

Future role and contribution of regional capitals to Australia.

April 2015



Centroc's Mission is to be recognised as the lead organisation advocating on agreed regional positions and priorities for Central NSW whilst providing a forum for facilitating regional co-operation and sharing of knowledge, expertise and resources; effectively nurturing sustainable investment and infrastructure development.

www.centroc.com.au



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Forbes Shire Council
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Chairman: Cr Bill West, Mayor, Cowra Shire Council

29 April 2015

Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Secretary,

Re: Future role and contribution of regional capitals to Australia

Central NSW Councils (Centroc) represents over 243,000 people covering an area of more than 72,500sq kms comprising the Local Government Areas of Bathurst, Blayney, Boorowa, Cabonne, Cowra, Forbes, Lachlan, Lithgow, Mid-Western, Oberon, Orange, Parkes, Upper Lachlan, Weddin, Young and Central Tablelands Water.

Centroc's vision is to be recognised as vital to the sustainable future of NSW and Australia.

Its mission is to be recognised as the lead organisation advocating on agreed regional positions and priorities for Central NSW whilst providing a forum for facilitating regional cooperation and sharing of knowledge, expertise and resources.

Centroc has two core objectives:

1. Regional Sustainability - Encourage and nurture suitable investment and infrastructure development throughout the region and support members in their action to seek from Governments financial assistance, legislative and/or policy changes and additional resources required by the Region.
2. Regional Cooperation and Resource Sharing – Contribute to measurable improvement in the operational efficiency and effectiveness of Member Councils through facilitation of the sharing of knowledge, expertise and resources and, where appropriate, the aggregation of demand and buying power.



The Centroc Board is made up of the 32 Mayors and General Managers of its member Councils who determine priority for the region. These priorities are then progressed via sponsoring Councils.



Recently Centroc has been selected as a pilot in the Local Government reform process of NSW. We are working with the NSW government on leveraging the successes of regional collaboration with a view to better alignment between State Government and Local priorities and greater efficiencies in NSW.

Centroc has been selected as one of five regional pilot Joint Organisations to assist the NSW Government strengthen and reform local government.

For more advice on Centroc programming and priorities, please go to our website <http://www.centroc.com.au>

The Centroc Board welcomes the opportunity to provide its perspective on the future role and contribution of regional capitals to Australia.

For the purpose of this submission, a 'regional capital' is an urban centre that is a discrete entity located outside the urban growth area of the nation's capital cities and functions as the primary nodal point and service centre for people living in the surrounding network of smaller towns, rural communities and hinterland.¹ So for example in NSW, Centroc would argue that Parramatta is not a regional capital. This may sound trite, but when developing concepts like "decentralisation" from the Centroc Board's perspective, this should be about the strategic development well beyond the Sydney basin not from George St Sydney to George St Parramatta. Further, we would argue that given the pattern of develop on the coast of NSW that both Newcastle and Wollongong are not regional centres; whereas Tamworth, Armidale, Wagga, Bathurst and Orange are regional centres.

Further, a 'region' is the network of regional urban centres and hinterland areas located in the space immediately surrounding a primary regional urban centre with which the population identifies as the nodal point for providing primary transport links and economic, social and cultural services.²

Regional cities play a vital role in true regional development and decentralisation in that they provide support and economic stimulus for the region, which in turn feeds the wider region.

Key messages that Centroc would like to communicate in its advice to the Federal Government are:

1. This region welcomes the Federal Government's interest in regional capitals;
2. The Centroc Board supports place based, decentralised models of funding and support that recognise the pattern of settlement with its variable needs;
3. Local Government in Central NSW has a proud history of working collaboratively both as Local Government working together and with other State, Federal and nongovernment entities; and
4. Centroc seeks to be involved with other key stakeholders including the Federal Government in **shared and aligned** solutions informed from this region that address our significant risks and opportunities which include the challenges for agriculture and the volatility of the mining sector.

More detailed advice is provided under selected heads consideration in the Terms of Reference where Centroc has either policy and/or supportive research.

