



**REGIONAL  
AUSTRALIA  
INSTITUTE**

# **SUBMISSION TO THE HOUSE OF REPRESENTATIVES SELECT COMMITTEE INQUIRY INTO REGIONAL AUSTRALIA**

**REGIONAL AUSTRALIA INSTITUTE**

**November 2019**

## TERMS OF REFERENCE

The Regional Australia Institute (RAI) welcomes the opportunity to provide a submission to the House of Representatives Select Committee's Inquiry into Regional Australia.

The specific terms of reference to which this submission most closely relate are:

- a. Examining the effectiveness of existing regional service delivery and development programs;
- b. Examining the contribution and role of regional Australia to our national identity, economy and environment;
- c. Promoting the development of regional centres, cities, towns and districts including promoting master planning of regional communities;
- d. Promoting private investment in regional centres and regional infrastructure;
- e. Examining the key drivers for unlocking decentralisation opportunities for both the private and public sectors;
- f. Promoting the competitive advantages of regional location for businesses;
- g. Investigating the development of capital city size regional centres in strategic locations and the benefits this offers regional cities, capital cities, the Australian economy and lifestyle;
- h. Examining the potential for new developments, towns and cities to be built in regional Australia;
- i. Examining international examples of nations who have vast and productive regional areas, which are sparsely populated;
- j. Examining ways urbanisation can be re-directed to achieve more balanced regional development;
- k. Identifying the infrastructure requirements for reliable and affordable health, education, transport, telecommunications, clean energy, water and waste in a new settlement of reasonable size, located away from existing infrastructure; and
- l. Considering other measures to support the ongoing growth and sustainability of regional Australia

This submission draws on key reports released by RAI over recent years that address matters affecting regional Australia, as well as current work being undertaken by the RAI to support the ongoing growth and sustainability of regional Australia. These reports and initiatives include:

- *Regional Population Growth – Are We Ready? The economics of alternative Australian settlement patterns* (2019)
- *National Population Plan for Regional Australia* (2019)
- *Our Regions Rising – Policy Hack Outcomes 2019: A call for a new approach to regional policy in Australia* (2019)
- *Regional Growth Prospects: Strategic investment in food processing, tourism, advanced manufacturing and creative industries* (2019)
- *Regional Migration Initiative* (2019)
- *Pillars of Communities: Service delivery professionals in small Australian towns 1981-2011* (2017)
- *Deal or No Deal? Bringing small cities into the national cities agenda* (2016)
- RAI's National Awareness Campaign (2020)
- Regional Australia Council 2031 (RAC2031) (2020)

This submission provides some information that the RAI believes is important for the Committee's consideration. The RAI would be pleased to provide further supporting information on request.

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## ABOUT THE REGIONAL AUSTRALIA INSTITUTE (RAI)

Independent and informed by both research and ongoing dialogue with the community, the RAI develops evidence-based policy and advocates for change to build a stronger economy and better quality of life in regional Australia – for the benefit of all Australians.

The RAI was specifically formed to help bridge the gap between knowledge, debate and decision-making for the potential and future pathways of regional Australia. It exists to ensure local, state and federal policymakers, researchers, business and members of the community have access to the information they need to make informed choices about the future of regional Australia.

Founded with an initial grant from the Commonwealth Government, the RAI's work is now supported by contributions from all states and the Northern Territory, along with corporate and philanthropic support.

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## EXECUTIVE SUMMARY

Regional Australia is changing. With this transformation comes enormous opportunities and challenges for the country as a whole. But it needs a new vision.

It is well understood that regional Australia is not a homogenous place. Currently, some areas are severely affected by drought, while others are constrained by chronic workforce shortages. Regional Australia is vast, and the diversity it offers is one of its most attractive features, but it can present many challenges in planning for its future.

Since its inception in 2011, the RAI's work has focussed on improving the social and economic outcomes of regional Australians. The work over this period has provided the RAI with a solid understanding of the needs of regional Australia, centred around our evidence-based research.

This Inquiry covers a broad range of issues, all of which have been investigated by the RAI. However, for this submission, the RAI has highlighted key bodies of work that can provide critical information to the Inquiry.

The RAI appreciates this Inquiry as an opportunity to support the ongoing growth and sustainability of regional Australia. Re-engineering Australia's future settlement patterns will be central to this objective. Nationally, young people 20-29 years old are the most mobile, but the movement from major capital cities to regional areas of Australia peaks in the 30-39 and 60-69 age groups. This is positive for regional Australia because these age groups represent a workforce that can bring a range of skills and experience to regional communities.

