture contributed around 3 per cent of GDP and the value of agricultural production was around \$60 billion.<sup>3</sup> The mining sector contributed around 7.9 per cent of national GDP in 2018-19 and 21 per cent of Australia's GDP growth.<sup>4</sup>

One of regional Australia's greatest assets are people who live, work and invest in the industries and jobs located in our diverse regions. Strong regional economies provide employment, generating

<sup>1</sup> Australian Bureau of Statistics (2019) *Regional Population Growth, Australia, 2017-18*. (Cat. 3218.0).

<sup>2</sup> Department of Industry, Innovation and Science (2018), *Gross Regional Product*, Office of the Chief Economist (subscription service), <https://www.industry.gov.au/data-and-publications/industry-insights>.

<sup>3</sup> Australian Bureau of Agricultural and Resource Economics (2019) *Agricultural commodities* <<http://www.agriculture.gov.au/abares/research-topics/agricultural-commodities>.

<sup>4</sup> Department of Industry, Innovation and Science (2019) *Resources and Energy Quarterly - September 2019*, <https://www.industry.gov.au/data-and-publications/resources-and-energy-quarterly-september-2019>.

income and spending in local economies. As at September 2019, over 3,900,000 people were employed in regional Australia, comprising 30.5 per cent of total employment. Since September 2018, this represents an increase of over 55,600 people employed. As at September 2019, the unemployment rate for regional Australia was 5.2 per cent, compared to the unemployment rate in our capital cities of 5.1 per cent. The unemployment rate for regional Australia decreased by 0.4 percentage points from September 2018.<sup>5</sup>

Small and medium sized businesses are a key part of regional economies. Approximately 703,000 small businesses are located in regional Australia, amounting to 27 per cent of Australian small businesses.<sup>6</sup>

Regional Australia has always contributed to our nation's prosperity. Our regional economies make a key contribution to Australian exports, with eight of our top ten exports in 2018 largely produced in regional Australia.<sup>7</sup> As at September 2019, our agriculture, forestry, fishing and mining industries - located across our diverse regions - make up 64.7 per cent of the value of Australia's merchandise exports.<sup>8</sup> Mining and energy, combined, contributed 75 per cent of Australia's goods exports in 2018-19 (59 per cent of our goods and services exports).<sup>9</sup> Agriculture remains a key part of regional economies, with 278,000 people employed in Agriculture in 2017-18, and over 85,000 farming enterprises.<sup>10</sup> Over 247,000 people were employed in the mining sector as at May 2019.<sup>11</sup>

Tourism also provides economic opportunities for our regions. Our regions have remarkable natural attractions, offering a range of unique tourism experiences which draw people from around the country and the world. For every tourist dollar spent in Australia, 44 cents is spent in regional Australia.<sup>12</sup> Tourism is a regional industry that has potential to grow with enhanced amenities and connections, providing employment and opportunities for businesses in regional communities.

Regional universities also bring a range of benefits to regional communities, and are estimated to deliver round \$1.7 billion to the economy. Around 7 out of 10 graduates from regional universities remain in regional Australia, contributing to the skills and capacity of regional workforces.<sup>13</sup>

<sup>5</sup> Australian Bureau of Statistics (2019) *Labour Force, Australia, Detailed, Cat. 6291.0.55.001*, Canberra. Statistics represent a 12 month average, as at the reported month.

<sup>6</sup> Department of Employment, Skills, Families and Small Business (2019), *Small Area Labour Estimates*

<sup>7</sup> Department of Foreign Affairs and Trade (2019) *Australia's trade in goods and services 2018*, <https://dfat.gov.au/trade/resources/trade-statistics/trade-in-goods-and-services/Pages/australias-trade-in-goods-and-services-2018.aspx>.

<sup>8</sup> Australian Bureau of Statistics (ABS), *International Trade in Goods and Services, Australia, Cat. 5368.0*, Canberra. Statistics represent a 12 month average, as at the reported month.

<sup>9</sup> Department of Industry, Innovation and Science (2019) *Resources and Energy Quarterly - September 2019*, <https://www.industry.gov.au/data-and-publications/resources-and-energy-quarterly-september-2019>.

<sup>10</sup> ABARES (2019) *Agricultural commodities* <<http://www.agriculture.gov.au/abares/research-topics/agricultural-commodities>>.

<sup>11</sup> Department of Industry, Innovation and Science (2019) *Resources and Energy Quarterly - September 2019*, <https://www.industry.gov.au/data-and-publications/resources-and-energy-quarterly-september-2019>.

<sup>12</sup> Tourism Research Australia (April 2019), *State of the Industry 2017-18*, <https://www.tra.gov.au/data-and-research>.

<sup>13</sup> Regional Universities Network (April 2018), *The Economic Impact of the Regional Universities Network*.



## Factors that can help grow sustainable, resilient regional economies

A range of factors can affect regional communities and economies over time. The Infrastructure portfolio considers the following to provide a useful guide to understanding those factors that can help support strong and resilient regional economies.

**Connectivity and infrastructure** can help provide the critical links between regional locations and the markets that sustain regional communities and help facilitate strong regional economies. This includes key transport links to connect communities and help people get home sooner and safer, efficient freight links and supply chains to help our regional industries and businesses to reach markets and be competitive, and digital technology to support communication, education, service delivery and business.

Government investment in transport and telecommunications infrastructure has enhanced the way in which regional Australians work, live and transport goods. The Australian Government has contributed to this through measures such as the \$100 billion infrastructure pipeline to upgrade and maintain key transport corridors; Inland Rail; the National Water Grid Authority; the Faster Rail, Freight and Supply Strategy; upgrading regional airports; investment in National Broadband Network and Mobile Black Spot Program telecommunications; and digital regional hubs.

**Human capital and skills** are a key foundation for strong regional economies, supporting both local business and industry and people's employment outcomes. A highly skilled workforce with access to appropriate training and education opportunities supports local economic activity, and can help a region to pursue a wider range of economic opportunities, and better adapt to new types of work technologies, and opportunities.

The Australian Government is investing in education and skills reform through schools, higher education, support for regional students to undertake vocational study or attend regional universities, support for apprenticeships, regional employment trials, migration reform, and building skills in the agriculture and food manufacturing sectors.

**Regional employment and business** are the cornerstones of regional economies. Local entrepreneurialism, innovation and specialisation can help to create new opportunities, while sustainable industry diversity can help make regions more resilient to shocks.

Investment in innovation can tap unused skills, improve the quality and value of products, open up new manufacturing opportunities and deliver wins for regional businesses such as Agri-business, food manufacturing, and commercial opportunities for waste management. The Australian Government is supporting innovation through a number of channels including Rural Research and Development Corporations, Regional Forestry Hubs, Industry Growth Centres, Regional Universities, Entrepreneurship Facilitators and new business assistance with the New Enterprise Incentive Scheme as part of the Jobactive program.



**Leadership and collaboration** are critical to development that reflects the distinct circumstances, opportunities and advantages of a region, and is grounded in local priorities, perspectives and strategic planning. The Commonwealth can help play a critical role in bringing states, local councils and communities together to coordinate investment and address challenges.

