



29 April 2015

Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
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Dear Committee Secretary,

The Committee for Geelong is delighted to be provided the opportunity to lodge a submission to the Senate Inquiry into the Future Role and Contribution of Regional Capitals to Australia.

Please note that the CfG's submission is not private and we therefore give consent for it to be made public.

Thank you for taking the time to review our submission and we look forward to hearing from you soon.

Yours faithfully,

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COMMITTEE FOR GEELONG

SUBMISSION TO THE SENATE INQUIRY INTO THE FUTURE ROLE AND CONTRIBUTION OF REGIONAL CAPITALS TO AUSTRALIA

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1. Introduction

The Committee for Geelong (CfG) welcomes the opportunity to make a submission to the Senate Inquiry into the Future Role and Contribution of Regional Capitals to Australia.

The CfG is an independent, member-based organisation committed to leading and influencing long-term outcomes for Geelong. Members represent the political spectrum and breadth of industry both by sector and size; from microbusinesses through to global corporations. The Committee for Geelong focuses on economic prosperity and innovation, infrastructure and capacity, and community leadership and advocacy.

The CfG's submission is structured - where relevant - according to the terms of reference and relies on some information from the City of Greater Geelong, but also includes a key policy for Geelong that is relevant to the inquiry. This is outlined in more detail in the last item - *Any other related matters*.

The CfG's submission requests for the development of a long term strategic 'Second City Economic Development Policy' for Geelong.

This policy concept is confirmed by international research showing that second cities, or second tier cities, that are well resourced and supported by strategic government policy deliver extensive economic benefits to a region and a nation [Second Tier Cities and Territorial Development in Europe: Performance, Policies and Prospects: ESPON & European Institute of Urban Affairs, Liverpool John Moores University. 2012]

The CfG's submission is about ensuring that second cities are considered as playing a special role in planning and investment. This will be our core position for the submission to the inquiry.

Please note that the CfG's submission is not private and we therefore give consent for it to be made public.

2. Response to Terms of Reference

I. **Assessment of current of demographic trends and the changing role of regional capitals.**

With a resident population of nearly 220,000, greater Geelong is Victoria's Second City and comprises the central business district, local industrial precincts and residential suburbs, as well as semi-rural property and broad acre farmland.

Geelong has a vast array of natural assets as well as good infrastructure, great people, a skilled workforce and close proximity to Victoria's capital city, Melbourne. It has road, rail and port infrastructure, an airport, a diverse range of industry sectors and large and small public and private enterprises. Geelong has thriving education and healthcare sectors, high tech opportunities, agribusiness and a strong construction industry. Its coastal location makes it attractive for transport and tourism, as well as providing wonderful lifestyle options for existing and potential residents.

Research by the Grattan Institute in 2011¹ identified that fast growing (bolting) cities near capital cities provide an economic and service hub for a region that is supported by the proximity to the capital city.

Geelong is a major manufacturing city undergoing significant restructuring. As such, there is a risk that particular social and economic problems could arise if Victoria's Second City, Geelong, is not supported in a strategic and systematic way through informed policy development. The risk is not only to Geelong. A failure to support Geelong as Victoria's Second City and a vital place for future growth in Australia will be an opportunity lost.

What is more, Melbourne's continued and rapid growth is producing serious diseconomies of scale. Transport immobility, unaffordable house prices and strong demand for new social infrastructure are already creating challenges for planners and policy makers. As Victoria's Second City, Geelong represents an extraordinary opportunity to relieve the pressure on the Melbourne metropolis, but it has to be undertaken in a systematic, evidence-based way to ensure a consistent direction and the best possible return on investment for all stakeholders.

II. An analysis of current funding provided to regional capitals

The CfG supports funding opportunities that allow for direct support to industry that is key to driving growth during Geelong's economic transformation. While we support grants and funding to State and Local Government to deliver services and infrastructure, there is also a need to develop models of funding that support collaborative efforts where industry is achieving positive outcomes for the community.

In this vein the CfG endorses the Geelong Region Innovation and Investment Fund, which provides support to firms seeking to grow as Geelong's economy undergoes significant structural change. However, ensuring this fund is also open to sectors and businesses creating jobs in the new economy and creative industries would be welcomed.

CfG also welcomes funding that could be assessed via Regional Development Australia Barwon South West but directly accessed by industry. This funding should be open to industry that is supporting the economic transformation of the region and generating employment. We support a funding model that does not require a partnership with local government.

III. An analysis of the benefit of additional funding regional capitals could receive based on population, demand for services and their strategic importance for the region, state or country.

