



Regional Capitals Australia

PRE BUDGET SUBMISSION // 2023-24



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Overview

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 for 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 also growing – all 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.

There was an estimated 200% increase in net migration from capital cities to regional areas during COVID according to Infrastructure Australia research. In 2020/21 regional areas grew at a faster rate than capital cities for the first time since 1993/94.

Regional growth however has a historical as well as a modern context. The growth of Australia's regional cities is a 100-year trend, which began when residents of smaller rural towns sought improved services, infrastructure and non-agricultural employment and began moving to the larger population centres located in their region.

Overview

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 to allow Australia to return to a strong immigration rate (pre-COVID). Our member cities offer productive centres that are the liveable and affordable alternative to the metropolitan capitals.

Now is the time to plan for a network of growing regional capital cities. Australia's borders are opening, and a flood of new arrivals will soon land to address the much-needed skills deficit across a range of sectors.

If no action is taken to ensure a more balanced approach to population growth, the painful and costly impacts of congestion will once again be felt. 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 itself by having metro-centric settlement patterns.

RCA's members across regional capital cities see themselves as ready to grow. The initiatives in this document have been identified to enable this growth to be realised. Now is the time to get investment in regional capitals right for the benefit of all Australians.



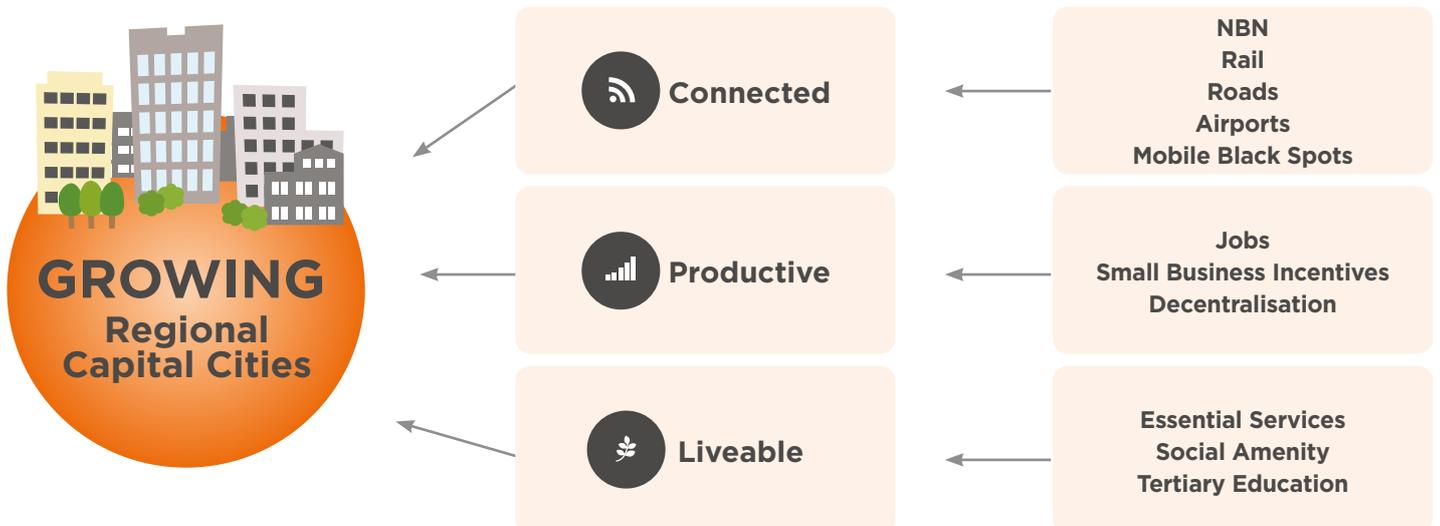
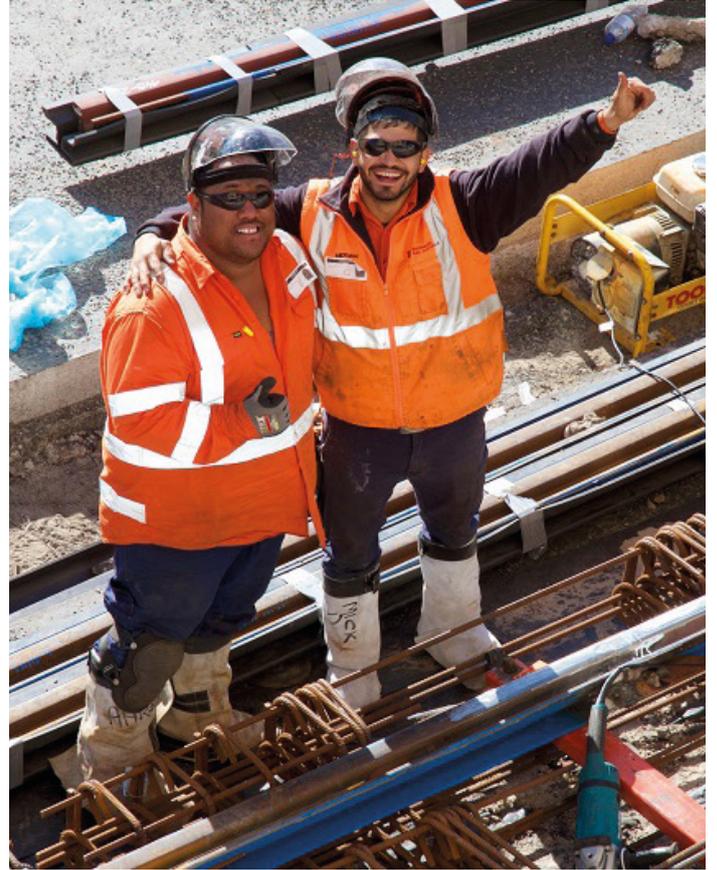
Policy Platform