The Government recognises the importance of empowering and supporting local leadership to ensure that they have the capability, capacity and resources to drive outcomes within their community. This includes supporting Local Government and Regional Development Australia Committees, as well as providing dedicated funding to assist smaller community organisations to foster leadership and community resilience within the scope of broader regional development programs. For example, the Commonwealth invests in community-based organisations such as the Australian Rural Leadership Foundation and the Foundation for Rural and Regional Renewal to disperse small grants focused on building community cohesion and strength.

**Amenity and Liveability** can be important factors in attracting and retaining people, businesses and investment to regional Australia. Access to key services and investments in community facilities and public spaces are key elements of supporting community wellbeing. These factors underpin equitable access to opportunity and are integral to fostering social cohesion, prosperity and overall wellbeing for all Australians, wherever they live.

The Government is making significant investment to support regional communities and improve access to services. This includes investment in community infrastructure and projects through regional grants programs such as Building Better Regions Fund, Regional Growth Fund, Community Development Grants and Financial Assistance Grants to local governments; funding rural and regional health and educational infrastructure, including training hubs and improved sporting facilities, delivering a Stronger Rural Health Strategy to increase the availability of dental care, mental health services and emergency services.

**Sustainable natural resources** are fundamental to regional economies. This includes planning to manage water, land, waste and environmental risks in a manner that sustains strong regional communities and economies over the long term.

The Government's commitment to sustainable natural resources includes the establishment in 2019 of the \$100 million National Water Grid Authority to identify opportunities to build water infrastructure to secure long-term water supplies; providing assistance for natural disaster response, recovery and reconstruction such as through the North Queensland Livestock Industry Recovery Agency; and the National Landcare Program for natural resource management.

## Key challenges and trends affecting regional Australia

### Population

The population of Australia's regions is changing. Australia's population is growing quickly. Furthermore, it is growing more quickly in our capital cities than in regional Australia (see Chart 1, below). The focus of the fastest growth has been our major cities and coastal areas (Figure 1). Although patterns of change across regional Australia vary, population growth in inland regional areas has been slower, and in some cases populations have reduced. Many regional centres have grown, while smaller and inland regional and rural communities have populations that are holding steady or slowly declining. Many regions are facing challenges associated with the centralisation of populations and economies in major regional centres. The impacts of an ageing population will also be felt more keenly in regional Australia, where the proportion of people aged 65 years and over is higher than in major cities. This will have implications for communities, regional employment and service delivery.

Migration can be a key source of skills and population growth for regional communities. The Government has a range of policies to encourage migration to regional areas, which are detailed in Attachment A.

*Chart 1: Australian Population Growth (2002 to 2017)*

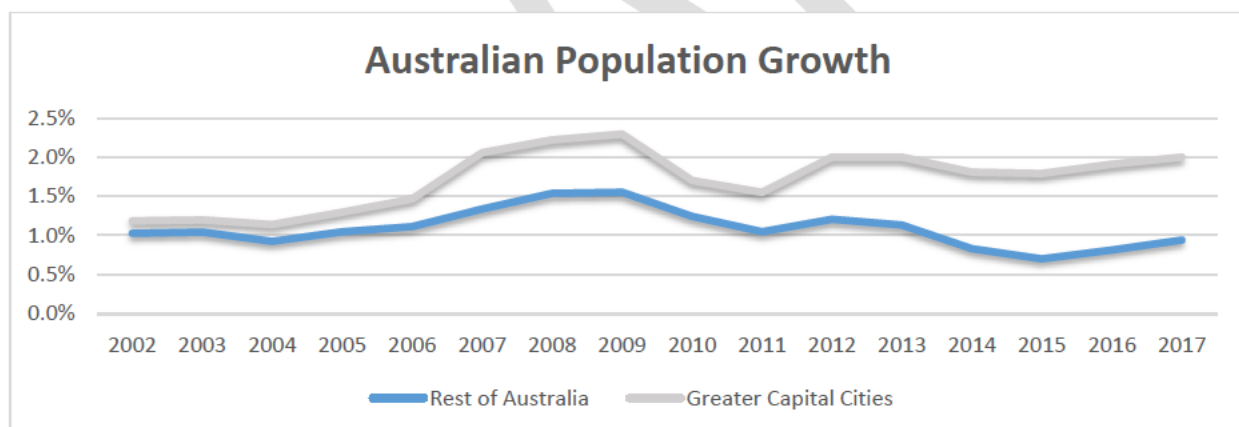
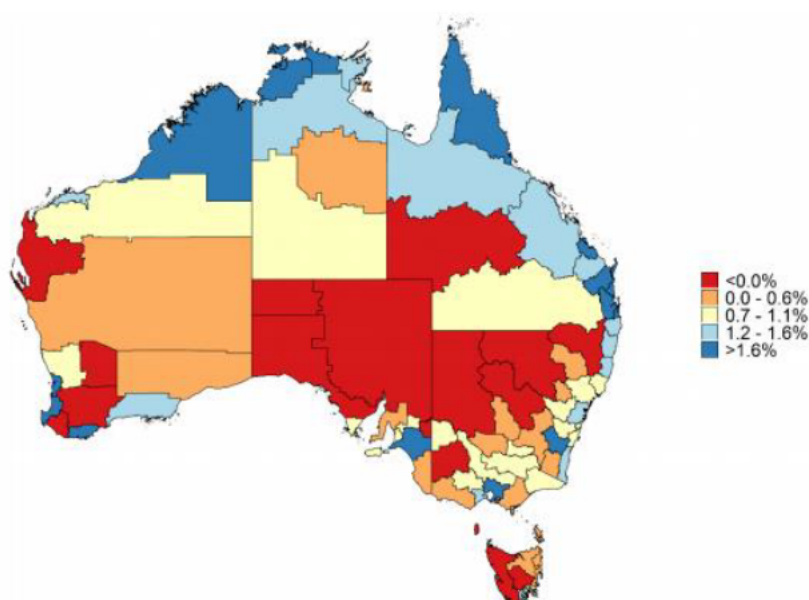


Figure 1 - Regional Population Growth *Source: ABS 2016*



All levels of government are working together on the development of a National Population and Planning framework to ensure a more integrated approach to population planning and management. In early 2019, Treasurers from the Commonwealth, States and Territories; and the Australian Local Government Association established a regional analysis working group. The Australian Government has also established a Centre for Population to provide a coordinated and expert perspective on population growth in Australia. This includes helping all levels of government and the community better understand how regional populations are changing and the challenges that these changes present.

### Major trends and transitions

Regional economies continue to experience change. Trends such as demographic change, technological advancements, globalisation and the growing importance of employment in the services sector, are contributing to both emerging opportunities and ongoing challenges. For example, new technologies offer the potential to be important drivers of productivity growth in some key sectors of regional economies. However, the increasing automation of processes can also have implications for the type and amount of work available. New employment and economic opportunities in the growing services sectors and knowledge-based work may change the type of employment available in a location, with implications for local employers and workforces.

