

25 January 2024
The Treasurer, the Hon. Jim Chalmers MP
Via: PreBudgetSubmissions@treasury.gov.au



To The Treasurer, The Hon. Jim Chalmers MP,

RE: 2024-2025 Pre-Budget Submission

In this opportunity to inform the 2024-25 Federal Budget, the RAI provides an independent, evidence-based and authentic voice for the 9.6 million Australians who live outside capital city bounds.

During the past half-decade regional Australia has been the focus of unprecedented industrial and demographic changes. Particularly, the Institute has identified an increasing “sophistication” of regional economies with professional skills most in demand throughout regional Australia. As of November 2023, regional job vacancies were recorded at 87,600, just shy of the 90,000 average of the past six months.

Regional Australia is also experiencing a period of significant population growth. During the census period 2016-2021, more than 600,000 people moved to regional Australia, resulting in a net gain of 166,000. Of these movers, 57,252 were millennials.

As the traditional national economic powerhouse, regional Australia is now preparing to be the engine room of Australia’s energy transition task. Yet, regional Australians continue to face inequities when compared to their metropolitan counterparts: 3.7 million regional Australians live in childcare desert; regional, rural and remote school attainment rates lag those of capital city students and GP access is more difficult the greater your proximity is from a capital city.

It’s time to reimagine this nation and prioritise regional policy. It’s time to understand that Australia’s economic and societal values have shifted and so too must the focus, investment and ambition of our nation. The work of the Institute is to empower regions to thrive and rebuild the narrative applied to regional Australia, a narrative that recognises its rightful place in the sun.

In 2022, in consultation with RAI members and regional Australians, the RAI developed the *Regionalisation Ambition 2032*. A 10-year plan for regional Australia, the Ambition charts 20 targets across the most fundamental parts of life in regional Australia. At the heart of the Ambition is the goal to ‘Rebalance the Nation’. This submission highlights the core tenant of regional liveability to be the priority of future regional policy. Granting regional Australians with the same opportunities and quality of life as those in capital cities is at the heart of rebalancing the nation.

The Institute implores the Government to be bold and ambitious in their commitments to regional policy investment particularly in long-term economic planning.

Kind regards,

A handwritten signature in blue ink, appearing to read "Liz Ritchie", is written over a light blue horizontal line.

Ms. Liz Ritchie
CEO – Regional Australia Institute



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PRE-BUDGET 2024-25



JANUARY 2024

ABOUT THE REGIONAL AUSTRALIA INSTITUTE

The RAI is Australia's only independent think-tank dedicated to research and activation to inform regional policy and investment.

Since 2011, the Institute has been researching topics relevant to the prosperity and success of regional Australia including migration and population; regional employment; jobs and skills; population; housing and health.

The RAI exists so that decision-makers at all levels of government, industry and community have the information they need to ensure the best outcomes for regional Australia.

Our purpose is to empower regions to thrive.

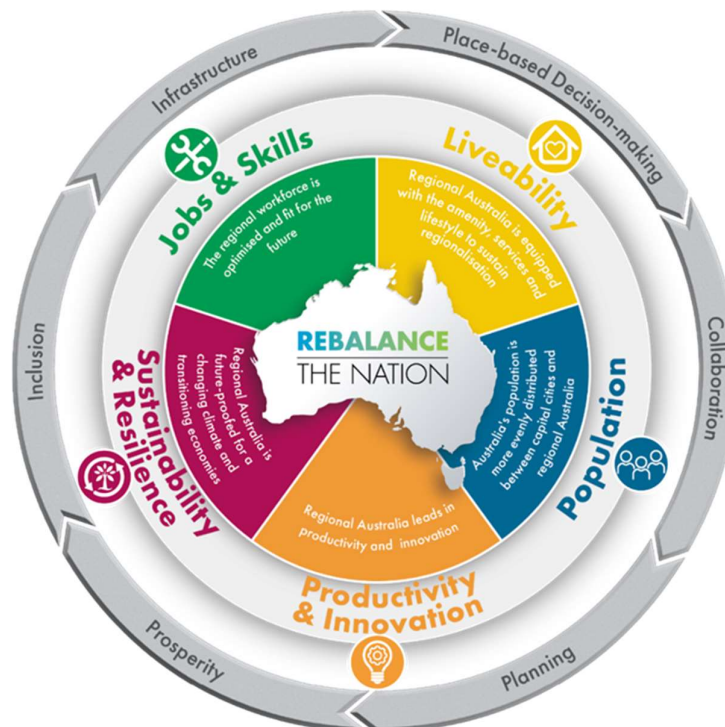
REGIONALISATION AMBITION 2032

Based on more than a decade of research into the most important issues influencing the regions, in 2022, the RAI launched the *Regionalisation Ambition 2032 - A Framework to Rebalance the Nation* – a 10 year plan for regional Australia.

Designed for all levels of government, industry and the community, the Ambition seeks balanced growth across our nation's regional towns and cities. The Framework underpinning the Ambition outlines cross-cutting themes and five pillars each of which are interlinked and equally important. Across each pillar the RAI has outlined key targets, actions and benefits that will contribute to building prosperous regional communities, and a stronger Australia.

See the **Regionalisation Ambition 2032 – A Framework to Rebalance the Nation** here:

<https://www.regionalaustralia.org.au/Web/RF/Regionalisation-Framework/Regionalisation-Ambition-2032.aspx?hkey=f9cf41e1-2b7e-4870-ac08-9c4efa4cb562>



OUR MEMBERS

The RAI has an extensive member network spanning corporate Australia and community-based organisations.

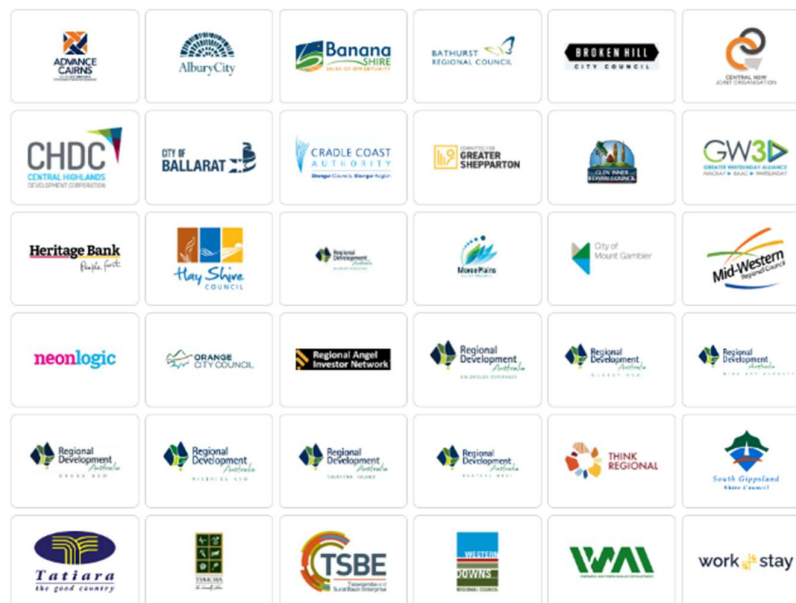
The **Regional Australia Council** is a cohort of leading corporate entities with a footprint in and a commitment to regional Australia. The **Regional Activators Alliance** includes than 30 local government organisations, Regional Development Australia network members, and economic development associations. Both membership groups were involved in the design and launch of the Regionalisation Ambition 2032 and its targets. In 2023, the RAI established the **National Alliance for Regionalisation**, a cohort of 32 of Australia's leading peak industry bodies who support the aspirations of the Regionalisation Ambition 2032 and overarching goal to 'rebalance the nation'.

These networks provide the RAI with a unique, 'lived' understanding and experience of the issues impacting regional Australia.

Regional Australia Council



Regional Activators Alliance



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REBALANCING THE NATION

Long-term planning that is apolitical in nature will ensure regional Australia receives consistent and just investment. Regions must be sure of future investment and planning, through legislated and adhered to policies. The need for each individual recommendation will be further explored, however the importance of a coalition of regional planning and legislated investment is critical for the future of regional Australia.

Recommendation 1: Develop a National Population Plan

As the foremost recommendation of the Regional Australia Institute in the 2024-25 Pre-Budget Submission, the current socioeconomic context has proven the necessity of a regionally focussed National Population Plan (NPP). While delving further into the details and context of a NPP (see page 20), in brief, unprecedented migration growth and population pressures have exploited the vulnerabilities of regional infrastructure, housing, and amenities. Funding a NPP would be a future-shaping initiative of the Federal Government, combining efforts of individual portfolios with pre-existing plans/strategies to provide a cohesive plan for not only regional Australia's future but for our nation as a whole. This is an opportunity to reimagine Australia and one the RAI's urges the Government to seize.