The following outlines Regional Capitals Australia's framework to grow regional capital cities that are:

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

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.



Population Policy

Regional Capitals Australia members are seeking a greater share of Australia's population, accelerated through immigration policy.

Regional capitals are not only critical regional hubs, providing services and infrastructure to local residents and those in surrounding towns and rural areas; they are increasingly an affordable alternative for people and businesses seeking to escape capital city costs and congestion.

RCA supports the development of a national population policy aimed at ensuring there is a greater share of population growth that will attract a larger workforce and increased business investment in our member cities.

RCA believes regional population growth must be underpinned by both skilled and non-skilled migration, along with continued investment in enabling infrastructure and services to maintain the local character and amenity that makes regional cities a destination.

Fast Facts

1. In 2020/21 regional areas grew at a faster rate than capital cities for the first time since 1993/94 (*2022 Population Statement*).
2. In 2022/23 less than 17% of net overseas migration will flow to regional Australia (*2022 Population Statement*), despite the fact that there were 94,000 job vacancies in regional Australia in November 2022 (*Regional Australia Institute*).
3. Between 1996 to 2016 migrants contributed 26 percent of the population growth in regional Australia.
4. Skilled migrants account for nearly 70 percent of Australia's permanent migration program, up from 30-40 percent twenty years ago.
5. Skilled migrants and their families offset Australia's ageing population, improve labour force participation and productivity, and help businesses source skills that are difficult to develop at short notice.



Accelerating Regionalisation

The 2021 Australian Infrastructure Plan highlighted that there has been a 200 percent increase in net growth to regional centres and regional areas during the COVID-19 pandemic. Much of this growth was driven by the shift to a 'work from anywhere' capability.

The report further highlighted that Australia's Smaller Cities and Regional Centres have unrealised growth potential and that the increase in net population growth in regional Australia presents an opportunity to lock in accelerating regionalisation.

With improved access to employment, education, services, housing and community facilities, many regional capital cities could accommodate further sustainable population and economic growth. This would support a future population settlement pattern that is more widely distributed across the country, benefiting all Australians.

The Need

In a post-pandemic world international immigration should be a key factor in Australia's overall population growth and as such, should be a significant factor in ongoing regional growth.

Skilled migrants comprise 70 per cent of Australia's migrant intake. These new arrivals and their families offset Australia's ageing population, improve labour force participation and productivity, and help businesses source skills that are difficult to develop at short notice.

The government has the policy levers to encourage skilled migrants to settle outside of Australia's capital cities and RCA believes visas for skilled migration and business investment should be expanded or amended to ensure this occurs.

RCA recognises the Australian Government's stated commitment to increase Australia's permanent migration program to 195,000, and seeks assurances that regional Australia will benefit from this increase.



Recommendations

- Develop a population policy to encourage businesses and families to move to the regions, and that RCA be consulted during the development of this policy;
- Continue support for current 491 and 187 regional visa streams cater for skilled, non-skilled and education migration to regional capital cities; and
- Expansion of business visas to establish a new range of regional visas that are based on the 188, 888 and 132 and 858 but require investment or business activity in regional economies.

Arts and Culture

Regional Capitals Australia (RCA) is seeking a greater share of Australia's public funding for arts and culture for regional Australia to support our growing communities.

Funding for arts and culture in Australia needs to move beyond a capital city-centric approach and better align with contemporary population distribution.