A range of factors predicts a region's capacity to adapt. Regions with more diverse industrial structures are more resilient to such changes, including: human capital (productivity, entrepreneurship, work experience, skill-level and education), financial resources (means to invest,



savings, access to credit), physical infrastructure and technology, natural resources and relative location, and social factors such as community cohesion, leadership and collaboration.<sup>14</sup>

Where retrenchments are likely to occur in a region, the government considers targeted assistance to support transition, working with the affected communities, their major employers, and the three levels of government to coordinate a response. Recent examples include assistance to the retrenched workers from the Port Kembla and Whyalla steelworks, Caterpillar Underground Mining in Tasmania and Alinta Energy in South Australia.

### Skills Shortages

Some rural and regional areas experience a shortage of people with the skills or experience to participate in the local labour market and meet the needs of local businesses and industries. The differences can largely be attributed to factors including a region's industry base, the population's access to and participation in higher education, transport networks and infrastructure, its degree of natural amenity, population size and growth, accessibility to more dynamic labour markets and the skill level of its labour force.

In September 2019, the Department of Employment, Skills, Small and Family Business (DESSFB), the Department of Infrastructure, Transport, Cities and Regional Development (Infrastructure Portfolio), the Department of Industry, Innovation and Science (DIIS), and the Department of Agriculture (the Departments) provided a joint submission to the Select Committee inquiry into Jobs for the Future in Regional Areas. This joint submission is publicly available and provides a comprehensive outline of the Australian Government's role in addressing jobs and skills in regional areas.

### Drought and water

The current drought and the availability of water are acute pressure points for regional communities. Significant parts of Australia are currently affected by drought, impacting farmers, non-farm businesses and communities, with flow-on economic effects throughout our regions. Drought and climate variability will continue to be an enduring feature of the landscape.

The Australian Government has committed to significant investment in initiatives that provide drought relief and promote drought resilience immediately and into the future.

On 7 November 2019, the Government announced a number of measures as part of a bush stimulus package of over \$1 billion to assist communities affected by drought. The announcements are informed by recommendations from the Coordinator-General for Drought, Major General Stephen Day and include the following:

- Providing concessional loans of up to \$500,000 for small businesses with less than 19 staff that are dependent on agriculture to assist in restructuring debt. Loans will be administered by the Regional Investment Corporation and will include a two-year interest free period.

<sup>14</sup> Productivity Commission (2017), *Transitioning Regional Economies*

- Providing a further \$140 million for supplementary payments to 128 local government areas in drought for the upgrade and maintenance of roads. The funds will be administered through the Roads to Recovery program.
- Expanding the Drought Communities Program to include \$1 million in funding for six more local government areas, and \$1 million provided to 122 local government areas already receiving support.
- Redirecting \$200 million from the Building Better Regions Fund to create a special drought round of funding to provide up to \$10 million for projects in regional areas.<sup>15</sup>

The National Water Grid Authority (the Authority) is providing the national leadership required to increase the capacity, connectivity and resilience of Australia's water storage and supply infrastructure. Working in partnership with state and territory governments, the Authority will develop a national framework for investment in water infrastructure to identify a rolling pipeline of strategic water infrastructure initiatives. It will use world best science to determine where and how Australia's water resources can be sustainably developed to increase the security and reliability of supply. The Authority is also delivering the Government's \$3.5 billion commitment to build new water infrastructure through the \$1.5 billion National Water Infrastructure Development Fund (NWIDF) and the \$2 billion National Water Infrastructure Loan Facility (NWILF).

The North Queensland Water Infrastructure Authority is responsible for strategic planning and the coordination of Commonwealth resources to implement the Hughenden Irrigation Scheme and the Hells Gates Dam Scheme (including Big Rocks Weir) projects.

## What does a successful region look like?

Just as Australia's regions are diverse, so too are the factors which determine whether a particular region is successful. What our most successful regions have in common is harnessing the drivers for growth and resilience to build on their competitive advantages.

Maximising employment opportunities, building gross regional product, population growth, and an increasing proportion of the population with higher education qualifications are all factors which indicate a successful region. Other relevant characteristics include innovative small and medium enterprises (SME), skilled workforces, access to amenity and lifestyle opportunities, quality healthcare and education, and both physical and digital connectivity that facilitate regional exports across Australia and to the world on a competitive basis. The range of competitive advantages and strategies that support successful regions can also include proximity to major cities, ability to capitalise as a logistics or service hub, ability to diversify the economy and a capacity for collaboration between governments, business and community.

---

<sup>15</sup> Day, S (2019) *Drought in Australia: Coordinator-General for Drought's advice on a Strategy for Drought Preparedness and Resilience*

The case study below provides an illustration of a region that is pursuing growth through greater strong local leadership and ensuring sustainable natural assets.

#### **Case Study: Orange**

Orange is located in the Central West of New South Wales, approximately 250 kilometres from Sydney and 270 kilometres from Canberra, with a population of almost 60,000 as at 2018. It is becoming known as an attractive place to both live and visit, and its success as a region demonstrates the importance of harnessing all the drivers of sustainable growth and resilience.

Orange has a diverse economy. The region has strong health and aged care sectors including a large private hospital. These sectors are linked to both TAFE and the university sector. Other major employing industries include retail trade and education and training. Orange also has a strong mining sector, and a vibrant tourist sector supported by vineyards and a reputation for fine food and natural beauty. At 4.5 per cent, its unemployment rate is lower than that of Australia which is 5.2 per cent.

Orange's central location and connectivity to major centres has enhanced both its economy and its liveability and amenity. The region has road access to Sydney, Canberra and major regional centres, rail access to Sydney, and an airport with connections to the major capital cities. Orange has capitalised on this connectivity together with its attractions to drive tourism growth in the region.

Local business confidence is high. The Cadia gold mine recently announced an expansion which is expected to create hundreds of jobs. In addition to bricks and mortar retail, businesses are also taking advantage of digital connectivity. An example is the fashion and homewares store Sonic which has established innovative online stores and have attracted an international clientele.

In addition to private sector growth, a number of government agencies are establishing offices in Orange building skilled employment in the region. In April 2019, the Government announced that the Department of Infrastructure, Transport, Cities and Regional Development will relocate its Regional Programs Branch to Orange as part of its commitment to decentralisation. The NSW state government also has offices located in Orange, including the NSW Department of Primary Industries.

Orange also enjoys strong local leadership and collaboration. In anticipation of future drought, the Orange City Council invested \$90 million in measures to guarantee water supply. These include expanding dam capacity and developing the nation's first storm water harvesting system for potable use. The local council also maintained water restrictions when no longer necessary which significantly reduced residents' consumption habits. These measures were developed and implemented over time with considerable community consultation and support.



## Investment in our regions

The Government is committed to investing in regional Australia through a broad range of program and policy interventions. Across Government, the 2019-20 Budget outlined close to 600 initiatives, including almost 200 new initiatives focused on creating jobs, strengthening communities and supporting economic growth in Australia's regions.

Following is an outline of key policy and program initiatives delivered by the Infrastructure portfolio that support the growth drivers of sustainable regional economies, including improving connectivity, providing local employment, enhancing amenity and liveability, and strengthening local leadership and collaboration. These include infrastructure investment, regional programs, pilot regional deals, decentralisation, and support for Regional Development Australia Committees and Local Government.

