



Regional Capitals Australia

REGIONAL GRANT FUNDING GUIDELINES
2023-24



About Regional Capitals Australia

Regional Capitals Australia (RCA) was formed in 2012 to represent the interests of Australia's regional capital cities. Our objective is to ensure these needs are reflected in national policy and funding priorities.

Regional capital cities perform a 'capital city' role within their regions, providing a central point of access to essential services, commerce, employment and education. These services are accessed by local residents as well as those in surrounding towns and rural areas. Regional capital cities also provide a liveable alternative to people and businesses wishing to escape Australia's congested metropolitan cities.

Every year regional capital cities generate \$225 billion, or more than 16 per cent of national economic activity. All RCA members have a growth agenda and stand ready to ensure a growing Australia means a stronger and more equitable regional Australia.

Our Agenda

Vibrant and productive regional capital cities are key to Australia's sustainability and prosperity. Regional capital cities are growing – all Regional Capitals Australia (RCA) members are striving to continue this trend and as such have a growth agenda for their communities.

The COVID-19 pandemic has accelerated the population shift from capital cities to Australia's regions and transformed the anticipated pace and nature of demographic and economic change in regional cities.

The Regional Movers Index Report March 2022 states "Migration from capital cities to regional Australia increased by 16.6 per cent to reach a new high in the March quarter of 2022. This latest level eclipses the previous 5-year high reached in the March quarter of 2021, by 1.0 per cent."¹

The COVID-19 pandemic has seen a recent surge in movement to regional areas. The growth of Australia's regional cities is a 100-year trend, which began when residents of smaller rural towns were seeking more services, infrastructure and diverse employment options, moved to the larger population centres located in their regions. Due to this growth regional cities have taken on a 'capital city' role, acting as service hubs for their region.

The city's services and infrastructure are accessed by residents as well as those in surrounding towns and rural areas; every day, more than eight million Australians rely on regional capital cities for their everyday needs.

In addition to the service hub role, growth in regional capital cities is an avenue enabling Australia to return to strong immigration rates (pre-COVID). Our member cities provide urban centres that are the liveable and affordable alternative to the metropolitan capitals.

Now is the time to act and plan for a network of growing regional capital cities. If there is inaction on ensuring a more balanced approach to population growth, the costly impacts of congestion will once again be clear.

Meeting the costs of pre-COVID metropolitan city growth was unsustainable. Infrastructure Australia put the cost of addressing the national infrastructure deficit anywhere between \$450 - \$700 billion. As a nation we cannot afford to let history repeat by having metro-centric settlement patterns. RCA's members across regional capital cities see themselves as ready to grow.

Regional Capitals Australia believes the growth of regional capital cities can only be achieved in partnership with and inclusive of financial support from the Australian Government. Regional Capitals Australia has a vision that strong regional capitals will see:

1. **Strong service centres:** that continue to be a central point to access essential infrastructure, services, business, employment and education;
2. **Easing of metropolitan congestion:** encouraging regional migration and decentralisation options for new and existing residents and businesses to take the pressure of major metropolitan capitals; and
3. **An affordable alternative:** providing affordable housing and industry with options for families and business seeking to avoid the inflated housing markets of the major metropolitan capitals.



¹ <https://www.regionalaustralia.org.au/common/Uploaded%20Files/Files/Regional%20Movers%20Index/Regional-Movers-Index-March-2022-Report.pdf>

To achieve this vision we must continue to build regional capital cities that are:

1. **Connected:** with roads, rail, airports (and services), broadband and mobile telecommunications;
2. **Productive:** with diverse economies that can be built with government and private sector decentralisation and skilled labour shaped through strong tertiary and continuing education opportunities; and
3. **Liveable:** with high levels of essential services, social amenities and a continued supply of affordable housing options.

Executive Summary

There is a stated interest from the new Federal Government in working closely with Local Government across the range of issues that impact how councils can continue to meet the economic, social and environmental needs of their communities. Regional Capitals Australia would like to partner with the government on this task.