Federal Government funding arrangements reflect population distributions of two decades ago and over-represent arts and cultural institutions in Sydney and Melbourne.

Funding needs to not only fairly recognise the almost eight million residents of regional Australia, but also take account of the current COVID-19 driven growth that is seeing people moving away from the metro capitals to regional capital cities.

RCA acknowledges the commitment of the Australian Government to the development of a new National Cultural Policy and looks forward to engagement with the Minister for the Arts on the important role of arts and cultural activities and arts infrastructure to benefit communities across regional Australia.

The Need

There is growing recognition of the role that social infrastructure, such as arts and culture, plays in enhancing the liveability of our communities.

In regional Australia, arts and culture helps shape the character of our communities and enable our people to express themselves and represent regional life on their own terms. However, in regional areas local government has the greatest share of responsibility for funding arts and culture programs and infrastructure.

As population policy encourages businesses and families to move to the regions, there must be recognition that the 'liveability' value of arts and culture not only drives population growth but also assists in retaining people in regional capitals.

RCA endorsed the recommendation by the 2021 Australian Infrastructure Plan to capture, measure and assess the quadruple-bottom-line benefits of social infrastructure including arts and culture, and use the framework to collaboratively plan, develop and invest in arts, cultural and other infrastructure which enhances unique regional identities and brands.

Addressing the arts and culture imbalance between the capital cities and the regions is however more than an adjustment of funding and supporting population growth - it is also about recognising, valuing, and enabling the creative capacity of regional Australians and regional institutions on equal terms with those of capital cities.

Policy Settings

Policy and funding need to reflect that regional and remote Australia should not simply be a passive recipient of arts and culture flowing from capital cities. Rather, the real and potential contribution of regional and remote Australia to the nation's broader cultural life should be fully supported.

The policy and funding environment must not only build the cultural and artistic capacity of regional Australia, but also facilitate the exchange of cultural and artistic output between the regions and capital cities.

Additionally, RCA contends that a disproportionate burden of regional arts and culture financial support falls on regional local governments, compared with those in capital cities.

At the same time, the funding capacity of regional local governments are limited by their smaller rate base, rate caps, broader service provision to their residents and their disproportionately smaller contributions from State and Federal Governments.



Recommendations

- Continue to recognise and enhance the role of arts, culture and creative activity in strengthening local identity, contributing to liveability and fortifying population growth in regional Australia;
- Ensure an equitable distribution of arts and cultural funding for Regional Australia to better reflect existing population distribution and anticipated ongoing population growth; and
- Recognise the importance of regional arts initiatives by including a commitment to regional arts funding in the National Cultural Policy of \$200m over 4 years.

Regional Infrastructure Policy

Regional Capitals Australia recognises the new infrastructure and regional funding policies and programs set to be introduced by the Australian Government that will continue to assist rural and regional Australia.

These programs include the creation of the:

- Growing Regions Program and the Precincts and Partnerships Programs (investing a further \$1 billion).

The core of liveable and productive regional capital cities are assets and services that support the development and growth of communities so they are places where people and communities can thrive.



Recommendations

1. Commit to continued funding of the recently established Growing Regions Program to enable infrastructure projects that target regional economic and population growth: \$1 billion over 4 years.
2. Funds be exclusively allocated to regional communities: excluding suburban and metropolitan project.
3. Review the stated intention to allow State Government to access Federal funding: that has been traditionally reviewed for Local Government.
4. 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).
5. 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.
6. Funding caps should set the federal contribution at: between \$10-50 million and reflect accurate population planning statistics for regional capitals.
7. Council resources: should be able to be used to carry out infrastructure delivery as an in-kind contribution.
8. 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).

Refer appendix A: Regional Capitals Australia - Funding Guidelines Paper

Local Roads and Community Infrastructure Policy

The continuance of the Local Road and Community Infrastructure (LRCI) Program was a very welcome and much required stimulus in regional Australia. This is particularly true at a time when the impacts of sustained weather events are creating a crisis for the maintenance of local roads.

The Need

The 2021 Infrastructure Australia Plan notes that for Smaller Cities and Regional Centres, quality, fit-for-purpose and adaptive social infrastructure, appropriate to the needs of each community, is central to their ability to attract and retain residents and businesses. Regional councils are best positioned to strategically plan for and prioritise appropriate social infrastructure, then sequence it according to local community need.

In this regard the Local Roads and Community Infrastructure Program will continue to support Australia's growing regional centres by enhancing local assets. It has helped to fund programs such as local road and footpath repairs and renewal, disability upgrades at community halls and centres, walking trail improvements, playgrounds, swimming pool and sporting facility upgrades as well as school crossing upgrades.

