

Chapter 2

Regional capitals and regional centres in Australia

2.1 What is a regional capital? The committee received a range of answers to this question. The chapter consider the various definitions and characteristics used to identify regional capitals.

2.2 The term 'regional capitals' has its origins in the establishment of the advocacy organisation called Regional Capitals Australia (RCA). The group describes itself as 'an alliance of local government associations binding together to build a nation of strong, sustainable and well-planned regional capitals and connected communities'.¹ The mission of the organisation is to 'champion the continued growth and sustainable development of regional capitals around the nation'.² This includes advocating for federal funding to invest in the services and infrastructure in regional capitals. RCA has 28 members currently and has identified a further 23 regional centres that are eligible for membership.³ RCA describes regional capitals by function and provided the following definition:

Regional capitals serve as hubs for larger regional areas. They provide their own communities and those in smaller surrounding communities access to education, jobs, personal and professional services, recreation and opportunities for cultural participation along with a host of other amenities that are essential to support strong and vibrant communities across entire regions.⁴

2.1 A number of other witnesses and submitters offered a description of regional capitals focussing on the function of the city, with many using hub and spoke analogies. Mr Charles Jenkinson, Executive Officer, Regional Development Australia – South West explained the key role that regional capitals perform in their communities:

Regional development works like a hub-and-spoke system. Basically, if you have strong regional centres, you have strong regions...I think it is

1 Regional Capitals Australia, *About us*, <http://www.regionalcapitalsaustralia.org/index.php/about-us/mission> (accessed 11 November 2016).

2 Regional Capitals Australia, *About us*, <http://www.regionalcapitalsaustralia.org/index.php/about-us/mission> (accessed 11 November 2016).

3 See Appendix 3. RCA's list of current members is available here: <http://www.regionalcapitalsaustralia.org/index.php/about-us/members> and eligible members are available here: <http://www.regionalcapitalsaustralia.org/images/RCA%20Eigible%20Members%20-%20as%20of%20September%202015.pdf> (accessed 22 April 2016).

4 Regional Capitals Australia, *Submission 48*, p. 4.

important to worry less about how many people there are in that centre and more about how strategically important it is to the area it serves.⁵

2.2 From this perspective the function of the city is more important than the size of the city. For example, coastal Broome has a population of 15 000 people. In contrast, inland Bendigo has over 100 000 residents. Yet, according to RCA, both these cities are regional capitals because of the 'role they play in the wider region'.⁶

2.3 This is particularly the case in Western Australia (WA). For example, any regional centre with a population of 30 000 is considered significant in WA. However, regional capitals in the eastern states tend to have populations of around 60 000 to 100 000.⁷ The WA Local Government Association defined a regional capital as a local government area with a population of more than 10 000, not located in or close to Perth, with strong economic and population growth prospects.⁸

2.4 In addition to providing services and facilities that are often not available in smaller towns, regional capitals also provide a reference point on a map. Tamworth Regional Council gave the following example:

When you talk about centres within regions, you will always reference the Major centres, —I come from., I work at the mines in....people may go where?, they then say —do you know Tamworth? it's not far from there. his simple statement which is used across the Australian population and world, gives the value to Regional Capitals, as a reference point on a map, but also as a reference point for the provision of services and facilities that may not be available in our smaller population centres.⁹

2.5 Other witnesses agreed that size should not be a determinant of what is a regional capital, rather it is the relationships that the city has with neighbouring towns. For example, Dr Leonie Pearson, Regional Australia Institute, observed that the size of a regional capital is not a determinant of productivity.¹⁰ Nevertheless, the Regional Australia Institute did acknowledge that population size is important, and that 'once you get to the 50 000 mark you start to have a real city development type pathway'.¹¹

2.6 Regional centres that have an influx of visitors either due to tourism or fly-in-fly-out workers reported that this temporary population should be taken into

5 Mr Charles Jenkinson, Executive Officer, Regional Development Australia – South West, *Committee Hansard*, 28 October 2015, p. 10.

6 Regional Capitals Australia, *Submission 48*, p. 8.

7 Mr Ian William Carpenter, Board Member, Regional Capitals Australia, *Committee Hansard*, 28 October 2015, p. 33. See also Councillor Shane Van Styn, Board Member, Western Australia Regional Capitals Alliance, *Committee Hansard*, 28 October 2015, p. 35.