### Infrastructure Investment

Through the Government's \$100 billion investment in transport infrastructure, Australians living in regional and remote areas are continuing to benefit from safer roads and better connections to essential services and employment. This investment is also providing local employment in regional areas by facilitating the safe and efficient movement of millions of tonnes of freight from farm gates and factories to markets across Australia, and connecting our producers with opportunities in the global economy.

This investment includes significant regional roads and key freight routes, including \$1 billion for the Princes Highway and \$700 million for Newell Highway Upgrades, to ensure a safer and more efficient road network for all Australians. Significant upgrades also continue to be made to the Pacific Highway in New South Wales, the Bruce Highway in Queensland, the North-South Corridor in South Australia and the Midland Highway in Tasmania.

The Government has also committed \$4.5 billion to upgrade key freight routes through the Roads of Strategic Importance (ROSI) initiative. The objective of ROSI is to make it easier for regional businesses to access local and international markets, and better connect regional communities. ROSI will ensure that key freight roads efficiently connect agricultural and mining regions to ports, airports and other transport hubs. It will deliver works such as road sealing, flood immunity, strengthening and widening, pavement rehabilitation, bridge and culvert upgrades and road realignments.

These upgrades to key corridors will provide a major economic and social boost for local businesses and communities by increasing the reliability of travel along key routes, improving links between regional communities and increasing access to essential services including healthcare and education.

To further assist connectivity with regional centres, the Government is providing \$100 million in grant funding over four years from 2019-20 for a new **Regional Airports Program** as a key enabler of regional communities transport, supporting employment in regions. The program provides assistance to the owners of regional airports to undertake essential works, promoting aviation safety and access for communities.

The Government is also investing up to \$9.3 billion to construct the **Melbourne to Brisbane Inland Rail** which is a national-standalone freight rail line. Inland Rail presents a unique opportunity for regions to realise direct benefits from the improved rail infrastructure and further indirect benefits through complementary market driven investments.

Inland Rail is expected to boost Australia's GDP by \$16 billion over the next 50 years and support around 16,000 jobs at the peak of construction. The construction of Inland Rail will also deliver significant outcomes for regional business and individuals by providing employment and procurement opportunities to participate in its construction, provision of logistics, supply, and other services. Skilled migrants may play a role in filling a range of inland rail job vacancies where skilled worker shortages occur.

To help position Australia to deal with the expected doubling in volume of freight over the decade to 2030, the Australian Government is working across all tiers of government to contribute to the **National Freight and Supply Chain Strategy and National Action Plan**. Effective freight networks and supply chains can benefit regional communities and businesses and help Australia to take advantage of existing and emerging market opportunities.

To support the assessment of infrastructure investment in our regions, Infrastructure Australia is currently reviewing the Infrastructure Australia Investment Framework in the context of Updating Guidance for Appraising Projects in Remote Areas, including consideration of whether the recommended social cost-benefit analysis methodology adequately takes into account social, environmental and economic costs and benefits (see Attachment B).

### Regional Grant Programs

Regional grant programs play an important role in supporting the economic growth and liveability of regions, providing funding for projects that stimulate economic growth, create local jobs and support stronger regional communities. They also provide the opportunity for regions to prioritise and fund local solutions.

#### *Building Better Regions Fund*

The Building Better Regions Fund (BBRF) provides grants of up to \$10 million to local government or incorporated not-for-profit organisations that invest in community projects that create jobs, drive economic growth and build stronger regional and remote communities into the future. The total commitment for BBRF is \$841.6 million in 832 projects over four rounds from 2017-18 to 2022-23. The program has invested in projects located in, or benefiting eligible areas, which are outside the major capital cities of Sydney, Melbourne, Brisbane, Perth, Adelaide, and Canberra.

The Government has recently announced the \$200 million Round Four of BBRF, which will target projects that support drought-affected communities.

## **Case Studies – Building Better Regions Fund (BBRF)**

### **Bridgewater Parkland Project, Tasmania**

The Australian Government contributed \$430,000 through BBRF towards the Brighton Council in the north Greater Hobart region of Tasmania to fund Stage 1 of a 10 year vision Bridgewater Parkland Project. The project focused on a master planned development of the parkland area between the Bridgewater commercial and civic precinct and the Derwent River foreshore that supported eight FTE jobs during construction and one FTE job following construction. The Bridgewater Parkland is a critical piece of public infrastructure that helped create jobs, boost economic growth and build a stronger regional community through the development of a safe, active recreational space between the Bridgewater shopping precinct and foreshore. The new Community Playground opened in 2018 featuring a children's play area, open green space and footpaths.

### **Hawks Canteen and Grandstand, Queensland**

The Australian Government contributed nearly \$30,000 through the BBRF towards the Gatton Rugby League Football Club Inc. in the Lockyer Valley Region in South East Queensland to fund their Hawks Canteen and Grandstand project. The project enhanced the current seating and cover for the Gatton Football Club's grandstand, as well as constructing a new storage and canteen space. The project supported 17 FTE jobs during construction and two FTE jobs following construction. Improved seating will allow families and community better viewing of the game in tiered undercover seating. A new canteen area will also be used by other sporting codes on game days, and for local carnivals and special events.

### **Mimbi Camp Ground Infrastructure Development, Western Australia**

The Australian Government contributed nearly \$500,000 towards the Mimbi Aboriginal Corporation to fund their Mimbi Camp Ground Infrastructure Development project. The project enabled the Mimbi community to host self-drive tourists and group tour operations for visitors to the nearby Mimbi Caves near Fitzroy Crossing in north-west Western Australia. The Mimbi community initiative is part of a broader Kimberley Camping with Custodians project aimed at generating income, employment and training opportunities for community members and allowing them to share country and culture with visitors. The project adds new cultural tourism experiences by enabling visitors to stay and engage with the local Gooniyandi Aboriginal people. The accommodation fees paid by tourists contribute to the local Mimbi community. The project supported 10 FTE jobs during construction and six FTE jobs following construction. The Mimbi community completed its campground in June 2017 and has 15 registered camping sites.

### *Regional Growth Fund*

The Regional Growth Fund (RGF) will provide \$272.2 million over four years from 2018-19 for grants of \$10 million or more for major transformational projects which support long-term economic growth and create jobs in regions, including those undergoing structural adjustment. The 17 projects funded by the RGF are already stimulating significant investment in our regions from the private sector, not-for-profit organisations and other levels of government through the requirement of a co-contribution of at least 50 per cent of the cost of the project.

### *Stronger Communities Program*

Under each round of the Stronger Communities Program (SCP), all federal electorates are allocated \$150,000 to support up to 20 small capital projects that will deliver social benefits and encourage



community participation. The program is designed to allow all communities an equal opportunity to secure funding that will address local needs and build community resilience. Each Member of Parliament is required to establish a community consultation committee to identify projects for consideration. The total commitment over five rounds for the SCP is \$103.9 million which to date has funded 7,779 projects.