The program has delivered numerous direct and indirect benefits to regional communities and has allowed councils to invest in important road and community infrastructure that would have previously struggled to secure sufficient funding.

By removing the competitive element of the funding, significant burden has been taken off councils in having to prepare lengthy, expensive, and complex applications. Understanding the amount of money allocated to each council from the outset allows for better planning and prioritisation of projects.

Growing Maintenance Bill

RCA was pleased to see a decision for the scheme to continue with the Australian Government, announcing \$750 million for Phase 4 of the project in the 2022-23 budget.

RCA notes however that regional councils are experiencing a significant financial strain on the asset maintenance of roads due to the recent weather events across the nation and sustained periods of rain throughout 2021-22.

These events have severely impacted the local road network in our member cities creating unsafe driving conditions. Councils have little ability to address this issue in council budgets and as such RCA is recommending the Local Roads and Community Infrastructure Program be increased to assist in the task of addressing this challenge.



Recommendation

Increase Round 4 of the Local Roads and Community Infrastructure Program to \$1 billion (up from \$750 million) to support maintenance of the local road network across regional Australia.



Regional Airports Policy

RCA acknowledges the recent Australian Government commitment to prepare an Aviation White Paper which will work with industry and communities to deliver an understanding of the role of aviation in terms of economic development, skills and workforce into the future with regional aviation a key focus.

Regional airports are key to the social and economic life of regional Australia, connecting regional centres and their residents to Australia's capital cities. However, while regional airports play a critical role in their communities, the simple fact is most regional airports are under significant financial strain.

Many are faced with ageing infrastructure, ever increasing security cost pressures, high staffing costs, community service costs and a disproportionately high regulatory cost burden.

Fast Facts

1. It is estimated that more than 200 regional airports and aerodromes are owned and operated by local governments across Australia;
2. Forty per cent of Australia's 61 million annual domestic aviation passengers travel through regional airports;
3. Civil Aviation Safety Authority (CASA)'s regulatory imposts are higher for regional and remote airports, comprising 12 per cent of total expenditure, compared to about 4 per cent for major airports and major regional airports;
4. Sixty per cent of regional airports operate at a loss. They depend upon cross-subsidisation by their local government owners who are already burdened by competing demands on their limited financial resources; and
5. Almost 40 per cent of regional airports expect persistent budget deficits over the next 10 years.



The Contribution

Regional airports are largely owned and operated by local government. During COVID-19 lockdowns these facilities allowed regional communities to keep essential workers and freight moving.

Regional airports continue to generate significant direct employment and economic activity, as well as indirectly through associated business, service and industry activity.

They support the attraction of staff to, and their retention in, regional and remote communities, make FIFO (Fly-in, Fly-out) employment possible, make businesses more efficient and facilitate freight services and same-day business travel to capital cities from regional centres.

Regional airports support tourism and trade, assist regional Australians' access to specialist health, education and legal services that are otherwise not available locally, and play an essential role in saving lives by facilitating medical evacuations, collection and delivery of organ donations and search and rescue.

They also play a vital role in the protection of Australia's physical assets, enabling aerial fire fighting and supporting law enforcement bodies, such as the Western Australia Police Air Support and border protection agencies which operate out of Australia's regional airports, particularly in Northern and Western Australia.

The Challenges

The majority of Australia's regional airports are experiencing ongoing financial strain. During COVID-19 local governments continued to operate their facilities despite suffering major financial losses. Today two-thirds currently operate at a loss and almost forty per cent anticipate continuing deficits over the next decade.

Many regional airports are in need of urgent upgrades - including the burden of costly ongoing security upgrades and increasing and disproportionate regulatory costs.

Existing resources will be further strained as expenditures rise by almost 40 per cent over the next ten years. RCA acknowledge the Government's existing support for regional airports, including the Regional Airports Program and the Regional Airport Security Screening Fund. However, we are concerned by the lack of certainty about ongoing funding given existing financial challenges.

As many regional cities look towards a more connected world in a post-COVID recovery - support for landside investment will be sought to secure the future of agriculture and manufacturing sectors in regional communities.

Recommendations

1. Implement a policy recognising the importance of regional airports in increasing the connectivity of regional Australia and to consider future planning and funding of regional airports;
2. Provide recurrent funding for the Regional Airport Fund to ensure that regional airports can be upgraded and maintained, and to guarantee the sustainability of the regional aviation network - \$500m over 4 years;
3. Upgrade the guidelines for the Regional Airport Fund to allow for landside developments to be considered; and
4. Review the efficacy of Western Australia's Strategic Airport Asset and Financial Management Framework (as recommended by the Productivity Commission) to assess the efficacy of the Framework and determine its suitability for application across all jurisdictions. Subject to the results of the review, support the roll-out of the Framework across other Australian jurisdictions.