Recommendation 2: Develop a Regional Jobs and Skills Roadmap

As a potential opportunity of the *Towards a National Jobs and Skills Roadmap: Annual Jobs and Skills Report 2023*, a Regional Jobs and Skills Roadmap (RJSR) will provide a mechanism for the ambitions of regional Australia with consideration of the net-zero transition, \$100 billion agriculture sector target, and growing popularity of regional living. The concepts and outcomes of what the RAI perceive the RJSR could include are explored in further detail on page 8.

Recommendation 3: Continued application of the Regional Investment Framework

In the 2023-2024 Federal Budget, the RAI welcomed the establishment of the *Regional Investment Framework* and the alignment of the Framework's Priority Focus Areas with the RAI's Regionalisation Ambition 2032. A government-accepted set of guidelines for regional investment that highlights place-based decision-making has the potential to be a game-changer for regional Australia. The Institute was encouraged by the Framework's application in the *2023 Employment White Paper* and hopes to see it's continued deployment in this year's Federal Budget. Importantly, with continued collaboration between state and federal Governments the RAI sees the potential for the Framework used across government decision-making.

Recommendation 4: Implement a National Regional Cabinet

The decision-making power and coordination of a National Cabinet would provide clarity and forethought to regional policy across Australia. Consensus between all regional ministers in the path forward for regional Australia would be a powerful tool. Intergovernmental cooperation has the potential to produce effective policy coordinated through all levels of Government, ensuring that the delivery of policy is not hindered by state-specific problems. Regarding regional policy, Australia is yet to see what this form of coordination could grant through future-proofed plans, targets, and coordinated policy implementation. The possibilities of a National Regional Cabinet are unlimited and should be considered ahead of the 2024-25 Budget.

JOBS AND SKILLS

Policy Recommendations

- Implement a Regional Jobs and Skills Roadmap
- Invest in programs that fulfill current regional workforce shortages in key industries to the net-zero transition
- Ensure that TAFE Centres of Excellence are regionally focussed
- Prioritise the implementation of the University Accord relating to equity provisions for regional students
- Promote parity of esteem between tertiary and vocational education services
- Fund a National Regional Jobs Board

Context

- Regional online monthly vacancies have been reaching record highs since 2020 averaging about 90,000, more than double than vacancies of the previous high.
- Regional job vacancies are diverse, with demand most acute for professional skills and those in health care; aged care and early childhood education.
- Regional recruitment difficulty is currently 56% compared to 48% in capital cities.
- Regional Australians are disadvantaged in accessing tertiary education services, as recognised by the University Accord.

See Recommendation 2: Implement a Regional Jobs and Skills Roadmap

Ambition Target: Reduce the recruitment difficulty in regional Australia to below 40%

Year 1 Progress Report: Regional recruitment difficulty remains high, increasing from 64% to 69% (between 2022-2023), still higher than capital cities (at 66%, June 2023)

The RAI welcomed Jobs and skills Australia's prioritisation of the development of a Regional Jobs and Skills Roadmap (RJSR) in the JSA Annual report¹. The RJSR should include provisions accounting for all involved workforce sectors; education and training, industry, government, infrastructure, migration, and other involved parties. At the heart of the project there needs to be a holistic, integrated approach that connects the educational needs of regions with future workforce requirements. A RJSR would also benefit the collective understanding of what supporting infrastructure would be required to assist future regional growth. The RJSR should build from the *Working Future: White Paper on Jobs and Opportunities*, as well as input from the findings of industry groups and regionally focussed organisation.

The Institute recommends a RJSR recognise the existing potential workforce in regions to further maximise the potential of current regional populations. The findings of the RAI's most recent iteration of the Intergovernmental Shared Inquiry Program (ISIP), *Against the Odds: Realising Regional Australia's Workforce Potential*, has demonstrated the potential locked in underrepresented demographics in the regional workforce. Studying the barriers of workforce entry of young people, older people, Aboriginal and Torres Strait Islander People, migrants,

¹ Jobs and Skills Australia. (2023) *Annual Jobs and Skills Report: Towards a National Jobs and Skills Roadmap*. JSA. Canberra.

people with disability, and people with dependent children, the RAI uncovered underrepresented groups living regionally that could accelerate the regional workforce².

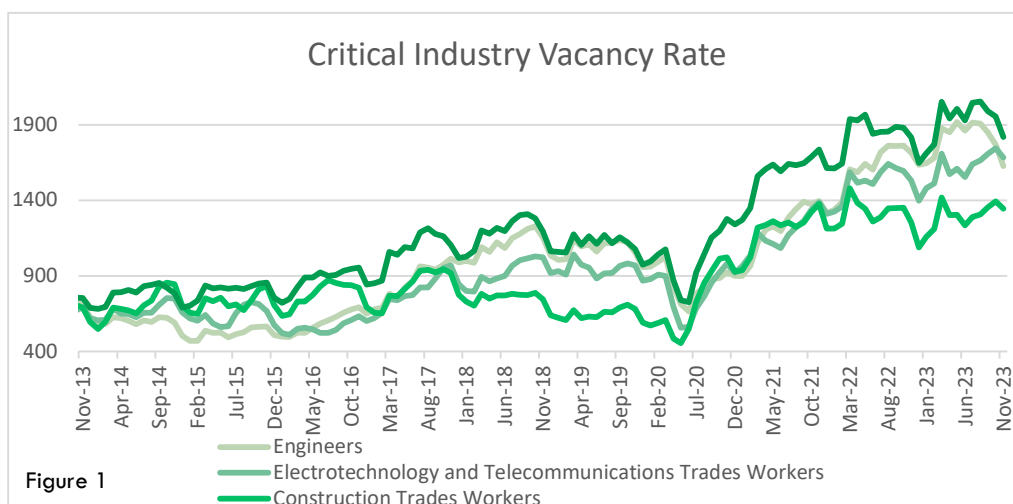
The recent positive increase in investment towards regional skills training and tertiary education is the crucial first steps in redefining the regional workforce. The RJSR will build from this progress and ensure that the potential of regional Australians is efficiently employed. This will be no easy undertaking with policy and investment required to first address the current barriers in the regional workforce (please see *Against the Odds: Realising regional Australia's workforce potential* for specific recommendations). Only through long-term planning can the regions be supported in achieving federal-level ambitions and further support regional Australians to achieve individual potentials. To rebalance the nation, the RJSR must be a core priority of the 2024-25 Federal Budget.

Recommendation 5: Invest in programs that fulfill current regional workforce shortages in industries key to the net-zero transition

Ambition Target: Increase the share of skilled workers employed in regional Australia to 80% of the regional workforce

Year 1 Progress Report: No year-on-year change, with 73.2% of the regional workforce in skilled occupations, compared to major capitals at 79.2% (May 2023)

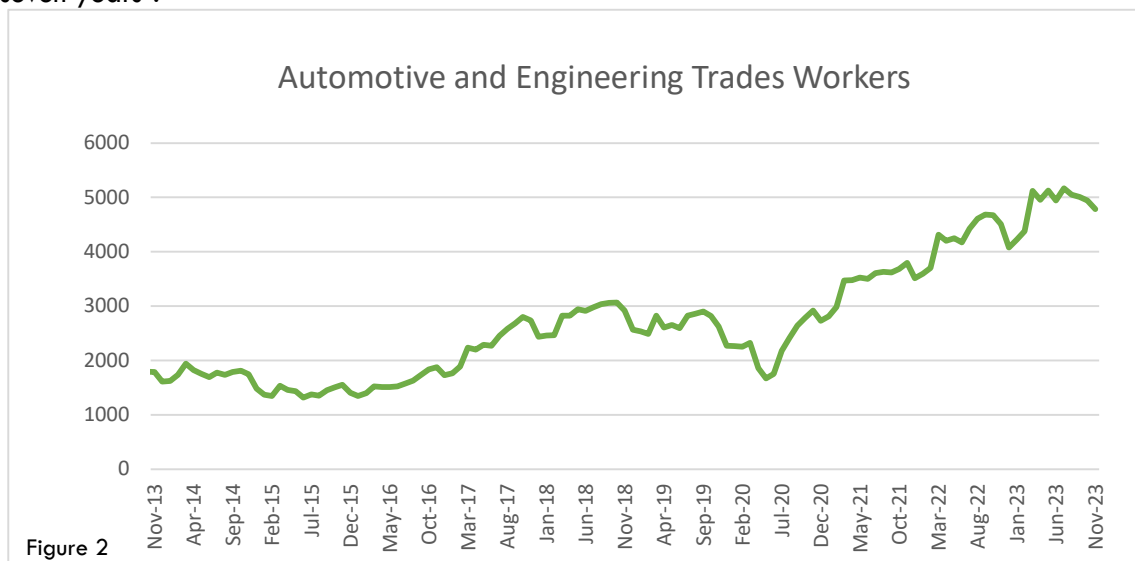
Regional Australia is set to be the focus of significant investment and development through the Housing Australia Future Fund, the National Reconstruction Fund, and net-zero transition, amongst other programs. The direct regional investment will provide invaluable opportunities for transformation in regional workforces through the transition of workers from high-emission industries. However, these opportunities are granted amidst an already burdensome shortage of key workers in regional workforces. The Internet Vacancy Index of Jobs and Skills Australia (JSA) currently scores regional vacancies as of November 2023, to be 87,600 which while in seasonal downturn, has grown 51.83% compared to three years prior³.