CfG believes that the core fundamentals are in place but what is needed is an agreed strategic policy framework to allow Geelong to be recognised and supported as Victoria's Second City and capitalise on its assets. This would need to be funded and supported via a

¹ Australian Centre of Excellence for Local Government, *Local Government Growing Regional Australia*, 2015.

shared approach from Regional Development Australia (Barwon South West) and Regional Development Victoria.

A broad-based policy linked to a strong strategy is essential to unify local stakeholders and set out how industry, residents, social enterprises and local, state and Commonwealth governments can work together to unleash Geelong's social, cultural and economic potential for the benefit of the state and the nation.

IV. Investment challenges and opportunities to maintain or grow regional capitals, including infrastructure, community and human services, communications and natural resources.

Geelong is Victoria's second largest city and makes a major contribution to the Victorian economy. It is located 75 kilometres from the centre of Melbourne, has a major port and airport and is the gateway to south west Victoria. Yet it has no strategy to move people and freight by rail.

The Geelong region is transforming and now is the time to plan for the future. Consideration must be given to how people and freight are moved now, and how they will be moved in the future. Geelong needs a strategy that is evidenced-based to ensure that the appropriate rail services are provided at the right time.

Rail infrastructure is essential but expensive. Therefore it is essential that decisions about passenger and freight rail are made within a reasoned, strategic framework that complements Geelong's plans for other modes of transport, industry and residential development and economic growth. Geographic and engineering considerations, including rail gauge, must also be included.

There is a range of existing strategies, plans and studies that touch on transport, growth and industry development, but none take a long-term view of Geelong's rail needs as Victoria's Second City. Rail projects that will impact on transport to, in and around Geelong include the Regional Rail Link, Melbourne and Avalon airport rail links and the High Speed Rail Study Phase 2 Report. Only a comprehensive, evidence-based, 25-50 year rail strategy can provide an adequate basis for transport planning.

A short-term approach to rail planning will not support Geelong's development, nor will an approach that is formulated outside Geelong. It is critical that the strategy's development is driven by Geelong's stakeholders while taking into account the need to take the pressure off Melbourne's already overcrowded transport infrastructure.

A 25-50 year passenger and freight rail strategy will offer a solution to keep Geelong on track and support Melbourne's continued population growth and development. The focus will be movements between Melbourne and Geelong, with equal importance placed on connections with Melbourne's West and the regions, and within the greater Geelong environment.

Catalytic projects to support a regional population of 500,000 by 2050, in addition to improving transport links to Melbourne and adjoining regions, are:

- Access to high speed broadband to support and grow the existing population of entrepreneurs and knowledge workers
- A convention and exhibition centre, developed in partnership with the private sector
- Connection of the Geelong ring road to the Bellarine Peninsula
- Geelong ring road and rail freight connections to Geelong Port and the Geelong ring road employment precinct
- Assistance to develop regional agribusiness
- Geelong Port shipping channel access and berthing improvements
- Development of the Avalon airport precinct and rail
- Assistance to enable companies wishing to diversify into the defence sector

V. Incentives and policy measures that would support sustainable growth in regional capitals.

CfG submits that there is international evidence to support the need for a Second City policy in Australia. Once the policy is defined, there will be a clear roadmap for relevant investment strategies.

The criteria for a Second City can be described as follows:

- A port city of between 150,000 to 300,000 in population that is a major industrial or single-industry-dominated centre. It also provides a major regional service centre role aided by the physical distance from its respective capital city. Usually located outside, but close to, a capital city and increasingly provides the driving force for development in its region. It has good infrastructure, a high economic importance and hosts a University.

Size:	150,000 – 300,000 people
Location:	1-2 hr drive from a capital city
Infrastructure:	Good Infrastructure provision
Economic:	Transformative, national/regional importance
Culture:	Magnet to innovative class
Education:	Hosts a University
Health:	Main Health centres, sound health infrastructure

There is evidence to suggest that those nations that have invested in their second cities have fared better in the global financial crisis than others. Second cities are the drivers of future state and national economic prosperity [ESPON: 2012]

In Australia, the group of second cities have historically been overlooked in planning discussions, and policy making. The reference to 'regional cities' in federal and state government policy covers small to mid-sized regional cities and towns and fails to

reflect the importance of Second Cities as significant centres for urban growth and contemporary sustainable living.