Financial Impact of Current Market Conditions on Infrastructure Delivery

The following case studies provide important information on the financial pressures being experienced by councils in regional Australia as a result of changed market and supply chain conditions. The impact of these changes has seen significant escalation in costs to construct important community infrastructure projects in regional areas.

Beyond the control of councils, these cost increases critically challenge the ability to initiate and complete projects without a significant financial risk to councils and their ratepayers.

There is a very strong case for additional government project funding to be made available to councils for infrastructure projects that are underway or shovel ready.

Without this assistance councils are being faced with a need to reduce the size of projects, stage their construction and/or finance the increased project costs from limited council resources.

Regional Cities Australia is advocating for government funding to be made available to assist councils in financing these important projects that have seen substantial and unexpected budget increases.

Six case studies have been developed to illustrate the financial issues and challenges facing councils. Taken from the case studies, the following points summarise the financial and project implementation impacts on councils resulting from these unexpected infrastructure project budget increases.

Councils have stated that without additional financial assistance the financial impacts will see councils:

- Unable to deliver and winding back the original scope of projects;
- Reducing spending in critical budget areas;
- Reducing the number or scale of other planned community infrastructure projects;
- Needing to increase borrowings and/or increase rates;
- Limiting opportunities for economic growth; and
- Needing to spread the financial impact by staging projects over a number of years.

A recent technical paper undertaken by Fission Consultants analysed project cost escalations over the past two years for the Queensland Government Main Roads Department, finding an average project budget escalation of 25% to 35% for large government projects with an expectation that smaller projects face similar cost increases.

As the case studies below demonstrate - these increased costs are occurring in RCA member cities. In some cases the cost of the project has almost doubled, leaving no option but for the project to be abandoned if additional funding cannot be obtained from the associated funding partners.

These substantial impacts can be reduced with funding support from the Federal Government to assist councils in meeting critical infrastructure developments in a time of unexpected and significant financial escalations.

Recommendation

The Government increase the Federal share of grants funded under regional programs - where increases in scope associated with skills, labor, freight and materials can be demonstrated. The increased grant funding should be funded through to the May 2023 budget process.

Case Study - Broken Hill City Council - New South Wales

CBD Revitalisation Project: Library and Archives

Stage One of the Library and Cultural Precinct Project has been initiated to provide much-needed new and upgraded public infrastructure in the heart of the City of Broken Hill. The project will include construction of a new facility to house the library and archives, the refurbishment of the Town Hall facade, a new car park and landscaping.

The new library will offer a range of upgrades to the current library, including dedicated spaces for community groups, a separate area for childrens' activities and families, public meeting rooms, study areas, an exhibition space and more.

The project has suffered budget overrun associated with increased material, labour and supply chain costs in NSW which saw the need for a re-assessment of the project budget.

The project budget review undertaken in March 2022 saw the original budget reduced from \$17.6 million down to \$13.2 million which was achieved through scope reductions. This estimate focused on the Library and Archives buildings with minimal external works to deliver a functional project no further scope reductions can be achieved within the design parameters.

Since this initial reduction in scope to achieve budgetary pressures, the project has incurred additional financial increases due to the current economic environment. Further scope reductions are not feasible without impacting the core fundamental outcomes and services designed to be achieved.

Project Costings

Item	Funding
Original Budget	\$17.6 million
New Budget Estimate	\$25.6 million excluding on-costs and GST
Offset by Government Grants	\$2.9 million from the NSW State Government
Building Better Regions Fund	\$8.7 million from the Building Better Regions Fund
Budget Shortfall	\$8 million

Since this initial reduction in scope to achieve budgetary pressures, the project has incurred additional financial increases due to the current economic environment. Further scope reductions are not feasible without impacting the core fundamental outcomes and services designed to be achieved.

Without action from all funding partners Council will be required to meet increased project costs or walk away from the project. Council has a challenging task to prioritise this investment or reducing spending in other critical budget areas such as flood damaged roads.



Case Study - City of Busselton - Western Australia

Busselton Performing Arts & Convention Centre

The project has been designed to bring much needed arts and cultural facilities and activities into the city centre and will bring economic benefits to the region. Announced in November 2021 the Busselton Performing Arts and Convention Centre (BPACC) is a project that will contribute social and economic benefits through arts and culture to the community. The provision of a performing arts and convention centre was identified by council as a community need for over ten years.

BPACC will be a purpose-built indoor performance, arts and convention venue comprising a 600+ seat auditorium, separate function areas seating up to 400 people.