¹ ACELG LOCAL GOVERNMENT GROWING REGIONAL AUSTRALIA Volume 2 – Case Studies and Resources March 2015 UTS

² Ibid

An assessment of current demographic trends and the changing role of regional capitals

Arguably, Centroc has two “regional capitals,” Orange and Bathurst. Both are demographically quite different where the largest population cohort for Orange in the recent census is 0-4 while the students of Charles Sturt University profoundly affect the demographics of Bathurst.

Orange has a growing medical cluster while Bathurst has a growing education cluster. Both cities provide substantive services to nearby town and villages. Like much of the rest of regional Australia, the demography has been affected by the coming and going of mines, the restructuring of the agricultural sector and faster transport links. In recent strategic work, the need for metropolitan equivalent broadband AND strategies to manage the failure of existing service provision are becoming a burning platform.³ This is more acute in communities of less than 10,000 for example Parkes and Mudgee, but the knock on effect to the regional economy and regional capitals is noteworthy.

Both Orange and Bathurst are growing at a greater rate than the other LGA in Central NSW and there is a perception that there is a drift from the region into the centres to access better services as the population ages.

An analysis of current funding provided to regional capitals and incentives and policy measures that would support sustainable growth in regional capitals

The Centroc Board welcomes the methodological approach being taken in the nation to investing in infrastructure with a view to growing the economy.

At the same time, the Centroc Board’s position is that it is important to have funding programs that are tailored to the needs of the settlement pattern in Central NSW. The current funding framework trend is increasingly for competitive funding for infrastructure works or employment generators that make a best case for benefit cost ratio (BCR). This includes for example small communities such as Boorowa having to compete for funding using benefit cost ratios for their urgent need for secure water supplies. This is a misalignment of funding criteria with community need and the funding framework should reflect the material difference between “have to have,” for example secure water, and “beneficial to have,” for example economic growth.

Smaller communities including regional capitals will always find it challenging to fit a funding framework weighted to BCR where the end game of this modelling is a funding drift into the growth areas of State capitals, for example north west Sydney.

While a BCR approach backs existing strength, it is challenged to support change and innovation where the Centroc Board would argue that there needs to be an innovative publically led investment strategy that enables transformation, for example in agriculture, looking to the longer term.

Where the current national interest is in infrastructure, we are seeing an emerging need for funding services and structures to support agriculture in the wider context of regional development. Recent research has showed that agriculture nationally has been underperforming with this region performing below national averages.⁴ It is this region’s contention that building on our strength of collaboration and regional leadership, place based structural arrangements should be supported through aligned and shared strategy followed by targeted funding for implementation. This region is very keen to work with the Federal Government in this regard.

³ Central West Regional Economic Analysis, Charles Sturt University, 2014

⁴ Ibid

Our regional capitals have a significant role in this space, especially if supported by tailored and innovative funding programs. For example, there is a significant and growing need for white collar services in the region. The Central West imports \$360 Million of professional, scientific and technical services each year. This represents 8.5% of all imports and the largest category of imports for the region. As the sector's services are imported by a high number of local businesses this suggests strong support and opportunity for import replacement in legal, accounting, architecture, engineering and consulting services.⁵

While there have been active campaigns such as Evocities, the reality is that there is a continuing trend of leakage including buying engineering, scientific and other white collar services.⁶

The region recently provided advice to the Green Paper⁷ which provides a series of recommendations around a more place based approach to supporting the regions. This would mean changes to the funding framework. Currently the funding framework is siloed, centrally and often micro managed and misses the opportunity of being tailored to the specific needs of a region.

While this region appreciates the need for accountability and transparency, entities such as Councils working collaboratively regionally offer an excellent solution for the Federal Government seeking to implement programming at the grass roots. The Board would welcome an opportunity to further develop these ideas.

Yours sincerely

Cr Bill West
Chair
Central NSW Councils

⁵ RDA Central West: NSW Central West Export/ Import Contribution Study", AEC Group, November 2014

⁶ Central West Regional Economic Analysis, Charles Sturt University, 2014 OP CIT

⁷ <http://www.centroc.com.au/submissions/regional-economic-development/>