8 Western Australia Local Government Association, *Submission 46*, p. 7.

9 Tamworth Regional Council, *Submission 60*, p. 13.

10 Dr Leonie Pearson, Leader of Major Research Projects, Regional Australia Institute, *Committee Hansard*, 4 March 2016, p. 3.

11 Mr Jack Archer, Chief Executive Officer, Regional Australia Institute, *Committee Hansard*, 4 March 2016, p. 1.

account when assessing whether a town or city is a regional capital. A transient population also presents unique challenges as higher maintenance and infrastructure costs must be paid for from a low rate base.

2.7 As a case in point, Byron Shire has a population of just over 30 000 yet it experiences 1.5 million visitors each year.¹² It is not included on RCA's list of regional capitals. While tourists bring economic benefits to the Byron Shire, they don't contribute to the maintenance of infrastructure through rates. The shire council's submission illustrates some difficulties that arise from having key social services based in Lismore – the regional capital – and not Byron Shire itself.

2.8 During the peak tourist period in Broome, tourist numbers are equivalent to 52 per cent of the town's permanent population. However, this is not taken into account when funding for infrastructure and other services in the regional centre is determined.¹³

Classifications used by the Australian Bureau of Statistics

2.9 The Australian Bureau of Statistics (ABS) described RCA's definition as a 'useful descriptor' yet noted that consistent criteria should be used to define the geographic boundaries.¹⁴ The ABS has a number of classification tools that may be helpful in defining regional centres and capitals.

2.10 The ABS geographic classification Significant Urban Areas (SUA) is applied to concentrations of urban development with a population of 10 000 or more that contain at least one urban centre located in the same labour market. This classification captures regional centres that cross state boundaries. For example, as the towns of Mildura (VIC) and Wentworth (NSW) share a labour market, access to services, flow of people and geographic proximity, they could be considered a 'single regional centre'.¹⁵

2.11 The ABS also measures regional remoteness. This is a way of measuring access to services based on population proximity, by road, to towns and cities. The ABS contrasts the role of a regional centre geographically close to a capital city, such as Newcastle or Geelong, with regional centres that are some distance from the services offered by capital cities, such as Broken Hill, Mt Isa and Mildura. A person living in a remote regional centre will be much more reliant on that centre, due to their distance from other large cities.¹⁶

2.12 Population density can also be used to define regional centres, as generally services will be concentrated in locations with denser population.¹⁷ The ABS monitors

12 Byron Shire Council, *Submission 43*, p. 2.

13 Western Australia Regional Capitals Alliance, *Submission 29*, p. 8.

14 Australian Bureau of Statistics, *Submission 5*, p. 2.

15 Australian Bureau of Statistics, *Submission 5*, p. 2.

16 Australian Bureau of Statistics, *Submission 5*, p. 2.

17 Australian Bureau of Statistics, *Submission 5*, p. 3.

internal migration across Australia and has developed methods to analyse (and predict) population fluctuations.¹⁸

2.13 The ABS emphasised the importance of a consistent and sound evidence base upon which to define regional capitals and centres, acknowledging that a range of different factors may be considered, including: population, natural resources, economic activity and proximity as well as relationship with other regions.¹⁹

2.14 The Grattan Institute noted that the remoteness measure used by the ABS has both advantages and disadvantages. The advantage is that it provides a 'single objective measure for dividing Australian regions'.²⁰ However, the measure can combine regions that have little in common. For example:

- 'inner regional' cities includes regional satellite cities near capitals; and
- most coastal and inland cities are classified as 'outer regional' as they are further from a major city, yet this classification covers both fast growing coastal cities and slow growing inland cities.²¹

2.15 Professor Paul Burton, Director of the Urban Research Program at Griffith University and member of Regional Development Australia, described the categorisation of urban areas and settlements in Australia as 'somewhat confusing'.²² In his submission, Professor Burton listed the different types of classification:

The Australian Bureau of Statistics has a classificatory system that includes Urban Centres and Localities (areas with up to 200 people), through Significant Urban Areas with populations of more than 10,000 people to the eight Greater Capital City Statistical Areas. The various State of Australian Cities reports focus on the 20 major cities, which are defined as the largest in the country, although there is of course a considerable range from Sydney to Albury-Wodonga.²³

2.16 During the hearing in Canberra the ABS suggested that it was not best placed to provide a definition of regional capital, as this was a policy decision.²⁴ However, the ABS did provide further information about data sources that could be used to arrive at a definition:

There are a wide range of data sets that may be used to describe regional differences, covering population, economic and environmental characteristics. Such data sets exist within the ABS as well as with other agencies and data providers. In order to make objective and consistent

18 Australian Bureau of Statistics, *Submission 5*, p. 4.

19 Australian Bureau of Statistics, *Submission 5*, p. 5.

20 Grattan Institute, *Submission 2*, Attachment 1, p. 17.

21 Grattan Institute, *Submission 2*, Attachment 1, p. 17.

22 Professor Paul Burton, *Submission 84*, p. 1.

23 Professor Paul Burton, *Submission 84*, p. 1.

24 Dr Paul Jelfs, Australian Bureau of Statistics, *Committee Hansard*, 4 March 2016, p. 43.

comparisons it is recommended that nationally consistent data sets are used. There are a number of portals where regional data sets could be found, including the Australian Government's National Map interface which provides a very good range of environmental and land based data, as well as some selected ABS population data. The regional data sets that can be sourced from the ABS are described in summary through the ABS Data By Region interface, which can be found on the ABS web site home page.²⁵

Classifications used by the Department of Infrastructure and Regional Development

2.17 The Australian government uses a range of classifications for the purpose of making assessments under individual policies and programs. The Department of Infrastructure and Regional Development (the department) provided the following example:

[W]hen reporting funding arrangements and grants programmes, the Department will generally report based on Local Government Areas, since Australian Government funding for small-scale, local projects is principally directed to local governments. In terms of the Department's research findings, the statistical areas used by the Australian Bureau of Statistics (ABS) are used, as this is the basis on which data is collected and analysed.²⁶

2.18 Generally, the department refers to 'regional centres' rather than 'regional capitals'. This term does not distinguish between types different regional centres and recognises that all centres 'have important, though varying, roles to play in their broader regions' and takes into account the functions performed.²⁷ The department describes regional centres in the following way:

A regional centre fulfils important functions as a service access centre and transport node for the towns and communities in the surrounding region. Our conceptualisation of a regional centre is a functional and dynamic one, which takes into account the diversity of their locations, populations, infrastructure and economies, as well as their context in the wider region.

Given this conceptualisation, regional centres can have extremely diverse characteristics. For example, some regional centres such as Geelong are located in close proximity to capital cities, with high populations and well diversified economies providing access to higher order goods and services to a relatively dense network of surrounding towns. In comparison, other regional centres such as Port Hedland are situated in remote regions, with low populations and relatively less diverse service provision to a sparsely populated region...²⁸

25 Australian Bureau of Statistics, answers to questions taken on notice, 4 March 2016 (received 24 March 2016).

26 Department of Infrastructure and Regional Development, *Submission 76*, p. 1.

27 Department of Infrastructure and Regional Development, *Submission 76*, p. 1.

28 Department of Infrastructure and Regional Development, *Submission 76*, p. 2.

2.19 The department uses three methods to classify regions, and each is useful according to the particular purpose: administrative, statistical and functional.²⁹

Administrative regions

2.20 Administrative regions are geographic areas connected to government functions and powers. Two examples include local government areas and service provider regions. Local government areas are defined geographic areas that fall within the responsibility of a local government council or indigenous government council. Service provider regions are also defined geographic areas within which particular services are delivered (for example Medicare Local delivery areas).³⁰

Statistical regions

2.21 Statistical regions are geographic areas used for collecting statistical data. Classifications of this kind include Significant Urban Area and Remoteness Classes.³¹ Australia is divided into five remoteness classes, ranging from 'Major Cities' to 'Very Remote'. These classes cover a region rather than particular population centres and so are different to regional centres. The department notes that 'they are still a useful data source for analysing differences across regions'.³²

Functional regions

2.22 Functional regions consist of social and economic relationships rather than defined geographic areas. The functional region classification is useful when considering labour markets, for example, which often include both a regional centre and surrounding hinterland.³³

2.23 The department submitted that the term 'regional capital' is used by major regional centres which have 'self-identified' as such to 'build a particular commercial identity to attract government funding and private investment'. The department raised concerns about RCA's decision to name large regional centres as 'capitals'. The department submitted that there was no objective criteria for using the term, and the 'point at which a regional centre becomes a regional capital is unclear'.³⁴

2.24 The committee acknowledges the department's concern. While there are many regional centres that would indubitably fit the definition of regional capital, there will always be some regional centres which do not meet the definition. If certain types of funding are dependent on 'regional capital' status – as RCA argues should be the case – then it is crucial that a fair, useful and objective definition is developed.