As a multi-functional venue, it will cater all year round for music concerts, orchestral shows, comedy, cabaret and dance performances, music recitals, business events, award nights and graduations. It will also include a new art gallery capable of hosting national and international touring exhibitions, and will connect the Busselton CBD to the foreshore, serving to activate the CBD and our night-time economy.

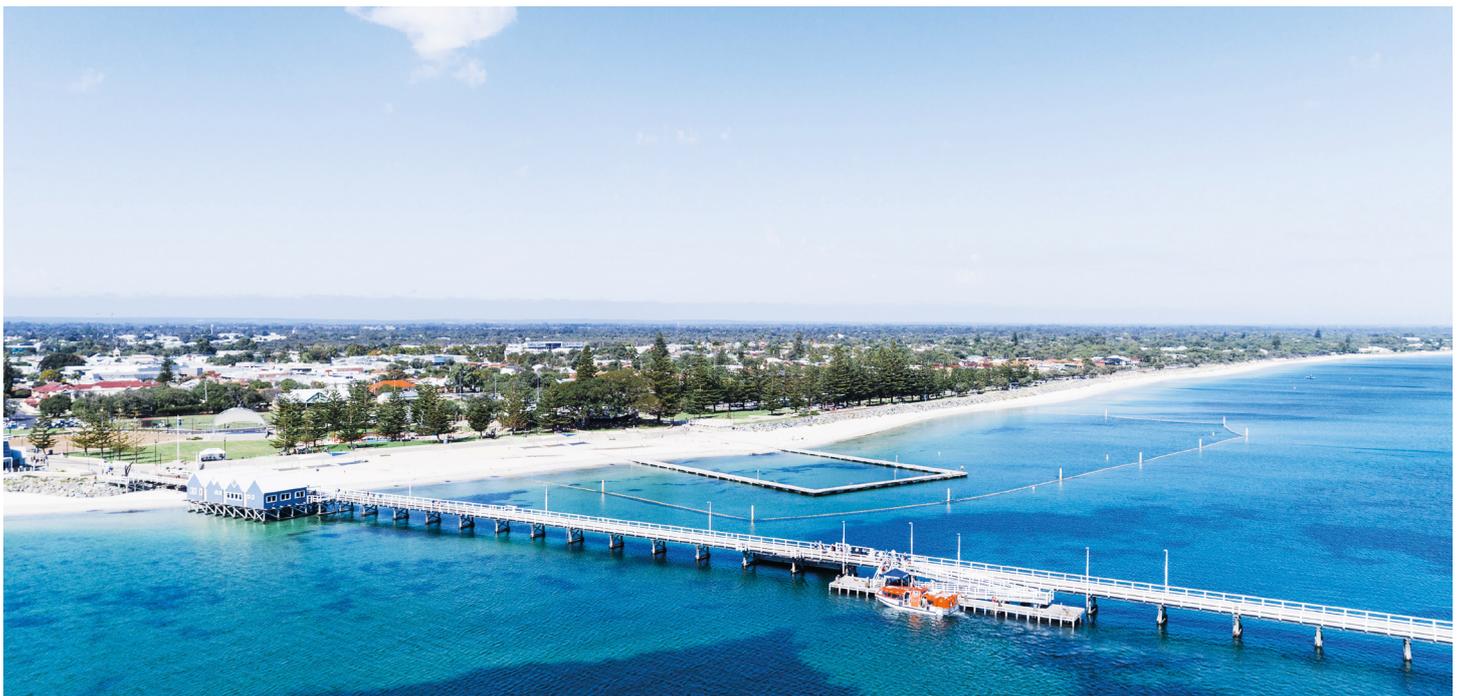
The project budget has nearly doubled contributing to an estimated \$20 million overrun in costs since the initial tender was advertised. This is due to increases in cost of materials and labour, as well as supply chain issues and increased interest rates on borrowings.

Project Costings

Item	Funding
Original Budget:	\$28.5 million
New Budget Estimate	\$48.5 million
Government Grants	\$10.35 million from the Regional Growth Fund
	\$1.92 million from the Local Roads and Community Infrastructure Program
Budget Shortfall	\$20 million

Without access to additional funding from project funding partners the impact on council's budget will see a need to increase borrowings, consuming the city's capacity to borrow for other important projects and possibly increase rates at a time when general expenses are increasing in the community.

Alternatively, the project may need to be abandoned, with the region losing an important economic and community asset at a time when the region is growing and the community is seeking to reconnect post-COVID-19.