#### *Regional Jobs and Investment Packages*

The Regional Jobs and Investment Package is targeted to assist regional areas diversify their economies, stimulate long-term economic growth and deliver sustainable employment. The Government has committed \$222.3 million to support 10 pilot regions and fund 233 projects. Each region has received from \$20 million to \$30 million for projects which will drive business innovation, invest in local infrastructure and support skills development and training. The 10 regions are: Tropical North Queensland, Bowen Basin, Wide Bay Burnett, NSW - North Coast, NSW – South Coast, Upper Spencer Gulf, Goulburn Valley, Geelong, Latrobe Valley and Regional Tasmania.

#### *Drought Communities Programme*

The Drought Communities Programme (DCP) supports communities in the most drought-affected regions of Australia. Funding of up to \$1 million is made available to eligible local governments to provide immediate economic stimulus to drought-affected communities. This funding is targeted at local infrastructure and other drought-relief activities that provide employment for people whose work opportunities have been affected by drought. The DCP keeps money flowing through these communities - and events like festivals bring in local tourism and create employment.

Since 2018-19 the Government has committed \$301 million under this program to benefit 128 Local Government Areas in Queensland, New South Wales, Victoria, Tasmania and South Australia. On 7 November 2019, the Prime Minister announced that a further \$1 million would be provided to 122 councils already receiving funding under the program, as well as \$1 million for six new councils. The Government regularly reviews the DCP Extension, and the eligibility of all councils.

### Case Study – Karratha Leisure Complex Infrastructure Project

Communities in regional Australia that have received Australian Government regional grant funding anecdotally report the benefits of those grants for their regions.

Karratha received a \$15 million Australian Government grant in 2012 to build a \$64 million Karratha Leisureplex with multipurpose sporting, aquatic, recreational, childcare, administration, and hospitality facilities. The Karratha Leisureplex was completed in February 2014. Co-funding was provided by the Local Government (formerly known as Shire of Roebourne), the Western Australian (WA) Government and a Perth property developer.

The Karratha Leisureplex was identified as an important piece of infrastructure to support Karratha's transition from a mining town to a regional city. The City of Karratha is located approximately 1,200 kilometres north of Perth, in the remote Pilbara region of WA. It has an estimated permanent resident population of about 22,000 (13 per cent Indigenous compared to the national average of 2.8 per cent). The closest town is Port Hedland 250 kilometres to the north with a population of 15,000, while Perth is over 1,200 kilometres away. Karratha is an isolated city with a hot climate. The Pilbara coast experiences more cyclones than any other part of Australia. Mining remains the primary industry of employment in the region and Karratha consequently has a significant non-resident or fly-in fly-out (FIFO) population. Locally there is a division between residents and non-residents, with the FIFO population considered less likely to fully integrate into the community. Karratha saw its population peak in 2013 before it declined sharply with the change in mining from a construction phase to an operational phase.

The Australian Government investment in the Karratha Leisureplex has assisted the City of Karratha to provide much-needed sports and recreation infrastructure to the community. Stakeholders considered the previous outdated aquatic and recreation centres needed to be replaced. By merging these two facilities into the one new complex and co-locating it with the Karratha Senior High School, the centre is delivering benefits to the community far greater than those offered by the previous facilities. The Karratha Leisureplex is now meeting the majority of Karratha's recreational needs and has become the community and social hub of Karratha. A four-storey retail and mixed used retail and accommodation commercial building, was built on the site of the old Aquatic Centre. The Karratha Leisureplex has resulted in significant operational and maintenance cost savings for the Council.

Karratha Leisureplex has delivered a range of social impacts for the town, including: increased involvement in sports and recreation; improved physical education program for school kids; providing a community hub for the town; skills development from the construction, maintenance and administration of the facilities; and reduced juvenile anti-social behaviour. Other impacts of the Karratha Leisureplex include providing a suitable and safe natural disaster community welfare centre for the frequent tropical cyclones in Karratha.

### Regional Deals

The Government's Regional Deal pilots are a place-based approach based on the City Deals model that bring together all levels of government around a clear set of objectives. The Government has stated that it strongly believes decisions about the future of individual regions should be made by local people and supported by government, not the other way around. The Government recognises that the diversity of regions across Australia requires a more tailored approach that recognises local opportunities and priorities.

Three pilot Regional Deals are underway in the Barkly, Hinkler and Albury-Wodonga regions. Negotiation of the Hinkler Regional Deal and Albury Wodonga Deal are currently underway, and the Barkly Regional Deal signed in April 2019 is the first Regional Deal in Australia to be implemented. The following detailed case study outlines the focus and intent of the Barkly Regional Deal.

#### **Case Study – Barkly Regional Deal**

The Australian Government is delivering the country's first Regional Deal in the Barkly region, Northern Territory. Signed on 13 April 2019, the Barkly Regional Deal is a \$78.4 million, 10 year commitment between the Commonwealth, the Northern Territory Government and the Barkly Regional Council to support the productivity and liveability of the Barkly region by stimulating economic growth and improving social outcomes.

The main town is Tennant Creek and the region covers an area of 322,514 square kilometres, making it the second largest local government area in Australia. Approximately 72 per cent of the region's population is made up of 16 Aboriginal language groups. The Barkly Regional Deal is committed to improving outcomes for Aboriginal people, including initiatives focused on increasing Indigenous business activity and entrepreneurship through Indigenous employment and business targets for relevant projects. These initiatives aim to help build sustainable, intergenerational wealth in Aboriginal communities, necessary for ensuring the long-term viability of regional and remote areas.

The Barkly Regional Deal comprises 28 initiatives identified through an extensive six month consultation process which included close engagement with local Aboriginal stakeholders and representatives across the Barkly region, and other key industry stakeholders. Taken together, the initiatives are inter-dependent and respond to three community priority areas – economic development, social development, and culture and place-making, with the Australian Government contributing \$45.4 million towards a range of these measures.

The Government is contributing \$10.12 million to support the economic growth of the Barkly region, creating local jobs and maximising untapped opportunities in the resources, agriculture and tourism sectors. The Barkly Regional Deal will target investment decisions to accelerate regional economic development and strengthen the resilience of the region to respond to future shifts in the economy. This will include diversifying the industry and employment composition of the region and building the knowledge, skills and capability of the local workforce.

The Government is contributing \$15 million to improving social outcomes, including reducing overcrowding and improving child safety, as a critical aspect of the Barkly Regional Deal. Substantial investment and activity has been directed towards increasing accommodation options and housing supply in the deal—from transitional and crisis youth accommodation through to affordable housing—in recognition that overcrowding is one of the most pressing issues in the region. A strong relationship exists between overcrowding and other social outcomes including child vulnerability (neglect and abuse), educational outcomes, community conflict, domestic and family violence, youth crime and unemployment. A 'housing first' approach has been adopted for the Barkly Regional Deal because without attempting to reduce chronic overcrowding, other long-standing social and economic challenges in the Barkly region are unlikely to improve.