² Hutchinson, D., Block, A., Robin, S., Cheng, Y., Shi, C., Zou, Z. (2023) *Against the Odds – Realising Regional Australia's Workforce Potential*. Regional Australia Institute. Canberra. p. 12, 88.

³ Jobs and Skills Australia. (2023) *Internet Vacancy Index*. JSA Website. Canberra.

Within these regional vacancies, jobs related to the net zero transition and HAFF operations are critically vacant. Figure 1⁴ portrays regional job vacancy growth in key net-zero industries. With thousands of workers required to sustain the current ambitions of regions, with the additional demand pressures of federal programs, it is likely that these job vacancies will be increased. When comparing these job vacancies to the employment projections of the JSA's *The Clean Energy Generation*, the current vacancies are likely to affect the ability a region has to fulfill the jobs required in the net-zero transition. Within the same report, it is posited that the workforce made available from the transition from the closure of high-emission industries will increase the supply of the underlying workforce. Primarily correct in concept, with 69,423 Australians employed in industries that will be transitioned from (Coal mining, fossil fuel extraction, etc.), the growth in the critical clean energy occupations is likely to outstrip the labour surplus created with a predicted increases of almost 240,000 jobs created in the next seven years⁵.



The creation and transitional ability of clean energy jobs is encouraging for regions, however, there remains the risk of engineering further skills shortages. If the transition to net-zero is to be achieved, the current and future skills shortage must be addressed as a priority. The transition will fuel employment, however the spread of these jobs is not necessarily located in regions that will lose high-emission employment. Given this context, these critical trades and professions should be prioritised, and the retraining of high-emission industry workers must be implemented as to soften the transition on regional communities.

Moreover, the increase of workers and potentially accompanying family will increase pressures on services, soft-infrastructure and supporting workforces. The health and childcare sectors within regional communities are already suffering critical workforce shortages. The RAI's *Regional Jobs 2022: The Big Skills Challenge* identified the growth in job vacancies particularly in "medical practitioners and nurses" in regional Australia, growing 200% from the five-years prior⁶. Moreover, a reason for why more than 3.7 million regional Australians (38% of the 2022 regional population) live in childcare deserts, is the crippling shortages in early childhood educators and other supporting roles⁷. Both shortages are also affected by

⁴ Jobs and Skills Australia. (2023) *Internet Vacancy Index*. JSA Website. Canberra.

⁵ Jobs and Skills Australia. (2023) *The Clean Energy Generation*. JSA. Canberra.

⁶ Houghton, K., Barwick, A., and Pregellio, S. (2023) *Regional Jobs 2022: The Big Skills Challenge*. Regional Australia Institute. Canberra.

⁷ Regional Australia Institute. (2023) *Maranoa and Western Downs Childcare Study*. RAI. Canberra.

housing challenges and a lack of affordable housing options in regional Australia. This interaction is explored further in the *Liveability* section, see page 17.

Recommendation 6: Ensure TAFE Centres of Excellence are regionally focussed

Ambition Target: Boost post-school qualification completion in regional Australia to 65% or above

Year 1 Progress Report: The proportion increased from 57.5% in 2021 to 58.4% in 2022, however the gap between regions and major cities is persisting (with major cities 64.9%)

As an outcome of the National Skills Agreement (NSA), the TAFE Centres of Excellence (CoE) will provide an essential progression in regional skills training⁸. In light of the aforementioned net-zero transition and HAFF demand pressures on the labour market, the roll-out of TAFE Centres of Excellence to progress new entrants into the workforce must be prioritised. The RAI welcomed the Government's commitment to fast-tracking six of the twenty TAFE CoE in areas of net-zero projects⁹. This demonstrates an understanding of the skills shortage in net-zero regions and is commendable.

Generally, the implementation of these Centres of Excellence must be completed as soon as possible. While there is a focus on net-zero regions, it is still essential that regions not immediately prioritised in the net-zero or HAFF rollout also be granted a CoE to fulfill the perpetual and growing regional skills shortage.

Moreover, it is important to acknowledge that regional Australia is preparing for further population growth and development. Without delving into these patterns in this submission (please see the RAI submission to the *Planned Permanent Migration Program 2024-25*¹⁰, *Regional Movers Index September Quarter 2023*, and *Big Movers 2023 – Regional Renaissance: A rise in migration to regional Australia*), the *Migration Strategy* indicates that while the overall migrant intake will be lowered, the intake of regional Australia will be a priority. Furthermore, a large proportion of internal migrants during the past census period (2016-2021) were millennials with a net gain of 57,252 compared to a net loss of 37,179 in the census period prior¹¹. Regions are attractive to a younger population and will be the focus of a larger portion of international migrants.

These population pressures are set to impact regional Australia and there must be preparations made to facilitate this population. TAFE CoEs are a core service to nation building and population growth. As such CoEs must have planned implementations from the next budget onwards.

⁸ Department of Employment and Workplace Relation. (2023) *TAFE Centres of Excellence*. DEWR. Canberra.

⁹ The Treasury. *Working Future: The Australian Government's White Paper on Jobs and Opportunities*. Australian Government. Canberra.

¹⁰ Regional Australia Institute. (2023) *Submission to the Planned Permanent Migration Program 2024-25*. RAI. Canberra.

¹¹ Houghton, K., Shi, C., and Zou, Z. (2023) *Big Movers 2023- Regional Renaissance: A Rise in Migration to Regional Australia*. Regional Australia Institute. Canberra. p. 6.

Recommendation 7: Prioritise the implementation of the University Accord relating to equity provisions for regional students

Ambition Target: Increase the school attainment rate of young people in regional Australia to 75% or above

Year 1 Progress Report: The attainment rate for regional students has increased from 69.6% in 2020 to 71.4% 2021, lower than capital cities (82% in 2021)

The RAI commends the Government, via the *University Accord Interim Report*, on recognising and taking action on the barriers regional, rural and remote students face when contemplating tertiary study. A key finding of the *University Accord Interim Report* was the notion of location affecting opportunities of higher education. The National Alliance for Regionalisation, a RAI lead cohort of more than 30 peak bodies, made a submission to the Interim Report recommending points of improvement; promoting parity of esteem between TAFE and university, integration and collaboration with industry and VET providers to deliver options for all career aspirations, and creating an education system that self-investigates to further advise on future policy change¹².

Participation targets that remedy the geographical inequality as outlined by the Interim Report, are a great step forward in addressing the barriers to tertiary education. Also, further support for Regional University Study Hubs (RUSHs) is critical due to the impact of they have had on regional students and regional communities. The newfound ability to study regionally, keeping skills local to the industries that need workers, provides an invaluable source of skill retention in regions. The narrative that to study or further one's educational capacity, one must move to a capital city is no longer correct and the RAI commend the University Accord for acknowledging that notion. Regional Australia is core to many of the Government's objectives and to achieve those objectives, accessibility to further education is a necessity¹³.

Recommendation 8: Promote parity of esteem between tertiary and vocational education services

As outlined by the policy recommendations of the National Alliance for Regionalisation's submission to the Universities Accord Interim Report¹⁴, parity of esteem, or equal importance of tertiary and vocational skills, must be promoted. The RAI and organisations of the National Alliance for Regionalisation, see the skills obtained from vocational education of critical importance to regional development. As such the prevailing narratives and cultural perceptions of vocational education has demoted its importance below tertiary qualifications. This is counterproductive and must be immediately addressed to combat the perpetual skills shortages of regional Australia.