Case Study - Fraser Coast Regional Council - Queensland

Library and Administration Centre (incorporating Disaster Resilience Centre) - Hervey Bay City Centre

Stage One of the Library and Cultural Precinct Project is the Library and Administration Centre (incorporating Disaster Resilience Centre), an iconic building with a central civic hub where individuals, professionals and families can come to learn, network, socialise and benefit from council-provided services.

The new centre will meet the needs of the growing population for decades to come, and act as a catalyst for further economic development and business investment. The Disaster Resilience Centre will empower council to deliver a coordinated frontline response leading up to, and during natural disasters, while also providing a location to educate and inform the community. The project is funded through the Hinkler Regional Deal.

The budget for this project has increased dramatically since tender documents were issued. In addition to the nation-wide skills shortages, material, labour and distribution cost increases – there are further challenges in the region due to the cost of procurement and lack of short-term accommodation.

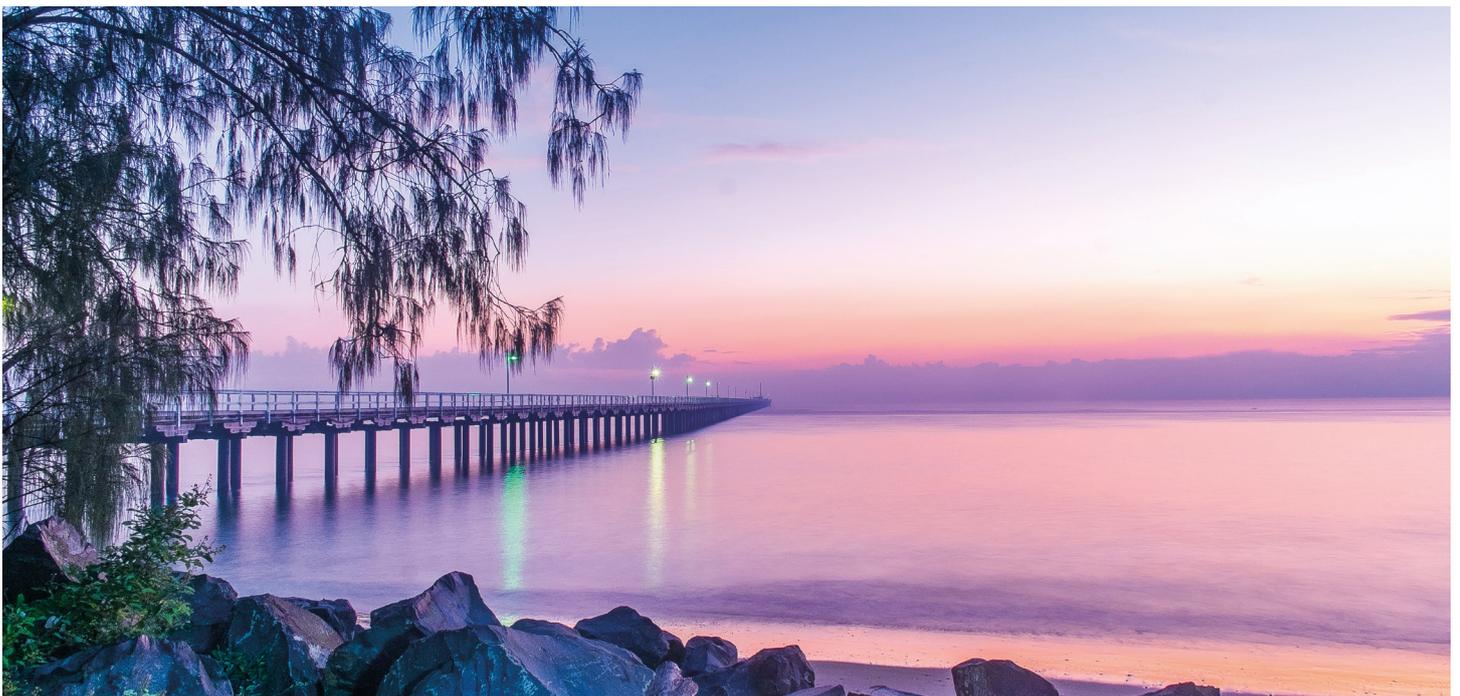
Project Costings

Item	Funding
Original Budget	\$66 million
New Budget Estimate	\$93.9 million
Government Grants	Grants \$40 million - Community Development Grant (Hinkler Deal)
Budget Shortfall	\$27.9 million

If additional Federal Government funding is not available, the project will be impacted by an inability to deliver its original scope.

Planned projects will also have to be deferred from Council's Ten-Year Plan to accommodate the increased project cost which will impact on Council's ability to deliver asset renewals and to provide for the growth of the region.

It is further likely that there will be a requirement to increase rates due to a need for council to take additional borrowings.