The CfG's study tour in 2014 to Newcastle and Wollongong highlighted that Geelong is challenged in its planning through economic change. As Geelong transforms both economically and culturally, a Second City Policy is needed to promote the region's transformation to those living outside the area, who may have long-held erroneous assumptions, and particularly investors who can be guided by strong government policy to make decisions.

In consultation with the City of Greater Geelong, the CfG supports the following:

- Decentralisation of Commonwealth government jobs to regional capitals.
- Infrastructure investment in transport and communications infrastructure to reduce the need to travel to State and Territory capital cities.
- Access to high speed broadband infrastructure as well as the need to support regional capitals be attractive to global knowledge workers.
Commonwealth government grants linked to future population growth rather than historical growth.
- Active Austrade presence in regional capitals
- Federal government support for road and rail freight connections as key components of the Geelong Port supply chain. The Geelong Port has the potential to become south-east Australia's dominant bulk commodity port increasing throughput from 12.5 million tonnes in 2011-12 to approximately 50-60 million tonnes by 2050.²
- Federal government support for Avalon as an international airport to capitalise on the increasing Asian tourist visitation to Greater Geelong, the Bellarine and the Great Ocean Road.
- Federal government support for regional education and training to attract international and domestic students to study and train in regional capitals.

VI. The impact the changing environment will have on regional capitals.

The CfG has been involved and supportive of the City of Greater Geelong's Future Proofing Geelong Program – a low carbon growth and climate change adaptation plan.

a. Future Proofing Geelong

Future Proofing Geelong is an innovative program that brings together business, industry, government, educational institutions and the community in a collaborative effort to work towards a sustainable future.

A key initiative of Future Proofing Geelong is working with business and industry demonstrated by the establishment of Cleantech Innovations Geelong.

² City of Greater Geelong and partner organizations, *Geelong Port-City 2050, Final report of the Geelong Port and Land Infrastructure Plan*, July 2013.

Cleantech Innovations Geelong is an alliance of business and industry looking to develop markets for cleantech. The aim is to establish Geelong as a Centre of Excellence for cleantech in Australia, by attracting investment, creating jobs and building skills. The program is a partnership funded through the Manufacturing Productivity Network (State Government), the Geelong Manufacturing Council and Future Proofing Geelong.

The members of the alliance have participated in a market analysis to establish the needs of the cleantech sector as they relate to business and industry in Geelong. Alliance members have also participated in a skills audit to establish our current capabilities to meet those needs. The Market Development Plan outlines the gaps and opportunities in the cleantech market, and projects which will respond to these gaps and opportunities. The projects identified in the Market Development Plan will focus on those which expand businesses, create/maintain jobs and develop skills in the cleantech sector.

Cleantech Innovations Geelong has been set up to improve the productivity and competitiveness of the participating Victorian manufacturing and engineering firms, those occupying or wishing to occupy green buildings, and those supplying environmental goods and services; by strategically planning to secure market development opportunities. We will endeavour to:

- Develop brokerage services to link suppliers and buyers
- Build collaborative projects to develop the market for cleantech
- Secure funding sources for collaborative projects
- Establish Forward Commitment Procurement initiatives
- Identify export opportunities
- Facilitate skills & capabilities initiatives
- Host marketing activities and events

VII. Any other related matters

The CfG submits that it is imperative for the Federal Government to recognise the role 'second cities' play in the development of our nation's economic growth.

Developing a policy to support second cities – including Geelong in Victoria – is the next natural step to addressing the challenges of population growth facing metropolitan capitals (especially Melbourne) and help secure Australia's future economic prosperity.

The CfG's submission requests for the development of a long term strategic 'Second City Economic Development Policy' for Geelong.

This policy concept is confirmed by international research showing that second cities, or second tier cities, that are well resourced and supported by strategic government policy

deliver extensive economic benefits to a region and a nation [Second Tier Cities and Territorial Development in Europe: Performance, Policies and Prospects: ESPON & European Institute of Urban Affairs, Liverpool John Moores University. 2012]

The CfG's submission is about ensuring that second cities are considered as playing special role in planning and investment.

In the development of the Second City policy, the CfG requests some key principles be considered:

- Acknowledge that a strong Geelong economy is critical to Victoria's economic health potential
- Encourage private investors to consider Geelong
- Acknowledge that social and cultural development must accompany economic development for Geelong to prosper
- Clearly align a whole-of-government policy approach that Geelong plays a pivotal role in Victoria's economic future as the State's Second City

3. Summary of Recommendations

The CfG requests that you strongly consider supporting policy work on a Second City Economic Policy to give due recognition and support to Geelong.

Rebecca Casson, CEO, Committee for Geelong