There are numerous paths to achieving this outcome, however the two that can be immediately implemented are **the rebranding of Regional University Study Hubs (RUSHs) to Regional Study Hubs and a corresponding national communications campaign promoting the importance of vocational education**. In conjunction, these policies will inspire a new

¹² Regional Australia Institute. (2023) *The National Alliance for Regionalisation: Response to the Universities Accord Interim Report*. Regional Australia Institute. Canberra.

¹³ Department of Education. (2023) *Australian Universities Accord Interim Report*. Department of Education. Canberra

¹⁴ Regional Australia Institute. (2023) *The National Alliance for Regionalisation: Response to the Universities Accord Interim Report*. Regional Australia Institute. Canberra.

generation of regional Australians to train in highly valuable skills that are currently in short supply.

Recommendation 8: Fund a National Regional Jobs Board

The RAI through the *Move-to-More* program has been rectifying the inaccurate narratives of employment in regional Australia. Ideas that there are no jobs, no skilled employment, or no opportunities for high-earning jobs in regional Australia have been circulated to the detriment of regions providing such opportunities. The *Move-to-More* Regional Jobs Board and accompanying communication efforts have been incredibly successful in presenting what opportunities and lifestyles regional Australia has to offer metropolitan Australians.

However, without consistent funding, the future of the Regional Australia Institute's Regional Jobs Board is at risk. The National Regional Jobs Board provides a bridge between regional employers and the national workforce. This service must be sustained and furthered to ensure that regional employers are getting their voice to all Australians.

LIVEABILITY

Policy Recommendations

- Prioritise housing solutions in regional Australia
- Demand-sided housing policies must target low-cost smaller markets
- Implement 40% funding quarantine in the HAFF for regional Australia
- Supply-sided regional housing investment should increase the stock of medium to high density housing options
- Prioritise supply-side funding in thin early childhood education and care markets
- Pay superannuation on Government funded paid parental leave

Context

- Regions scored 73 in 2021 in the Personal Wellbeing Index, up 1 point from the year prior.
- Regions find it difficult to attract and retain workers due to a lack of affordable and diverse housing options.
- Rental inflation occurred across all regional aggregates (see RAI Housing Summit Discussion Paper)
- 3.6 million regional Australians live in a childcare desert.
- A lack of childcare options is contributing to regional Australia's recruitment difficulty and is disproportionately locking women out of the workforce.

Ambition Target: Increase rental vacancy rates in regional areas to above 3% and ensure annual building approvals keep pace with population growth

Year 1 Progress Report: The regional vacancy rate has increased from 1.0% to 1.5% (Q2 2022 – Q2 2023), and is higher than in capitals 1.1%

Regional housing has been severely impacted by numerous economic trends; unprecedented migration patterns, the Covid-19 Pandemic, record low cash rates, and recently high construction-cost inflation paired with a regional workforce shortage. These indicators, all of which affect individual housing markets differently and to different degrees, have cumulated in supply shortages throughout rental and real estate markets. The September quarter of 2023 saw vacancy rates constrict to 1% in capital cities and 1.2% in regions, from 1.3% and 1.4% respectively in the year prior. Furthermore, the growing unaffordability of capital cities is likely to apply further pressure on regional housing markets as an affordable alternative, with combined capitals growing 10% year-on-year to September 2023¹⁵.

Regional Australia has the potential to alleviate the pressures of capital cities, however there must be adequate growth in housing stock and supporting amenities to do so. Funding affordable and diverse housing types, and the amenities required to support population growth will encourage affordability lead migration from capital cities to regional Australia.

¹⁵ CoreLogic (2023). *Quarterly Rental Review Australia – Released October 2023*. CoreLogic. p. 8

The RAI continues to communicate the potential life city-dwellers could obtain by moving to the regions, in the Move To More program. The potential to start a new life, with the same level of liveability, in the regions must be an option made available to metropolitan Australians.

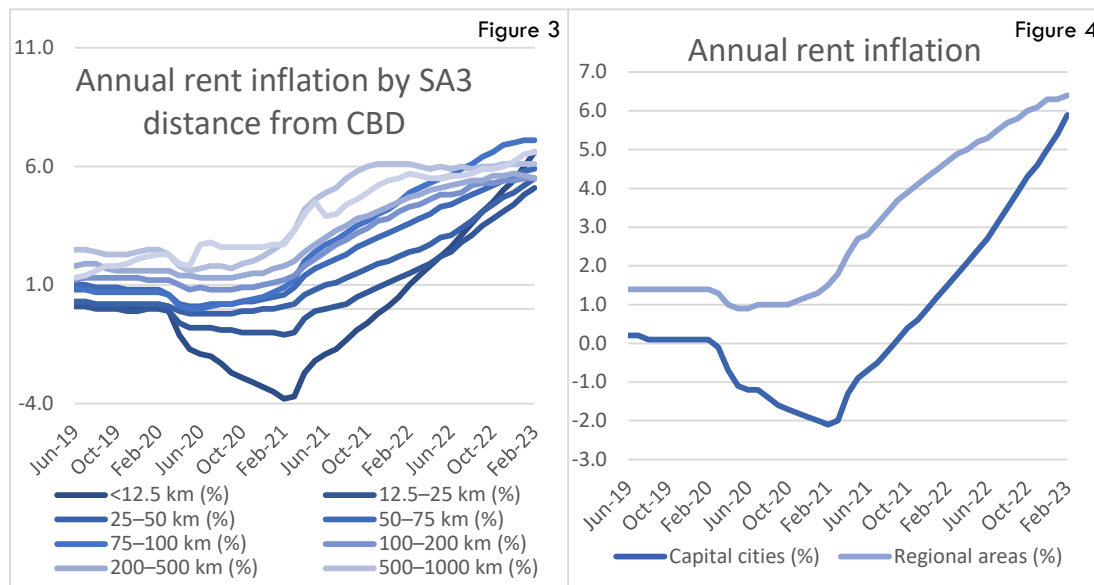
However, current regional Australians must not be disadvantaged by increased internal migration, and this is why immediate action is required. The Government should act to not only improve the housing supply of regional Australia for regional Australians, but provide a new home for priced-out metropolitan Australians.

Recommendation 9: Demand-sided housing policies must target low-cost smaller markets

While large-scale structural changes are required to counteract the growing unaffordability of housing and rent, immediate short-term policy can be introduced into the regions to alleviate the financial stress on all Australians. Firstly, the Regional First Home Buyer Guarantee and Help-to-Buy scheme must contain targeted provisions to address small low-cost markets that struggle in attracting private investment. Direct investment in this form will transform regional markets and shift demand pressures from capital cities and popular regional areas. It is essential the application of demand-sided housing policy be geographically and socioeconomically nuanced. “Blanket” and “one-size-fits-all” approaches risk further inflating the prices of housing markets, counteracting the composite supply-sided housing policies.