The priority issues for RCA in response to the development of new Federal Government funding programs and guidelines outlined in this paper are summarised as:

- Funds be to be exclusively allocated to regional communities;
- Reliable and consistent funding rounds;
- Funding to meet the diverse needs of regional capital cities; and
- A review of funding caps to better reflect the needs of growing regional capital cities.

Our Understanding

Regional Capitals Australia acknowledges that the newly elected Federal Government has come to power with a new agenda for regional Australia - including reshaping how regions are funded and how strategy is formed and delivered.

Regional Capitals Australia is heartened by the joint statement of the Prime Minister and Minister for Infrastructure, Regional Development and Local Government that expressed a desire to see direct re-engagement with Local Government. This includes the 'reframing' of infrastructure funding and a stronger role for Local Government in setting priorities for local areas.²

Our understanding is that outside the broader agenda on renewable energy, digital connectivity and manufacturing – the specific initiatives that will sit within the regional development portfolio will include:



Governance – Regional Development Australia: refreshing the role of the Regional Development Australia committee to include a strong role for coalitions of Local Government to identify funding and oversee project delivery in their regions.

Strategy – Regional Precincts and Partnerships:

- Bringing together the three levels of government to deliver targeted investments in regions;
- Taking a 20-year vision for a region that identifies the challenges and realises the opportunities; and
- Focus on place-based decision making.

² From report in Government News 8 September 2022 <https://www.governmentnews.com.au/pm-looking-forward-to-re-engaging-with-local-government/>

Regional Funding Programs: The October Federal Budget included \$1 billion in funding for two new programs:

Growing Regions Program:

- New opportunities for regional local councils and not-for-profit organisations through an annual open, competitive grants process;*
- The program will be open to Local Government entities, State and Territory Governments and not-for-profit organisations, and partnerships between smaller organisations and Local Government entities; and
- Provides funding for capital works for community and economic infrastructure across rural and regional areas.

** This fund has been identified as replacing the Building Better Regions Fund and is expected to be a similar allocation annually (approximately \$250 million p.a.).*

RCA acknowledges that the Government has announced that the **Growing Regions Program will be competitive** however as the Government considers future funding opportunities it is recommended that the benefits of this model be considered.

Regional Precincts and Partnerships Program:

- Funding to support community and **place-based investment** in rural and regional Australia, through both a competitive grants program and collaborative partnerships program - enabling funding for the enabling infrastructure;
- The program will be **the mechanism for delivering all future regional partnerships** to help regions move towards net-zero emissions, a decarbonised economy and sustained regional growth; and
- The program will **invite proposals nationally from State, Territory and Local Governments**, as well as not-for-profit organisations, to come together in genuine collaboration to apply for a Precinct Partnership.

It is an opportune time for the Federal Government to work with Regional Capitals Australia to deliver on these objectives.

Our alliance aims to ensure that both the strategy and funding programs achieve alignment with government priorities as well as the best outcomes for regional capital cities and their communities across Australia.

RCA Member Survey

RCA has surveyed our members on their experience accessing historical Federal funding programs. We have also asked our members how new funding guidelines could be structured to ensure that the needs of Local Government and regional communities are met, as the new programs are designed and ultimately delivered.

Recurrent – Non Competitive Funding - Local Roads and Community Infrastructure Fund

The Local Roads and Community Infrastructure Fund has provided RCA members with a program that is considered highly beneficial for Local Government to plan for and then respond to the needs of their local community - in a manner that competitive grant funding does not.

Members have highlighted this program as beneficial due to the nature of the funds being:

- **Transparent:** there is a clear, transparent and equitable rationale for allocation of funds;
- **Consistent:** the same funding criteria has been allocated in each round (to date) so eligible projects can be planned for; and
- **Non competitive:** There is certainty of funding due to the non competitive nature of the fund meaning eligible projects can be planned for.

The Fund allows councils to budget for capital works programs in an effective manner while also providing a mechanism to report back to the Federal Government on progress and final delivery. There is little time and money wasted on application processes and projects are progressed at a faster rate due to the certainty of the funding.



Recurrent – Competitive Funding

In response to recurrent competitive funding the RCA member survey highlighted the following:

Purpose of Funding

All (100%) respondents agreed regional funding guidelines should ensure the **funds are allocated exclusively to regional areas**. This recommendation is made on the basis that previous regional funding programs have funded projects in suburban or metropolitan cities.