Case Study - City of Wagga Wagga - New South Wales

Dunns Road Upgrade

Dunns Road is a two-lane 80 kilometre per hour local road, approximately five kilometres in length. The existing sealed sections (approximately 2.8 kilometres) are narrow, the edge line and the double dividing line is faded and worn with limited sight distance over the crests.

The scope of works for the project are to develop detailed design, construction and commissioning of rehabilitated pavements along a length of Dunns Road between Holbrook Road and Olympic Highway, including new roundabout intersection treatments and a 'T junction', with appropriate drainage systems, sediment controls, drainage controls, boundary fencing and traffic controls.

The project budget has increased resulting from price surges experienced in the last 18 months. Council understands price increases are resulting from ferrous metal price increases of almost 75%, non-ferrous prices reaching double (brass etc), petroleum-based product prices (and transport) increasing steeply and electricity and gas rich manufacturing prices doubling which all impact on project costs.

The scope of the project has had to be modified to accommodate the budget. Reduced specification has involved significant changes regarding safety amendments.

Project Costings

Item	Funding
Original Budget:	\$8.3 million
New Budget Estimate	\$10.355 million
	(24.69% indexation)
Funded by Government Grants	\$5.4 million from Australian Government
Budget Shortfall	\$2.055 million

As New South Wales councils operate in a rate pegged environment, the increased project costs have resulted in Council having to reduce the specification of the project and has also resulted in a nil project contingency budget, which is a risk for Council, as almost all of the project contingency budget previously built into the budget will be spent on cost escalation.

Without additional funds council will need to reduce spending in critical budget areas and will need to reduce the number or scale of other planned infrastructure projects.



Table of Recommendations

RCA Policy Priority Area	Recommendation
Population Policy	Develop a population policy to encourage businesses and families to move to the regions, and that RCA be consulted during the development of this policy.
	Continue support for current 491 and 187 regional visa streams cater for skilled, non-skilled and education migration to regional capital cities.
	Expansion of business visas to establish a new range of regional visas that are based on the 188, 888 and 132 and 858 but require investment or business activity in regional economies.
Arts and Culture	Continue to recognise and enhance the role of arts, culture and creative activity in strengthening local identity, contributing to liveability and contributing to population growth in regional Australia.
	Ensure an equitable distribution of arts and cultural funding for regional Australia to better reflect existing population distribution and anticipated ongoing population growth.
	Recognise the importance of regional arts initiatives by including a commitment to regional arts funding in the National Cultural policy: \$200m over 4 years.
Regional Infrastructure Policy	Commit to continued funding of the recently established Growing Regions Program to enable infrastructure projects that target regional economic and population growth: \$1 billion over 4 years.
	That funds be exclusively allocated to regional communities excluding suburban and metropolitan projects.
	Review the stated intention to allow State Government to access Federal funding for regional infrastructure.
	Reliable and consistency of funding that includes: <ul style="list-style-type: none"> • 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).
	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): <ul style="list-style-type: none"> • 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.
	Funding caps should set the federal contribution at between \$10-50 million and reflect an accurate population planning statistics for regional capitals.

Table of Recommendations

RCA Policy Priority Area	Recommendation
Regional Infrastructure Policy	Council resources should be able to be used to carry out infrastructure delivery as an in-kind contribution.
	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).
Local Roads and Community Infrastructure Policy	Increase the Round 4 of the Local Roads and Community Infrastructure Program to \$1 billion (up from \$750 million) to support maintenance of the local road network across regional Australia.
Regional Airport Policy	Implement a policy recognising the importance of regional airports in increasing the connectivity of regional Australia and to consider future planning and funding of regional airports.
	Provide recurrent funding for the Regional Airport Fund to ensure that regional airports can be upgraded and maintained and guarantee the sustainability of the regional aviation network - \$500m over 4 years.
	Upgrade the guidelines for the Regional Airport Fund to allow for landside developments to be considered.
	Review the efficacy of Western Australia's Strategic Airport Asset and Financial Management Framework (as recommended by the Productivity Commission) to assess the efficacy of the Framework and determine its suitability for application across all jurisdictions. Subject to the results of the review, support the roll-out of the Framework across other Australian jurisdictions.
Financial Impact of Current Market Conditions on Infrastructure Delivery	The government increase the federal share of grants funded under regional programs - where increases in scope associated with skills, labor, freight and materials can be demonstrated. The increased grant funding should be funded through to the May 2023 budget process.





Regional Capitals Australia



For More Information:

Rachael Sweeney

Regional Capitals Australia Secretariat

e secretariat@regionalcapitalsaustralia.org

p 0422 067 858