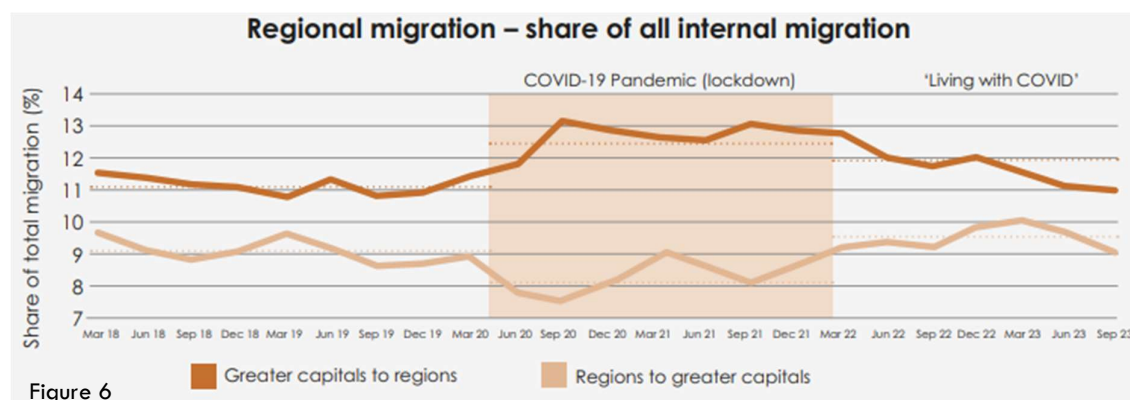
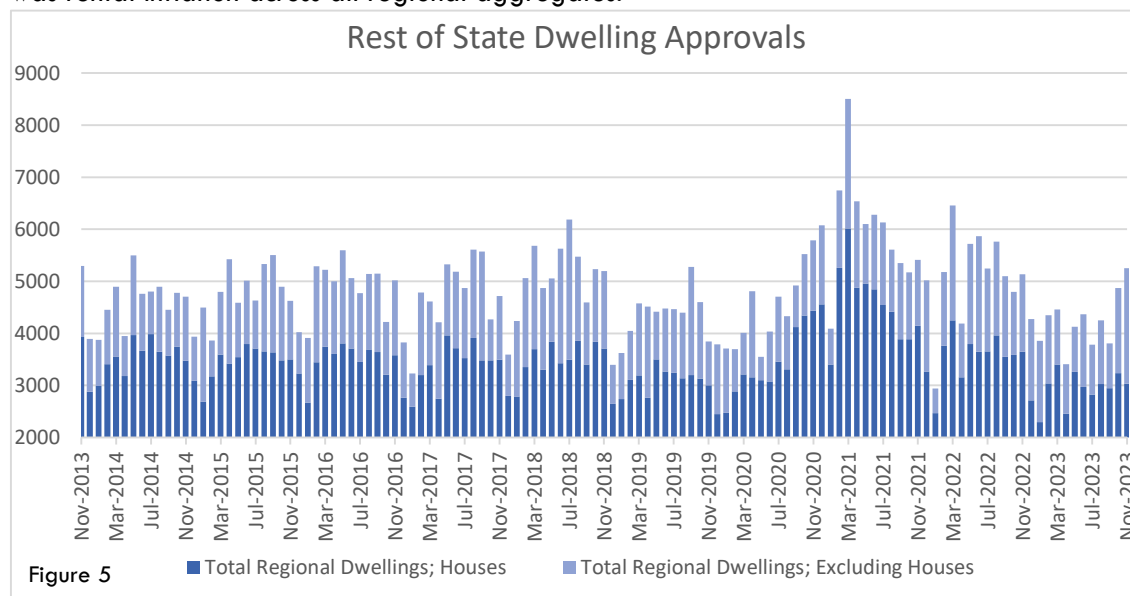
Recommendation 10: Implement 40% funding quarantine in the HAFF for regional Australia

The regions will continue to grow, necessitating the need for consistent housing development and growth. The HAFF presents an opportunity to build regions and create an investment mechanism to sustain regional communities into Australia’s future. Attempts were made to legislate a mandatory minimum for HAFF investment in regional Australia in both the *National Housing Finance and Investment Corporation Amendment (Unlocking Regional Housing) Bill 2023* and the RAI submission to the HAFF Investment Mandate Direction 2023¹⁶ where 30% and 40% respectively of HAFF projects were requested to be regionally focussed. While neither eventuated, there is still scope for Government to legislate minimum thresholds for regional investment in both the HAFF and other investment funds.



¹⁶ Regional Australia Institute (2023). *Housing Australia Future Fund Investment Mandate Direction*. Regional Australia Institute. Canberra.

The past decade has illustrated what happens when regional planning fails or is stress-tested against an unprecedented event. Lack of fore-planning was evidenced by the housing outcomes as caused by the Covid-19 Pandemic lead migration in 2020 to 2021. The last census period which overlapped the first year of the Covid-19 pandemic, saw 614,144 people from capital cities move to regional Australia¹⁷. The Pandemic further kickstarted the ongoing regional renaissance as tracked by the RAI's Regional Movers Index as demonstrated in Figure 6¹⁸. Without delving into the intricacies of the interaction of migration and destination housing market dynamics, during this period rental and housing inflation drastically changed in correlation to migration. Figures 3 and 4¹⁹ demonstrate the rental inflation that regional areas have endured, particularly the growth in remote and very remote areas illustrating that there was rental inflation across all regional aggregates.



The RAI support the Government in addressing housing supply as the primary issue in combating rental unaffordability, and the unaffordability of the housing market. Mid-pandemic in March 2021 dwelling approvals peaked at 8502²⁰, although have been in

¹⁷ Houghton, K., Shi, C., and Zou, Z. (2023) *Big Movers 2023- Regional Renaissance: A Rise in Migration to Regional Australia*. Regional Australia Institute. Canberra. p. 6.

¹⁸ Regional Australia Institute. (2023) *Regional Movers Index: September 2023 Quarter Report*. pp. 3-4.

¹⁹ Australian Bureau of Statistics. (2023) [New insights into the rental market](#). ABS Website. Canberra.

²⁰RAI - Australian Bureau of Statistics. (2023) *Building Approvals, Australia*. ABS. Canberra.

decline since. Diminished housing approvals have been caused by an inflation in construction costs, workforce shortages and rapid interest rate rises (Figure 5). The cumulation of a housing supply shortage and increased internal migration pressure created a “perfect-storm” of unaffordability in the regions and now we are forced to play catch-up, fast-tracking housing and infrastructure projects that would otherwise require years to develop and implement. The HAFF and other supply-sided housing programs will increase the housing supply especially the goal of 1.2 million homes being built in the next five-years²¹. However, this has come too late in remedying the housing crisis.

The RAI commends the importance of these forms of quarantined funding to be implemented to account for the pre-existing infrastructure gaps and to ensure that regional investment is consistent and future-proof. This notion, in principle, should be expanded across other forms of Government investment to ensure that regional Australians receive their fair share. It is critical for the supporting infrastructure and amenities that support housing projects and community growth be equitably invested into the regions. Without adequate investment in the electricity grid, roads, sewerage, water, transport, public amenities, and private amenities, increased housing development will apply significant pressure on pre-existing infrastructure widening regional inequities and infrastructure gaps.

Recommendation 11: Supply-sided regional housing investment should increase the stock of medium to high density housing options

As a further recommendation of the RAI’s that should be adopted in the Government’s supply-sided approach to regional housing, is to increase housing diversity in regional Australia. An outcome of the RAI publication *Building the Good Life: Foundations of Regional Housing*, housing diversity in regional communities has been a clear oversight in past planning and policy considerations. Increasing medium-density housing, providing a more affordable option for first home buyers as well as low to medium income renters, a priority of units and attached housing is the first step in redefining regional housing stock²².

Medium-density affordable housing provides the option for younger, single, skilled workers to live in regional Australia. The RAI, in the *Building the Good Life: Foundations of Regional Housing* discussion paper²³, found the supply of diverse housing stock was synonymous with attracting and retaining the skilled workers required to fulfill job vacancies in regions. This finding was reiterated in the *Regional Jobs 2022: The Big Skills Challenge* report regarding childcare workers²⁴. In not investing in the diversification of housing stock, the nation risks the opportunity to future-proof our regions by providing long-term housing for essential workers.

²¹ Albanese, A. (2023) *Meeting of National Cabinet – Working together to deliver better housing outcomes: Media release*. Department of Prime Minister and Cabinet. Canberra.

²² Hopkins, D., and Houghton, K. (2021). *Building the Good Life: Meeting the Demand for Regional Housing*, RAI Discussion Paper. Regional Australia Institute. Canberra. p. 20.

²³ Regional Australia Institute. (2022) *Building the Good Life – RAI Discussion Paper: Meeting the demand for regional housing*. Regional Australia Institute. Canberra.

²⁴ Houghton, K., Barwick, A., and Pregellio, S. (2023) *Regional Jobs 2022: The Big Skills Challenge*. Regional Australia Institute. Canberra.

Recommendation 12: Prioritise supply-sided funding in thin regional early childhood education and care markets

Ambition Target: Halve population classified as living in a regional childcare desert (to below 2 million)

Year 1 Progress Report: The number of childcare services in regional Australia increased 5.2% between 2021 and 2022

The RAI welcomed the Productivity Commission's *A path to universal early childhood education and care: Draft report* and the Jobs and Skills Australia's (JSA) ECEC Capacity Study. These reports are important steps toward the goal of affordable and accessible Early Childhood and Care (ECEC) for all Australians. The RAI endorses the proposed final outcome of universal ECEC in principle, with initial scope to address the immediate inequity of ECEC in regional areas.