RCA also notes the stated intention by the Government to allow State Governments to access Federal funding in regional programs that has been traditionally reserved for Local Government. RCA has concerns on this shift due to the amount of funding allocated to the programs and seeks to understand the basis for this decision and how this will impact the amount of funding available for RCA members.

Reliable and Consistency of Funding Opportunities

All (100%) of members agreed that guidelines should deliver a reliable and consistent process. The top four criteria that members would like to see to ensure that these objectives can be reached are:

1. A commitment to **annual rounds** of funding;
2. Applications are sought at **a specific time every year**;
3. **Consistent program guidelines** should be developed so appropriate projects can be planned for and co-contributions can be secured; and
4. **A two step process** (Expression of Interest, then Full Application) to ensure resources are not wasted on projects that will not fit the focus of the fund.

Additional comments from members were centred on the ability for Local Government to budget for project delivery. This means that the **success or otherwise of a funding application should be known prior to Local Government budgets being finalised** (May each year) to ensure regional capitals are not quarantining co-contributions for projects that will not be funded.

Meeting the Diverse Needs of Regional Capital Cities

Regional capital cities share a collective role in acting as service and economic hubs for their regions – they do this by providing and maintaining key pieces of social and economic infrastructure that are accessed by local residents but also those in surrounding towns and rural areas.

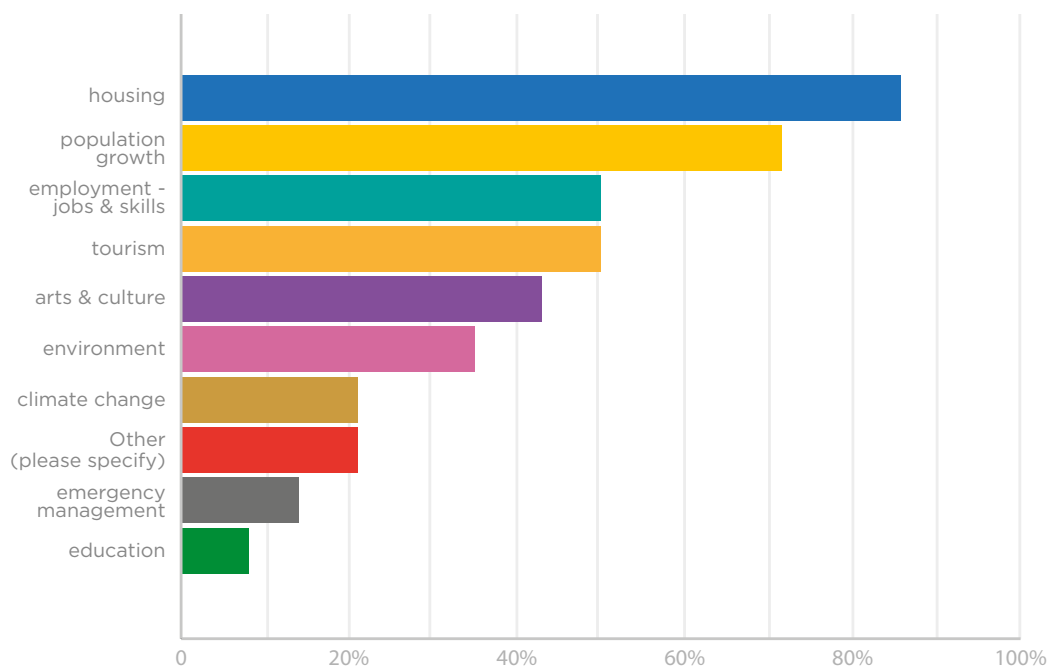
Regional capital cities however are as diverse as regional Australia - including scale, unique character and economic drivers – despite their collective hub role.