29 Department of Infrastructure and Regional Development, *Submission 76*, p. 3.

30 Department of Infrastructure and Regional Development, *Submission 76*, p. 3.

31 Australian Bureau of Statistics, *Submission 5*.

32 Department of Infrastructure and Regional Development, *Submission 76*, p. 3.

33 Department of Infrastructure and Regional Development, *Submission 76*, p. 3.

34 Department of Infrastructure and Regional Development, *Submission 76*, p. 1.

Infrastructure Australia: fast growing regional hubs

2.25 Infrastructure Australia (IA) identified three features commonly shared among fast growing regional hubs. These hubs:

- are increasingly the economic and service centres for their regions;
- have transport links to major capitals giving them access to a large base of suppliers and customers; and
- will continue to grow rapidly provided they have better infrastructure and access to skilled workforces.³⁵

2.26 IA's description of fast growing regional hubs would cover *some* regional capitals, but not those who have stagnant growth. IA called for governments, business and the community to develop long-term strategic infrastructure plans for fast growing regions and for funding to be coordinated across all three levels of government.³⁶

Second cities

2.27 The committee received evidence that some large regional capitals with good transport links to capital cities might be better characterised as 'second cities' and that government funding should be particularly targeted at supporting growth in these cities. The cities of Geelong, the Sunshine Coast, the Gold Coast, Newcastle and Wollongong were often cited as examples of Australia's future second cities.³⁷ The term second cities was often used in evidence as a descriptor but also as a basis for advocating special funding.

2.28 The Committee for Geelong called for a second cities policy and recognition of Geelong as a second city.³⁸ While the City of Greater Geelong described it as 'Victoria's second city'.³⁹ The Committee for Geelong provided the following definition of a second city:

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.

35 Infrastructure Australia, *Australian Infrastructure Plan*, February 2016, p. 60.

36 Infrastructure Australia, *Australian Infrastructure Plan*, February 2016, p. 61.

37 For example, Mr Darren Cleland, Acting Director-General, Queensland Department of State Development, *Committee Hansard*, 16 February 2016, p. 4 (The Queensland government program Building our Regions excludes South East Queensland, including the Gold Coast and the Sunshine Coast from the regions that are eligible for funding under that program due to their city status).

38 See, for example, Mr Dan Simmonds, Chairperson, Committee for Geelong, *Committee Hansard*, 21 August 2015, p. 14.

39 City of Greater Geelong, *Submission 30*, p. 1.

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.⁴⁰

2.29 The Committee for Geelong criticised the federal and state governments for referring to 'regional cities' in policy documents. It was argued that this term also covers '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'.⁴¹ However, Professor Jan den Hollander, Vice-Chancellor, Deakin University cautioned that there may be some difficulties in defining what a second city is.⁴² Likewise, Professor Paul Burton considered that a second city designation might be most useful in providing a facility for similar cities to work together, although there would also be a degree of competition for finite government funds.⁴³

2.30 The committee did not form a view on whether some large regional centres should be designated as second cities. However, it is clear that the challenges and opportunities experienced by large regional centres such as Geelong, Wollongong, Newcastle and the Gold Coast differ somewhat from many other regional centres.

Conclusion

2.31 RCA's functional definition of 'regional capital' – that a regional capital is a regional city that performs a capital city role for its residents and neighbouring communities – is a useful definition which was supported by many witnesses and submitters.⁴⁴ However, the critique provided by the ABS and the department has merit and demonstrates the importance of a precise definition, particularly if the term is used to determine funding eligibility. Drawing on the RCA's definition, this report uses the term 'regional capitals'.

2.32 Despite the resistance by government agencies to use the term 'regional capital', it is clear from the evidence supplied to the committee that each regional capital performs an important functional role in its local community, state and within Australia. The next chapter considers key attributes of regional capitals.

40 Committee for Geelong, *Submission 17*, p. 4.

41 Committee for Geelong, *Submission 17*, pp. 4-5.

42 Professor Jan den Hollander, Vice-Chancellor, Deakin University, *Committee Hansard*, 21 August 2015, p. 24.

43 Professor Paul Burton, *Committee Hansard*, 16 February 2016, p. 40.

44 See, for example, Toowoomba Regional Council, *Submission 47*, p. 2; Regional Development Australia-Riverina NSW, *Submission 63*, p. 1. For an alternate view, see Local Government Association South Australia, *Submission 50*, p. 4.