The Institute has identified access to ECEC in regional areas as critical to the improvement of liveability and productivity of the regions. The benefits of universal ECEC are both to children and parents/caregivers. Quality ECEC irrespective of remoteness and socioeconomic conditions is of paramount importance to childhood development and rectifying ongoing geographic and gendered inequities. *A Path to Early Childhood Education and Care: Draft report* illustrated the trend of childcare service quality declining with both remoteness and socioeconomic disadvantage. Children from low-socioeconomic backgrounds and in remote areas stand to benefit the most from high-quality childcare, yet major-cities and areas of high socioeconomic welfare pertain to higher quality childcare services²⁵.

Access to ECEC services is the first hurdle in rectifying childcare induced regional inequity. The Productivity Commission draft report highlighted that access in regional and remote areas is largely inadequate due to past ECEC expansion following uneven patterns, further compounded by limited ECEC services being inadequate in availability and quality for many regional families²⁶. The RAI report *Maranoa and Western Downs childcare study*, a comparative case study of two regional LGAs, reinforced these findings. Further the report demonstrated the complexity of regional ECEC markets within LGAs and the diversity required from different childcare providers to fulfill the needs of regional families. Each town or regional hub concern different ECEC conditions, in turn necessitating different federal responses. As such supply-side public sector funding in thin markets is a critical area of investment for the 2024/25 federal budget, with scope to respond to the place-based needs of regional communities.

As a conjunct issue to the lack of ECEC in regional areas, ECEC workforce shortages and high staff turnover have led to service inadequacies and was the highest reason for dissatisfaction for ECEC services in the Maranoa and Western Downs²⁷. This issue will be explored further by the Jobs and Skills Australia ECEC Capacity Study however there remains scope in considering measures that expand the ECEC workforce supply in the short-term. Rectifying regional inequities in ECEC is a long-term commitment, however it requires immediate action.

²⁵ Productivity Commission. (2023) *A path to universal early childhood education and care: Draft report*. Productivity Commission. Canberra. pp. 10-12.

²⁶ Productivity Commission. (2023) *A path to universal early childhood education and care: Draft report*. Productivity Commission. Canberra. p. 20.

²⁷ Regional Australia Institute. (2023) *Maranoa and Western Downs Childcare Study*. RAI. Canberra.

While the primary benefactors of quality ECEC are the children themselves, the parents/caregivers of dependent children are also significantly benefited. In the RAI's *Against the Odds Report: Realising regional Australia's workforce potential*, people with dependent children were a featured demographic. Of this group, the key barrier to the workforce identified by the RAI was affordable and adequate childcare. Moreover, the conversation of ECEC must also be considered within a gendered perspective. In 2020-21 250,000 regional women reported wanting to work or to work more hours, with 25% citing 'caring for children' as the main barrier for both. With women who have a child or children aged under 15, the figure grew to 50% under the same metric. In contrast only 0.2% of men cited childcare as being the main barrier of entry to the workforce. Critically in single parent families of which 14.7% of the 7.5 million Australian families are, ECEC is key to their access to the workforce. 83% of single parent families are single mother families further compounding the gendered difference²⁸. In addressing ECEC shortcomings, gender inequities will also be addressed, especially within regional Australia.

Recommendation 13: Pay superannuation on Government-funded paid parental leave

As a recommendation of the WEET Final Report, and the RAI's submission to the Committee of Community Affairs on the *Paid Parental Leave (More Support for Working Families) Amendment Bill 2023*, superannuation must be paid on Paid Parental Leave (PPL). It is important to first recognise that regional women have been disproportionately affected by the inadequacies of the PPL system. With reference to the aforementioned findings of the *Against the Odds Report*, it is clear that women both in partnered families and single parent families, take responsibility for majority of childcare duties. In the context of pre-existing thin ECEC markets, there is further pressure on regional families to take paid and even unpaid parental leave. In doing so, while a parent is taking PPL or caring for a child(ren) on unpaid leave or working less hours, they are not accumulating superannuation.

There is an approximate 23% gap in superannuation balances between men and women at the age of retirement. Specifically, at 60-64 years-old the average man has approximately \$181,000 compared to \$139,000 for women in superannuation²⁹. Moreover, sole parents on PPL are particularly impacted by this loss as there will be no contribution to superannuation at all for at least 26 weeks. In contrast, partnered families can at least gain one stream of superannuation when the non-caring parent is working. Of the 7.5 million families in Australia in June 2023, 14.7% were single parent families, and of those families, 83% were single mother families³⁰. Again, this comparison demonstrates how gender inequities are compounded by the current inadequacies of PPL and ECEC services, especially when considering single parent families.

While providing superannuation on top of PPL will inflate the fiscal costs of the current program, the increased superannuation balance should offset the costs in alleviating fiscal pressure from future pension claimants. Due to lower superannuation balances women are more likely to rely on the pension in retirement³¹. In the current context of disproportionately

²⁸ Hutchinson, D., Block, A., Robin, S., Cheng, Y., Shi, C., Zou, Z. (2023) *Against the Odds – Realising Regional Australia's Workforce Potential*. Regional Australia Institute. Canberra. p. 81.

²⁹ Women's Economic Equality Taskforce. (2023) *Women's Economic Equality Taskforce: Final Report*. Department of the Prime Minister and Cabinet: Office for Women. Canberra. pp. 47-48.

³⁰ Hutchinson, D., Block, A., Robin, S., Cheng, Y., Shi, C., Zou, Z. (2023) *Against the Odds – Realising Regional Australia's Workforce Potential*. Regional Australia Institute. Canberra. p. 81.

³¹ Women's Economic Equality Taskforce. (2023) *Women's Economic Equality Taskforce: Final Report*. Department of the Prime Minister and Cabinet: Office for Women. Canberra. p. 48.

divided parental leave and the significance of single parent families, the introduction of superannuation into the PPL system will directly target superannuation inequity.

Many regional parents are currently forced to sacrifice their working life and potential superannuation to support children when that should no longer be the case. The reform of the ECEC system in Australia and the implementation of superannuation on PPL will significantly change the lives of working parents, crucially working mothers.

POPULATION

Policy Recommendations

- Fund and implement a National Population Plan
- Fund and implement migration settlement services in regional Australia for all migrant types

Context

- There is no all-encompassing outline for future population growth.
- Regional Australia's population increased from 9.5 million in 2021 to 9.6 million in 2022
- Migration settlement services are not available to all visa types and tend to have enforced time limits on support.
- The proportion of overseas arrivals settling in the regions increased to 18.5% in 2021 from 17.4% the year prior.

See Recommendation 1: Fund and implement a National Population Plan

Ambition Target: Over 11 million Australians are living prosperously in the regions by 2032

Year 1 Progress Report: Regional Australia's population increased from 9.5 million (2021) to 9.6 million in 2022

The RAI continues to call for a National Population Plan to address settlement patterns at a regionally disaggregated level. **An effective National Population Plan would link the overarching Government ambitions to the policy required in achieving national and regional outcomes.** The RAI's *Regionalisation Ambition 2032* provides a basis for what the targets of a National Population Plan would be within the regions. Ideally the plan would build on the RAI's work and identify the policies required to achieve the Institute's outcomes by 2032. The Ambition's targets are objective in purpose, and void of political interference. Notionally, the National Population Plan should also be apolitical, withstanding the changing political landscape.

The NPP must have a regional focus, with the core principle of encouraging regional migration, alleviating pressures from capital cities. RAI economic modelling shows if the regional population grew to 11 million people by 2032, the value add on natural projected modelling increases the national output by \$13.8 billion. Moreover, for every additional 100,000 Australians who choose to live in small cities as opposed to capital cities, the RAI estimate that around \$42 billion dollars would be released into the economy over the next 30 years through reduced interest payments on mortgages alone.

The first element of a NPP, must be the consideration of migration paired with natural population growth. Estimating and further leading the flows of migration both interregional, capital to regional, interstate, and international, will provide an invaluable policy basis in facilitating population movement and growth. With the knowledge of anticipated and planned directions of population flows, regions and policymakers will more efficiently service population growth. Particularly, with the growth of migration directed towards regional Australia from capital cities and internationally, there must be a unified inter-portfolio initiative to build Australia's regions to support regional population growth.

The second element of a NPP is responding to population prediction. While a NPP is unable to account for nor predict large scale global influences and disruption, creating mechanisms that consistently provide the essential ingredients of growth and population facilitation is essential to the future approach of regional development. Providing the essential services of health, education, care facilities, transportation, and supporting infrastructure are significant gaps in the Government's housing plans. Tying these sectors into the pre-existing *Migration Strategy*, and future *Housing and Homelessness Plan*, will provide a robust ambition for Australia's future.