The Government is contributing \$3.95 million to support culture and place-making activities. Celebrating and strengthening the region's culturally diverse communities and the Barkly's distinctive heritage are important features of the Regional Deal. Investments and initiatives under the Deal are designed to enhance community governance, support local Aboriginal cultural leadership and strengthen community safety. By improving local amenities, investing in community infrastructure and promoting local events and cultural diversity to attract



business growth and tourism, the Barkly Regional Deal will help revitalise towns and communities. These initiatives will strengthen the Barkly region as a great place to live, work, invest and visit.

The effectiveness of the Barkly Regional Deal will be measured across the 10 year life of the Deal, with a series of reviews scheduled throughout its implementation phase, and an independent evaluation also to be undertaken.

## Decentralisation

The Government directly supports regional economies through its commitment to decentralising jobs to our regions. Decentralisation contributes to strong and vibrant regional economies through the creation of local jobs, economic diversification and regional growth.

The decentralisation agenda has focused on relocating appropriate Commonwealth entities and jobs outside of Canberra, inner Sydney and inner Melbourne. Since 2013, the Government has announced over 1,700 new and relocated government jobs from these areas. More than 1,000 of these jobs are located outside our capital cities in regional Australia. Between 2017 and 2019, 430 new and relocated positions from 13 agencies to regional Australia have been announced.

### Case study – Inland Rail decentralisation

As part of the Australian Government's construction of the \$9.4 billion Inland Rail, nine new and relocated positions have been established in Toowoomba, Dubbo, Wodonga and Moree. The presence of departmental staff along the Inland Rail corridor will allow local people to talk to the Australian Government face-to-face about the opportunities and potential benefits on hand. These staff will play a vital role in guiding and connecting local communities and industry to information, support networks, local procurement and employment opportunities.

For example, the intention to open an office in Moree was announced in 22 July 2019 and recruitment activities are underway. In addition to supporting local communities and businesses, the Moree office will play an integral part in supporting the Government's \$44 million 2019-20 Budget initiative to develop strategic business cases for the Inland Rail Interface Improvement Program. The Moree office will also complement the regional engagement activities of other offices already established by the Department of Infrastructure, Transport, Cities and Regional Development in Toowoomba, Dubbo and Wodonga. The new office will enable regular and direct engagement with communities and stakeholders through Inland Rail's construction and support communities and local businesses from Narrabri to the New South Wales/Queensland border to identify and connect to the benefits of Inland Rail.

The Department is also working closely with the private sector to examine ways to encourage businesses to decentralise away from our cities and take advantage of the opportunities available in our regions, including the great benefits of a regional lifestyle for employees and their families.

## Regional Development Australia Committees

The Regional Development Australia (RDA) network is funded by the Australian Government, as well as by state, territory and local governments in some jurisdictions. There are 52 RDA Committees across Australia, made up of local leaders, who support and facilitate economic development in their

region, including through promoting and participating in regional programs and initiatives, promoting regional population growth, and attracting skilled migrants to fill worker shortages.

Each RDA committee has developed a Regional Plan which outlines priorities for the region and guides them in strengthening their communities.

Reforms to the RDA network in 2017-18 have resulted in greater collaboration across RDA Committees and a renewed focus on working with key regional stakeholders to deliver high quality economic development outcomes. The RDA Charter introduced in 2017 (Attachment C) sets out the objectives of RDA Committees, with a clear focus on creating jobs, attracting investment and economic growth.

RDA Committees provide the Government with valuable insights on the economic development challenges of our regions, including the needs of regional businesses. They have access to strong grassroots networks and the ability to bring stakeholders together to focus on regional outcomes.

### Local Government

The Australian Government supports Local Governments through the Financial Assistance Grant program (FA Grants). Funding is provided to the 546 local governing bodies in Australia to spend on local priorities, helping councils deliver infrastructure, health, recreation, environmental and employment projects.

Since 1974-75, the Government has provided over \$52 billion to local government under the FA Grants program, and over \$12 billion will be provided to local governing bodies in the period 2018-19 to 2022-23.

There are two components to the FA Grant funding:

- a general purpose component which is distributed between the states and territories on a per capita basis; and
- an identified local road component which is distributed between the states and territories according to fixed historical shares.

Local government grants commissions in each state and the Northern Territory recommend the distribution of funding in their jurisdiction in accordance with the Local Government (Financial Assistance) Act.

Both components of the funding are untied, enabling local government leaders to direct funding to locally identified priorities, contributing to the growth of their region and potentially improving their ability to attract and retain migrant workers and their families.

### Supporting regional organisations and local leadership

#### *Regional Australia Institute*

The Australian Government is currently providing \$1.2 million over three years from 2018 to 2020 to RAI to deliver the Intergovernmental Shared Inquiry Program. The program's key themes include regions in transition and the future of regional jobs, cities and towns. It aims to target issues that

matter to governments and regions and provide options for change. Other state and territory governments with regional responsibilities also provide funding to this program.

The Regional Australia Institute (RAI) is also actively involved in encouraging policy makers to think about ways to increase migration flows to regional Australia, and promoting the benefits that increased migration has for regional communities.

#### *Heywire*

The Infrastructure portfolio is an ongoing sponsor of the ABC Heywire and Trailblazer programs which puts regional Australians at the centre of conversations on issues which are important to their communities including mental health, Indigenous inclusion, access to jobs and suicide prevention.

#### **Case Study – Heywire**

In 2013, Prudence Melom from Toowoomba in south east Queensland won the national ABC Heywire competition. Prudence was also a recipient in 2014 of the FRRR ABC Heywire Youth Innovation Grant 2014 and in 2019 she was awarded as a Heywire Trailblazer. After escaping war in Chad and finding a home in Toowoomba, Prudence wanted to promote racial equality and acceptance. It wasn't until she told her story for the ABC's Heywire competition at the age of 17 that she worked out how she was going to do it. Working with other winners at the Heywire Summit, she created E-Raced, a project aimed at 'erasing racism, one story at a time'. With the help of an FRRR ABC Heywire Youth Innovation Grant, Prudence now leads a growing group of young refugees to run school workshops right across rural Queensland. E-Raced is now incorporated as an independent not-for-profit organisation and their work has been recognised nationally. Prudence was awarded a place on triple j's annual '25 under 25 + nailing it' list, was a finalist for the 2015 Australian Human Rights Commission's Young People's Human Rights Medal, spoke at the 2016 National Multicultural Women's Conference and was a finalist for the Access Community Services and Multicultural Youth Queensland Cultural Diversity Award.

#### *Australian Rural Leadership Foundation*

The Infrastructure portfolio is providing over \$520,000 to sponsor the Australian Rural Leadership Foundation (ARLF) to develop and run two pilot training courses on regional leadership with a focus on regional economic development. There are 48 participants in the pilot courses, which are being run in Wide Bay Burnett (Qld) and Busselton (WA). They are designed to enhance the participants' economic development literacy and leadership skills, and drive regional growth by investing in leadership capability.

Feedback from participants of the first course which was held in Wide Bay Burnett and completed in mid-October 2019 indicates a "desire for participants to continue connecting and to tap others on the shoulder to participate in similar local programs". The second program is due to be held in Busselton commencing in February 2020.