Types of Projects Requiring Funding

On the basis of this diversity, 95% of our membership would like to see **guidelines that support the development of a broad range of projects.**

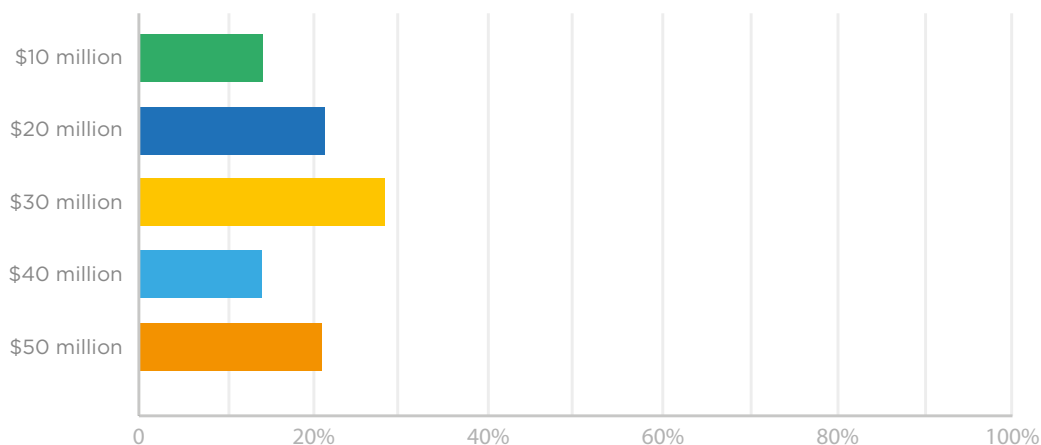
The follow graph highlights the types of projects that our member cities require funding to support:



Federal Funding Contribution Caps

The population size and growth rate of our member cities is also diverse. Each of our member cities are experiencing growth – however the scale and rate of this growth varies. As such 85% of our members have a pipeline of projects that would require a Federal funding cap that is higher than the \$10 million available under previous funding rounds.

The following graph outlines the caps that would be required to meet the pipeline of projects across our member cities.



We recommend that the government **establish a Federal co-contribution cap between \$10-50 million** for future programs.

There is also a need for **accurate and agreed-upon population planning statistics that are shared by the three tiers of government.**

Other Considerations

The additional specific comments on the guidelines were identified as follows:

- Council resources: should be able to be used to carry out infrastructure delivery as part of an in-kind contribution. This is on the basis that currently external contractors are difficult to secure and more expensive. These twin impacts continue to delay project delivery in regional areas.
- Support for business case development: with the growing pressure on councils to produce productive, social and liveable infrastructure (many in a rate capped/pegged environment) additional support for smaller councils to prepare business cases should be considered.



Key Recommendations for Guidelines Development

Regional Capitals Australia on behalf our membership seeks continued funding investment and support from the Federal Government for a diverse range of projects that build the capacity of our members to be strong service centres and the liveable and productive alternative to the major capitals cities.

We make the following recommendations for consideration as part of the design of future funding guidelines:

- A Funds be exclusively allocated to regional communities:** excluding suburban and metropolitan projects.
- B Review the stated intention to allow State Government to access federal funding:** that has been traditionally reserved for Local Governments.
- C Reliable and consistency of funding that includes:**
 - A commitment to **annual rounds** of funding;
 - Applications are sought at **a specific time every year**;
 - **Consistent program guidelines** so projects can be planned for that will meet these guidelines and co-contributions can be secured;
 - **A two step process** (*Expression of Interest, then Full Application*) to ensure resources are not wasted on projects that will not fit the focus of the fund; and
 - The success or otherwise of a funding application should be known **prior to Local Government budgets being finalised** (May).
- D To ensure the diverse needs of regional capital cities:** guidelines should support the development of a broad range of projects, including (but not limited to):
 - Enabling infrastructure for housing development;
 - Supporting population growth;
 - Facilitating education, employment and skills opportunities;
 - Tourism infrastructure;
 - Arts and culture infrastructure; and
 - Enabling infrastructure to support adaptation to climate change and emergency management.
- E Funding caps should set the Federal contribution at:** between \$10-50 million and reflect an accurate population planning statistics for regional capitals.
- F Council resources:** should be able to be used to carry out infrastructure delivery as an in-kind contribution.
- G Support for business case development:** should be considered with the growing pressure on Councils to produce productive, social and liveable infrastructure (many in a rate capped/pegged environment).





For More Information:

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