Recommendation 14: Fund and implement migration settlement services in regional Australia for all migrant types

Ambition Target: Double the proportion of new migrants settling in regional Australia by 2032 to 40%

Year 1 Progress Report: The proportion of overseas arrivals settling in regions in 2021 increased slightly to 18.5% (from 17.5% in 2020)

As an extension of the RAI's *Submission to Planning Australia's 2024-25 permanent Migration Program*, the need for migration settlement services particularly in regional Australia is evident. In the 2023 Migration Strategy, the Pacific Engagement Visa (PEV) scheme was selected to be targeted with increased settlement support to help engage Pacific workers in the community³². Similar support structures are also available to humanitarian and refugee visa-holders. However, regional settlement services have historically, have had limited presence and functions in regional areas, which affects the success of regional migration outcomes: regional migrant employment, access to a wide range of services, regional migrant social engagement and sense of belonging.

The RAI's report *Against the Odds: Realising Regional Workforce Potential* provides the evidence of the role of settlement services as cultural brokers between migrants, employers and regional communities. The roles of settlement services have been examined in multiple Australian studies, underlying their crucial roles in international migrant integration and social inclusion³³. Settlement services address the issues of community engagement and migrant resilience through providing culturally appropriate and, in some cases, trauma-informed support³⁴. Provision of communication between migrant communities and hosting communities is crucial for migrant's acceptance in the regional areas, and therefore, a condition for long-term outcomes of migration³⁵.

Consequently, such a brokerage changes regions: through growing regional multicultural competences and multicultural approaches, regional places become epicentres of

³² Department of Home Affairs: Immigration and citizenship. (2023) *Migration Strategy: Getting migration working for the nation*. Canberra. pp. 90-93.

³³ Mungai, N. (2014) *Resettling refugees in rural areas: Africans, Burmese, Bhutanese and Afghans in the Riverina NSW, Australia*. Rural Lifestyles, Community Well-Being and Social Change: Lessons from Country Australia for Global Citizens. pp. 145-205; Klocker, N., Hodge, P., Dun, O., Crosbie, E., Dufty-Jones, R., McMichael, C., ... & Radford, D. (2021) *Spaces of well-being and regional settlement: International migrants and the rural idyll*. *Population, Space and Place*, 27(8), e2443; Gunasekara, A., Eversole, R., Hiruy, K., Sendjaya, S., & Breitbarth, T. (2023). *Cross-sector collaboration for refugee employment: An anthropology of development perspective*. *The Australian Journal of Anthropology*, 34(2). pp. 76–93. <https://doi.org/10.1111/taja.12476>

³⁴ Lester, H., Ryakhovskaya, Y., & Olorunnisola, T. S. (2023) *Asset-based community development approaches to resilience among refugees and recent migrant communities in Australia: a scoping review*. *International Journal of Migration, Health and Social Care*.

³⁵ Almohamed, A., & Vyas, D. (2016) *Vulnerability of displacement: challenges for integrating refugees and asylum seekers in host communities*. *Proceedings of the 28th Australian conference on computer-human interaction*. pp. 125-134.

cosmopolitanism, with multiple economic and social dividends³⁶. However, multiple sources show that regional settlement services are chronically understaffed and underfunded, limiting their services mostly to core and short-term deliverables, predominantly for humanitarian settlers³⁷. The lack of migrant support 'on a ground' makes the issues of engagement, finding relevant employment, educational, medical services, finding spaces for multicultural expressions a 'migrant problem'. A problem that migrants have to address mostly by themselves.

There is a lack of holistic and continued funding for settlement services that provide long-term support for all types of visa-holders. This view is shared and endorsed by the Settlement Council of Australia (SCOA) in their submissions to *A migration system for Australia's future*. SCOA recommends systems similar to that of Canada where migration settlement services include employment assistance, language training, and information/orientation services; all of which were sufficiently accessed by migrants³⁸. Embedded in the *Migration Strategy* should have been **clear settlement support services provided to migrants of all visas, indefinitely**. This would ensure that the visa system is not reliant on employers, mitigating the chances of worker exploitation, whilst providing an on-the-ground service that will unlock the full potential of our migrant workforce.

It is also important to highlight that migrant settlement services should be used as an educational source to the surrounding community. The RAI encourages place-based decision making in regions as opposed to one-size-fits-all policies. Settlement services have the ability to create programs that facilitate community integration based on the unique characteristics of the region and the characteristics of the region's migrant intake (size, composition, origin). The purpose of this flexibility is to adjust migrant support based on the cultural identity of the region and provide support in accessing education, industry, and Government support. Furthermore, communities have the opportunity to be educated in the cultural identities of incoming migrants and help facilitate their social support within the community. Striking balance between consistent support of migrant settlement and regional specific programs is central to a resilient migration system, providing place-based support and equal access to support services across all regional communities³⁹.

³⁶ Collins, J., Krivokapic-Skoko, B., Jordan, K., Babacan, H., Gopalkrishnan, N., Collins, J., & Gopalkrishnan, N. (2020) Place Making, Migration and the Built Environment: An Introduction. *Cosmopolitan Place Making in Australia: Immigrant Minorities and the Built Environment in Cities, Regional and Rural Areas*, 1-32.

³⁷ SSI Annual Report 2018, 2019; Tan, G. (2023) *Regional Refugee Settlement Recommendation Report 2023*. Charles Darwin University, accessed 24/01/2024, <https://digitalcollections.cdu.edu.au/nodes/view/7970>

³⁸ Settlement Council of Australia. (2022) *Submission: A migration system for Australia's future*. SCOA. Canberra. RAI.

³⁹ Regional Australia Institute. (2023) *Submission to Planning Australia's 2024-25 permanent Migration program*. RAI. Canberra.

PRODUCTIVITY AND INNOVATION

Policy Recommendations

- Fulfill the infrastructure gaps identified in the Regional Infrastructure Review 2022

Context

- Australia's total labour productivity has declined by 2.86% between December 2022 and 2023
- There has been progress made on several areas of the 2022 *Regional Strengths and Infrastructure Gaps*
- Regional share of new business entries increased from 27.7% in 2021 to 28.8% in 2022

Recommendation 15: Address the infrastructure gaps identified in the 2022 *Regional Strengths and Infrastructure Gaps* Report

Ambition Target: Increase regional Australia's contribution to national output, boosting Australia's GDP by an additional \$13.8 billion by 2032

Year 1 Progress Report: The regional contribution to national output in 2022 (35.5%) was nearly the same as the previous year (35.3%)

The RAI commends the Government on progress towards many of the objectives outlined in the 2022 *Regional Strengths and Infrastructure Gaps* (RSIG)⁴⁰. Unsurprisingly housing was the leading infrastructure gap which is to be expected considering the current housing crisis. Access to diverse and affordable housing in the regions is still concerningly difficult. The Commonwealth has provided the investment vehicle of the Housing Australia Future Fund yet has not included specific detail on the ratio of affordable and social houses that will be granted to the regions or on what proportion of the 30,000 dwellings will be delivered in regions. The RAI's submission to the *HAFF Investment Mandate Direction 2023*⁴¹ outlines the importance of housing investment in the regions including what should be invested in, and where investment should be prioritised.

The second infrastructure gap of most concern to LGAs was mobile connectivity. The continuation of the Mobile Black Spot Program (MBSP) as announced by the round 7 of the MBSP in December of 2023 and round 3 of the Regional Connectivity Program will increase the connectivity of regional Australia. However, regional telecommunication infrastructure must

⁴⁰ Infrastructure Australia. (2022) 2022 Regional Strengths and Infrastructure Gaps. Australian Government. Canberra.

⁴¹ Regional Australia Institute. (2023) Housing Australia Future Fund Investment Mandate Direction 2023. Regional Australia Institute. Canberra.

be continuously invested in to ensure that the progress made does not regress with the phasing out of older networks such as 3G.