## Collaborative policy that responds to local challenges

Making regional Australia a place where people want to live, work, invest and raise a family means acknowledging the diversity of regions and that 'one size fits all' programs are not the only solution. Working on the ground with communities is critical to understanding the issues at play, and what a region's needs and priorities are. The Infrastructure portfolio, as is the case across the Commonwealth, is increasingly looking to use that understanding to build our capacity to respond to local challenges. This approach is relevant both where we need to respond quickly to crises, and also where we want to improve resilience in the longer term.

Australia's experience mirrors that of other countries, with place-based policy and program design increasingly held up as a way to build on a region's strengths. There is a growing recognition in Australia, like other OECD nations, that particular challenges will affect individual regions differently and warrant targeted, coordinated, place-based policy responses. Place-based, long term collaborative regional development involves designing policies which are tailored to local conditions enabling them to capitalise on their specific strengths and opportunities. This is as an alternative to top down and spatially-blind policies which are not suited to all regions.

### OECD Research: 'Effective Place-Based Policies Deliver Opportunities for All People'

International research from the OECD continually highlights the importance of responding to the different needs of regions. In particular, the OECD emphasises the need to improve policy co-ordination across different administrative boundaries, so that regional development policies can respond to the unique needs of individual regions.

For the past two decades, the OECD has advocated for the adoption of integrated, spatially sensitive place-based policy approaches to complement structural economic policies that do not take specific local or regional issues into account. While these structural policies create the framework for a well-functioning economy, the OECD argues that place-based policies are needed to complement the national-level picture which may not deliver benefits equally for all regions.

The OECD notes that the impacts of global 'megatrends' (digitalisation, automation and other technological changes; demographic changes, including urbanisation, ageing and migration; and climate change and resource scarcity) will have strong region-specific implications that create economic, social and environmental pressures that play out in different ways for different regions. They argue that such regional disparities are also contributing to a growing public discontent with the political, economic and social status quo. Place-based policies can help to address weak economic growth and public discontent in regional areas, and help regions realise their full economic potential:

*Place-based policies can help to overcome public discontent not only because they promote economic development, but by valorising local cultures and traditions, they can help counter feelings in some regions of being “left behind” or that they “do not matter”.<sup>[1]</sup>*

## Australian Government Local Approaches

Many Government portfolios, including the Infrastructure portfolio, are exploring the benefits of approaches that encourage regional decision making and coordination of government activity. This enables deeper cooperation between Government portfolios to make better use of existing programs, and better alignment with states and territories to support efficiency and effectiveness of investments in regional areas. Such approaches focus on enhancing the unique capabilities and competitiveness of each region over the long-term, drawing on local leadership, collaboration across different groups and analysis of a region’s strengths and weaknesses as a whole.

The Infrastructure portfolio is realising early successes from recent initiatives such as City Deals and the Barkly Regional Deal. The Deals enable and encourage collaboration between all levels of government with communities to guide and help plan for the region’s long-term future. Other portfolios are having similar success, for example the Empowered Communities model being implemented by the National Indigenous Australians Agency focuses attention on local decision-making and tailoring programs to match specific local priorities. Other Government policies are supporting local connections, such as the Employment Facilitators who can work with business and job seekers to improve employment outcomes and the Stronger Places, Stronger People which aims to deliver long term social change in disadvantaged communities. Below are specific case studies of similar approaches.

### Supporting Northern Australia

The Office of Northern Australia (ONA) has responsibility for leading the Australian Government’s northern Australia agenda, working across all levels of government to implement measures under the *Our North, Our Future White Paper on Developing Northern Australia*, and the economic development agenda more broadly. ONA’s broad geographic footprint enables the views of northern Australian residents to be heard in a nationally significant policy agenda. It serves meaningful and agile stakeholder engagement and collaboration, which responds quickly to emerging barriers and opportunities.

To date, the Australian Government, together with the Queensland, Western Australia and Northern Territory Governments, has implemented or finalised 42 of the 51 White Paper commitments, worth over \$6.2 billion. The White Paper focused on supporting industry development through whole-of-government collaboration in the following key areas:

- Road upgrades through the Northern Australia Roads and Beef Roads Programs, and subsequently the northern component of the Roads of Strategic Importance initiative.

<sup>[1]</sup> OECD (2019), *OECD Regional Outlook 2019: Leveraging Megatrends for Cities and Rural Areas* (Summary), OECD Publishing, Paris, <https://doi.org/10.1787/964b90d8-en>.

- Increasing investment across all three jurisdictions through the Northern Australia Infrastructure Facility (NAIF). Investment commitments include airport facilities, higher education facilities, major new mining projects, a marine supply base, agriculture and aquaculture projects, and solar and hydro investments.
- Water resource assessments and feasibility studies are helping to reduce the risks for investors to encourage financial commitment to major water storage developments, and agricultural opportunities.
- The Indigenous Reference Group supports Indigenous economic participation to maximise the economic opportunity and contribution of north Australian Indigenous businesses, individuals and communities.
- Industry-led research through the Cooperative Research Centre on developing northern Australia is generating productivity gains in industries critical to productivity improvements such as agriculture, Traditional Owner-led development and tropical health service delivery.

#### *North Queensland Livestock Industry Recovery Agency*

In early 2019, North Queensland experienced a catastrophic monsoon trough that encompassed 56 per cent of the state's land, affecting nearly 680,000 residents and 54,000 businesses. The event caused widespread livestock losses and impacted heavily on other primary producers – all in all, it is estimated the combined direct and indirect social and economic cost of the event is over \$5.68 billion.

The North Queensland Livestock Industry Recovery Agency (NQLIRA) was established to offer a prompt and coordinated response to the monsoon trough, while also developing a long-term strategy for the region to recover and rebuild its resilience. From the beginning, the NQLIRA has focused on the importance of being on the ground with communities to understand their needs and work together to identify and drive solutions. This engagement has taken many forms – from consultation sessions and meetings through to farm visits and barbecues with all relevant stakeholders. This focus on local knowledge and engagement means the long-term strategy is owned by the region and the community has a key role to play in implementation. The coordination between the Commonwealth, state and local governments and other critical partners has also been important to ensure everyone is working towards the same end goals. Initial work by an external consultant on the outcomes of NQLIRA's establishment and engagement has shown positive stakeholder views of this work. Communities view the creation of a specific agency and the on-the-ground presence of the Commonwealth as a sign of the Government's ongoing commitment to the region and its recovery.

#### *Drought outreach program*

As part of the Government's commitment to engaging with regional communities, the Infrastructure portfolio has conducted 72 Drought Community Outreach Sessions (the sessions) in rural and isolated regional communities affected by drought during 2019.



The Department of Infrastructure, Transport, Cities and Regional Development has partnered with the Australian Taxation Office, Centrelink, NBN Co., the Department of Human Services, state government agencies including agriculture and natural resource management portfolios, peak farming bodies such as Agforce and project partners such as the Salvation Army and St Vincent De Paul to deliver the sessions.

The sessions were conducted in conjunction with local governments in local town halls, cultural centres and RSL clubs and offered an opportunity for farmers and community members experiencing hardship because of the severe drought to sit down for confidential one-on-one conversations to obtain information and advice.