The Morrison Government is currently considering the role of regions in supporting national population growth, as seen in *Planning for Australia's Future Population*. Upgrades to regional transport connections are also underway, and governments are exploring more ambitious infrastructure options. In our *National Population Plan for Regional Australia*, the RAI has proposed that regions can play a much bigger role than previously considered to support the redirection of urbanisation.

Key to driving societal shift over coming decades that would result in a more balanced population outcome is a National Awareness Campaign to promote the opportunities of living and working in Regional Australia. The RAI is currently working with all regional stakeholders, including government and the private sector, to develop and implement this campaign for the initial period 2020-22.

In collating our research reports over the last eight years, the RAI has engaged with thousands of stakeholders to gather the most up-to-date information and data available – cementing the RAI as the voice of regional Australia.

Our *Great Small Cities* report provides evidence critical to this inquiry, and the rationale for re-framing our national cities policy to have a greater focus on the performance and potential of our second and third-tier cities – our regional cities. RAI's projections of future regional city growth are positive. Regional cities have the potential to produce \$375 billion in output in 2031, representing a 65 per cent increase from 2013.

The OECD recently found that countries with a greater number of cities generally have higher per capita GDP and are more likely to be resilient to place-specific shocks.

In April 2019, the RAI's Inaugural Regions Rising National Summit in Canberra brought together some of the brightest minds in the country to 'policy hack' solutions relating to key issues affecting regional Australia. This hack resulted in a clear and consistent message – governments need to invest in people and require a new approach to regional policy. Regional Australia needs a new vision.

The RAI believes the key policy areas that will assist in elevating regional Australia must initially focus on population, jobs, education, regional migration, and infrastructure (soft and hard).

We have the opportunity to redefine and reshape what regional Australia will look like in the future. The Australian Government has the power to shape the transition required, but it cannot and should not be expected to do this alone. The RAI is poised to play a critical role. Regions are ready to grow.

## WHAT IS REGIONAL AUSTRALIA

According to the RAI, regional Australia includes all of the towns, small cities and areas that lie beyond the major capital cities (Sydney, Melbourne, Brisbane, Perth, Adelaide and Canberra).

- Regional Australia contributes one-third of our national output and is home to more than 9.05 million Australians.
- As a result, regional Australia provides employment for one in three working Australians.
- Regional Australia makes a formidable contribution to the nation's economy. In fact, without its contribution, Australia's economy would contract to the size it was in 1997.
- Regional Australia contributed half of our nation's growth post-Global Financial Crisis, fulfilling the role as a source of resilience for the economy to a tee.

## WHAT REGIONS WANT – RAI POLICY HACK 2019

In April 2019, the RAI convened the historic Regions Rising National Summit in Canberra. This Summit brought together business, all levels of government and community leaders from across rural, regional and remote Australia to discuss the future of regional development.

As part of the agenda, more than 250 delegates were invited to participate in policy hacks. At each policy hack session, participants workshopped solutions to one of four specific problems:

1. **Regional Jobs:** What policy changes would encourage people to take up employment opportunities in regional Australia?
2. **Population Strategy:** For regional Australia to play a stronger role in our national population strategy, what changes need to be made?
3. **Regional Health:** What policy changes are needed to help regions capitalise on growth in the health industry?
4. **Place-based Programs:** What needs to change for place-based policies to be implemented in regional Australia?

The results produced a clear and consistent message – governments need to invest in people and require a new approach to regional policy.

While the issues were diverse, four key themes emerged throughout the policy hack sessions:

1. Investing in ‘soft’ infrastructure – human capital and liveability;
2. Governments and regions working together;
3. Empowering regions through flexibility and place-based policy; and
4. Shifting the narrative of regional Australia.

### 1. INVESTING IN ‘SOFT’ INFRASTRUCTURE – HUMAN CAPITAL AND LIVEABILITY

Australian residents are demonstrating a willingness to live in the diverse regions that regional Australia has to offer. Regional populations are growing based on their existing services, accessibility and infrastructure, yet in order for regions to continue to grow and attract new residents, there needs to be a more equitable investment in their infrastructure and services to build appealing, adaptable and viable communities that people want to live in and contribute to in the long term.

Regional leaders are calling for regional policy development to be more than the implementation of large infrastructure projects such as road and rail. Instead, leaders want education and skills development of regional residents to be a priority. Regional Australia has jobs, and the challenge ahead is filling these with trained skilled workers.

While people choose regional areas for economic and employment-related reasons, other factors also influence these mobility decisions such as the ‘liveability’ of the location. Quality child-care, employment opportunities for spouses, and education for children were all noted as central to ensuring those with the right skills stay or move to the regions.