Infrastructure Gaps	Number of regions where an Infrastructure Gap is identified as a priority through the <i>Regional Infrastructure Gap Prioritisation Framework</i>
Availability, diversity and affordability of housing	26
Broadband and mobile connectivity	24
Water security	22
Access to further education and skills training	19
Capacity, connectivity and quality of public transport	15
Capacity, connectivity and quality of freight infrastructure	12
Capacity, connectivity and quality of road infrastructure	9
Distribution, transmission and generation of energy	7
Industry enabling infrastructure to support growth and innovation	5
Access to and capacity of health and aged care infrastructure	3
Provision, quality and protection of green, blue and recreation infrastructure	3
Waste management and resource recovery	1
Natural disaster resilience	1
Capacity, quality and accessibility of early, primary and secondary education	1
Provision and quality of arts and culture infrastructure	0
Capacity, connectivity and quality of air transport	0

Figure 7

Water security, was identified as the third highest reported regional infrastructure gap. The RAI has submitted both to the Future Drought Fund 2024-2028 investment strategy and the Murray-Darling Basin Plan Productivity Commission Interim Report, recommending areas of investment from both agencies in relation to water security. Focusing on the community-wide impacts of water security stresses and changes in the legislative instruments that define water availability, the RAI recognises the importance of water to the overall wellbeing of a region. Within the FDF there is scope for programs that invest in the transformation of communities towards less water-dependent or more water efficient industry. An increase in industrial diversity will eventuate in a robust economic defence to drought. A similar notion was proposed by the RAI in the Institute's MDBP submission whereby the socioeconomic adjustment packages should be granted to basin communities affected by buybacks, to support the industrial transition from water dependant industry⁴².

⁴² Regional Australia Institute. (2023) *RAI Submission - Murray-Darling Basin Plan: Implementation Review 2023: Interim Report*. Regional Australia Institute. Canberra.

There is significant scope for further Government investment outside of the aforementioned programs, to not leave communities stranded in large-scale transition, but to support alternate means of growth.

Finally, a key target of the *Regionalisation Ambition 2032* that aligns with the outcomes of the RSIG is to “[i]mprove access to transport services in and between regional communities”⁴³. The *2023 Year 1 Progress Report* showed that satisfaction in regional transport services has declined, dropping from 3.5 to 2.9 out of 7 in the Regional Wellbeing Survey⁴⁴. To ensure that regional infrastructure is still to expand as projected in the RSIG report, a concerted effort must be made to redress cancelled infrastructure projects and if to not recommit funding, to at least **ensure that the same level of funding is reserved for regional growth and development**. Figure 9 from the RSIG review is a mid-2020 presentation of past and forecasted regional investment against mixed and metropolitan. It was forecast for exclusively regional investment to increase in the overall share of investment; this must continue to be adhered to, if not furthered.

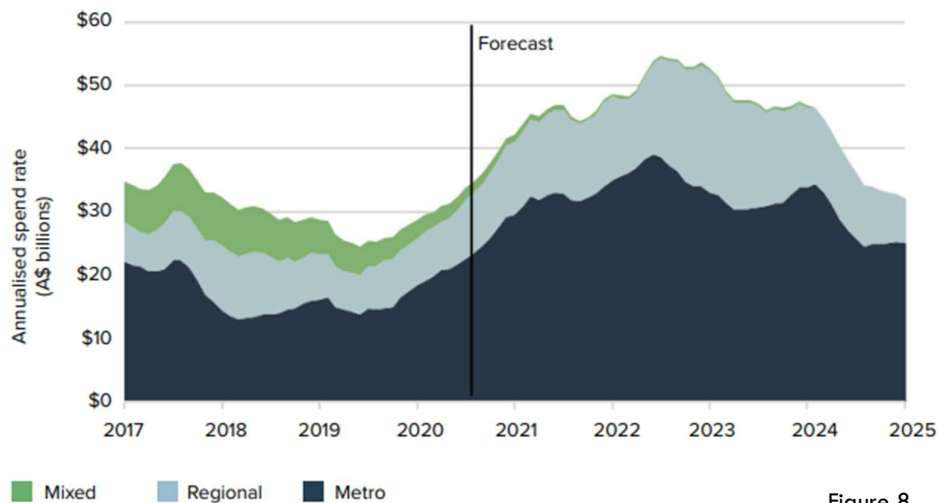


Figure 8

⁴³ Regional Australia Institute. (2023) *Regionalisation Ambition 2032 – A Framework to Rebalance the Nation*. Regional Australia Institute. Canberra.

⁴⁴ Regional Australia Institute. (2023) *Regionalisation Ambition 2032: 20232 Progress Report*. Regional Australia Institute. Canberra.

SUSTAINABILITY AND RESILIENCE

Policy Recommendations

- Fund research into economic resilience strategies that mitigate natural disaster related shocks
- Ensure Funding from National Reconstruction Fund and Building Better Regions Fund is accessible

Context

- Long-term economic planning can factor in the effects of natural disasters on regional communities
- Only 50% of regional Australia have a moderate to high capacity for disaster resilience.

Recommendation 16: Fund research into economic resilience strategies that mitigate natural disaster related shocks

Ambition Target: 90% or more of regional Australia has a moderate to high capacity for disaster resilience

Year 1 Progress Report: No new analysis has been released this year, with just over 50% of regional Australia having a moderate to high capacity for disaster resilience, compared to over 90% in metropolitan areas (2020)

In the wake of the tangible and measurable impacts of climate change on Australia, policy is required to remedy the causes and effects of extreme weather patterns. As of December 2023 and January 2024, the flooding in Victoria and Queensland in what was predicted to be a summer of bushfires has illustrated the unpredictability and devastation caused by natural disaster. To simplify the policy levers available, the Government must commit to preventative policy regarding climate change/environmental policy and resilience programs as well as disaster relief and recovery policy.

Regional Australia is particularly vulnerable to natural disaster, not only to the physical and mental detriment of residents, but to the economic conditions of regional centres. The 2020 ISIP collaboration with the University of South Australia, *The Impacts of Natural Disasters on Main-Street Retail and Services in Regional Australia*⁴⁵, has identified the historical relationship between changes in the “retail trade” and “accommodation and food services” and natural disasters in mid-sized regional hubs. Drought, fire, and floods all demonstrated debilitating effect on the main streets of regional towns. The ongoing loss of income from agricultural and other water-dependent industry compounded the effects of natural disaster and is further felt across the community, particularly in specialised smaller towns.

The Government cannot control the weather; Government can only prepare for and respond to its effects. Emergency relief funding, resilience funding and emergency preparations have helped mitigate the impacts felt by regional communities. The RAI also commends long-term planning to be considered amongst natural disaster policy, posing the question of what is needed in regional economies to mitigate the effects of natural disasters. The common answer

⁴⁵ Akshay, V., Summers, D., Connor, J.D., Beer, A. (2020) *The impacts of natural disasters on main-street retail and services in regional Australia*. University of South Australia, published by the Regional Australia Institute. Canberra.

to this question is to encourage forms of diversification. While there are many regions that would benefit from diversification, it is not the solution for all regional communities.

To discern the correct economic planning for a region, the relative size and industrial composition are crucial indicators for the economic strategy that should be adopted. The RAI publication *The Impacts of Specialisation and Diversification on Australia's Mid-sized Towns*⁴⁶ and subsequent *Regions Doubling Down or Diversifying*⁴⁷, demonstrated that different strategies should be employed to different regions based on relative industrial sector. Measured on a scale between specialised to unrelated variety (diversification) the study compared the different strategies against external economic volatility and the economic outcomes. Missing from this analysis was the consideration of natural disaster as a variable. To truly understand the economic ramifications of natural disaster, more research is needed that builds from the previous work of the RAI. Ideally this will look at how regional communities could either diversify (both related or unrelated) or specialise to mitigate the economic outcomes of natural disaster.

Recommendation 17: Ensure Funding from National Reconstruction Fund and Building Better Regions Fund is accessible

The National Reconstruction Fund (NRA) and Building Better Regions Fund (BBRF) are transformative investment mechanisms that have the potential to redefine regional Australia. The RAI commends the Government on the intention of these programs and encourage their continued application. However, funding is only useful when it is readily accessible to all organisations without administrative burden. The Institute implores the Government to continue to monitor and publish the outcomes and user experiences of the program. The introduction of these transparency provisions will ensure that funding is efficiently used and regionally focussed.

⁴⁶ Beer, A., Akshay, V., Rainnie, A., Veitch, W., and Clower, T. (2020). The impacts of specialisation and diversification on Australia's mid-sized towns. Canberra: The Regional Australia Institute.

⁴⁷ Regional Australia Institute. (2020) *Regions Doubling Down or Diversifying*. Regional Australia Institute. Canberra.

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1	RAI – Jobs and Skills Australia. (2023) <i>Internet Vacancy Index November 2023</i> . JSA website. Internet Vacancy Index Jobs and Skills Australia
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