The sessions also brought together a range of providers, such as the Rural Financial Counselling Service and specialist mental health practitioners from the Royal Flying Doctor Service and Primary Health Networks to discuss mental and physical health and wellbeing, including depression, anxiety, post-traumatic stress and sleep problems.

Nearly 2,500 farmers and community members attended these sessions in New South Wales, Victoria, Queensland and South Australia. They have been very well received by all the attendees and drought-affected communities, and there has been an appreciation of Government officials spending time in regional communities to hear first-hand of the challenges faced.

## Conclusion

This submission has set out the Infrastructure portfolio's broad framework for considering regional development through the following six key drivers of growth: connectivity and infrastructure (physical and digital), regional employment and business, local leadership and collaboration, amenity and liveability, human capital and skills, and sustainable natural resources. Each of these drivers is being challenged by global trends such as population shifts and industry transitions. While these trends are having an impact in our cities and regions, they affect each place differently.

This diversity requires Government to best deliver its policies and programs on the ground to have the strongest return on our investment. This is reflected in our current approach of designing collaborative policy that plays to local strengths and avoids top-down decision making where it is considered this will achieve the best outcomes for our communities and regions.

## Attachment A - Regional Migration Policy

Current migration policy settings also support the Government's initiatives to attract people to regional Australia thus promoting regional development and addressing regional skills shortages. A range of permanent and temporary visa options are available to regional employers and communities to address their needs, including Skilled Regional visas, the Temporary Skills Shortage visa, Working Holiday Maker, the Seasonal Worker Programme and the Pacific Labour Scheme.

Migration options form part of a package of Government initiatives that also relate to infrastructure, employment opportunities, housing affordability and access to services to support growth in regional Australia. Recent initiatives include:

- Reducing the Migration Program ceiling from 190,000 to 160,000 places.
- Dedicating 23,000 places within the Migration Program for regional skilled migrants, and providing priority visa processing for all regional visa applications.
- Introducing two new regional skilled visas in November 2019, which will require migrants to live and work in regional Australia for three years before accessing permanent residence.
- Simplifying and expanding the definition of regional Australia for migration purposes.
- Providing an additional year in Australia on a post-study work visa to international students studying at regional universities.

These visa settings encourage migration to regional areas and provide migrants with the opportunity to establish roots in regional communities for long-term settlement. Once migrants progress to permanent residence and citizenship, they are free to move anywhere in Australia and their decision to remain in regional Australia will depend on many of the same factors that influence Australians to move to or to leave regional Australia. These initiatives are supported by \$19.4 million in funding over four years from 2018–19 to increase the attractiveness of regional areas to prospective skilled migrants, through:

- Expanding the use of Designated Area Migration Agreements.
- Supporting enhanced visa processing for regional areas.
- Outreach activities nationally, through a team of Regional Outreach Officers based in Sydney, Melbourne, Adelaide, Perth, Brisbane and Canberra, to support regional employers to access skilled migrants.

In the Humanitarian Program, the Department of Home Affairs determines the initial settlement location of humanitarian entrants who arrive in Australia without existing family links. These entrants are settled in regional locations where possible. Where applicants have existing links to Australia, priority is given to those whose links are in regional Australia. The number of humanitarian entrants settling in regional locations has increased in recent program years from 25.2 per cent in 2016-17 to 37.2 per cent in 2017-18, and 39.2 per cent in the 2018-19 program year.

With Australia's Humanitarian Program being maintained at 18,750, it is anticipated that over 40 per cent of the offshore humanitarian program will settle in a regional location in 2019-20.

Regional settlement offers many humanitarian entrants the chance to rebuild their lives in a safe and welcoming environment. Some humanitarian entrants come from rural backgrounds and prefer to live and work in regional communities.

Many humanitarian entrants go on to make contributions to their new communities in Australia through small business development, helping to fill labour shortages, stimulating the local economy and helping to sustain local schools and services.

DRAFT



## Attachment B - Infrastructure Australia is updating appraisal guidance for remote area projects

Infrastructure Australia provides independent research and advice to governments, industry, and the community on the infrastructure investments and reforms that will most benefit Australia.

Infrastructure Australia's publicly available Assessment Framework sets out the method used to assess infrastructure investment proposals. The Assessment Framework includes an approved cost-benefit analysis methodology and provides proponents with information and guidelines for making project and initiative submissions to us for consideration for the Infrastructure Priority List. The Assessment Framework is reviewed every two years to consider whether the recommended social cost-benefit analysis methodology adequately takes into account social, environmental and economic costs and benefits. The Assessment Framework appraises proposed infrastructure projects against three criteria:

- Strategic fit – identifying if the proposed project is solving a nationally significant problem/opportunity and if it will help the government achieve a strategic objective.
- Economic, social and environmental value – determining if the expected benefits from the project are higher than the expected costs.
- Deliverability – considering the appropriateness of the delivery model and the risks of proceeding with the project and whether they can be mitigated.

Infrastructure Australia recognised the need to ensure that the Assessment Framework is 'fit for purpose' when undertaking a cost-benefit analysis of infrastructure projects in regional, rural and remote Australia. In February 2019, Infrastructure Australia sought formal feedback from stakeholders on a discussion paper *'Updated Guidance for Appraising Projects in Remote Areas'* as part of a broader research study into this issue.

In response to stakeholder interest in the study, Infrastructure Australia has established a Working Group on Project Appraisal Guidance for Remote Areas of Australia comprising senior representatives from the federal, state and territory governments. The study and Working Group will inform the next edition of the Assessment Framework that will include more guidance on assessment of 'strategic fit' for remote area projects and the role of social cost-benefit analysis for projects in remote areas of Australia.

## Attachment C – Regional Development Australia Charter



Australian Government



### **STRONG, CONFIDENT AND VIBRANT REGIONS**

#### **A NEW CHARTER FOR REGIONAL DEVELOPMENT AUSTRALIA**

Regional Development Australia (RDA) is a national network of Committees made up of local leaders who work with all levels of government, business and community groups to support the economic development of their regions.

RDA Committees have an active and facilitative role in their communities and a clear focus on growing strong and confident regional economies that harness their competitive advantages, seize on economic opportunity and attract investment.

Working in close partnership with fellow RDA Committees, all levels of government, and the private sector, RDA Committees will:

1. Collaborate with relevant stakeholders to identify economic opportunities and leverage private and public sector investment to the regions;
2. Connect regional businesses, councils and industry sectors with international trade partners, financial markets and potential investors;
3. Promote and disseminate information on Australian Government policies and grant programs to state and local governments and industry, business and community sectors;
4. Support community stakeholders to develop project proposals to access funding;
5. Develop and maintain positive working relationships with the local government bodies in their regions;
6. Facilitate public and private sector decentralisation;
7. Assist in the delivery of Australian Government programs, where relevant and where requested by the Minister;
8. Engage with regional entrepreneurs and emerging business leaders to explore new opportunities to grow local jobs in their regions;
9. Provide information on their region's activities and competitive advantages to all levels of government, industry, business and community sectors; and
10. Provide evidence-based advice to the Australian Government on critical regional development issues positively and negatively affecting their regions.

Minister for Regional Development

August 2017