## 2. GOVERNMENTS AND REGIONS WORKING TOGETHER

Regions want to ‘work with’ governments; they don’t want things ‘done to’ them. The policy-making cycle should integrate local knowledge and expertise, and locally-led solutions should be supported, especially in regards to employment, population programs and the delivery of healthcare.

Forging such a connection would mean that government would better understand how regions work, what their issues are, and why they need different policy approaches to our capital cities. Regional policy is starting to experiment with the regional city and regional deals which recognise and validate the priorities of regional leaders.

## 3. EMPOWERING REGIONS THROUGH FLEXIBILITY AND PLACE-BASED POLICY

Allowing flexibility in the way that policies are delivered would bring about better results across diverse regional and remote areas of the country. Flexible methods require a rebalancing away from the current emphasis on programs that seek to maximise economies of scale, towards recognising the importance in smaller regional communities of the value of economies of scope. Economies of scope are found when different services are bundled together for more effective local impact. This reflects a shift in focus away from the blanket policies that often seek to ease the burden of administrative functions, towards the place itself, and towards the intended outcomes of the intervention.

Some specific ways to help shift this focus include establishing cross-border commissioners, extending regional deals and devolving decision-making. Regions need different approaches, especially where policies are designed to work in areas with large populations, while effective delivery is difficult to achieve where populations are small and dispersed.

## 4. SHIFTING THE NARRATIVE

When Australia’s regions are strong and thriving, our nation is strong and thriving. Regional thought and community leaders are optimistic about life in regions, and about their future. The tired ‘country/city’ binary simply does not reflect reality. Australia’s regions are diverse, innovative and closely linked to urban and global marketplaces.

Regional leaders have called for a shift in the narrative of regional Australia in mainstream media and places of centralised decision making. The successful development of regional Australia is tied to its story, and that is one where our towns and regional cities represent places where innovations, healthy families and successful careers are built.

As outlined in the submission below, the RAI has commenced work on the National Awareness Campaign and is seeking government support.



## POPULATION: BALANCING GROWTH BETWEEN OUR MAJOR CITIES AND REGIONS

If we continue with current geographic patterns of settlement, most of our future population will reside in our major capital cities, while regional areas will experience only modest levels of growth.

By 2056, Sydney and Melbourne will approach global megacity status, with populations of 9.3 million and 10.2 million, respectively. Brisbane and Perth are projected to grow to the scale of Sydney and Melbourne today.

However, current urban planning will see most future population growth in the outer suburbs. In Sydney, Melbourne and Perth, the outer suburban population is projected to more than double. In Brisbane, the outer suburban population is projected to nearly triple.

Australia's megacity future will emerge if we follow this business as usual scenario, but in reality, our future settlement patterns and population growth are far from fixed. Australia has alternatives. RAI's *National Population Plan for Regional Australia* was developed to highlight the role of regional Australia.

Furthermore, the RAI's report released in August 2019, *Regional Population Growth – Are We Ready?*, addresses key issues fundamental to our future settlement patterns that challenge decision-makers to prioritise regional Australia and divert future growth to connected regional cities. Policies which seek to encourage population movement to regional centres would be instrumental in the transformation of regional Australia.

This report looks at the economic consequences of alternative future population scenarios to better inform the conversation about our future growth. The research investigates a set of regionally distributed population growth scenarios for Sydney, Melbourne, Brisbane and Perth, along with analysis of the scale of agglomeration economies available to Australian cities. The scenarios test the effectiveness of alternative settlement patterns for relieving commuting and house price pressures, and whether this relief would come at a big cost to future incomes and employment opportunities.

The scenario modelling found that under the business as usual base case, commute distances in outer Sydney and Melbourne will increase by around 60 per cent and close to 25 per cent in outer Brisbane and Perth. Under the alternative distributed population scenario, commute distances for outer suburban Sydney would rise by 15 per cent, and Melbourne by 40 per cent. Brisbane's outer suburban commute distances rise by 2 per cent, and Perth's by 11 per cent.

Importantly, the analysis shows limited trade-offs in terms of future incomes or employment across alternative scenarios. With supporting policies to maximise education and employment opportunities, as well as job creation initiatives in regional areas alongside increased population growth, a more widely distributed population growth outcome may achieve superior levels on these key economic indicators.








OUTER SUBURBAN CHANGES				
POPULATION GROWTH SCENARIO	INCOME	HOUSE PRICES	EMPLOYMENT	CONGESTION
 POPULATION GROWTH SCENARIO	 INCOME	 HOUSE PRICES	 EMPLOYMENT	 CONGESTION
 <b>+40 YEARS CURRENT PATH</b>	↑	↑	↑	↑
 <b>+40 YEARS REGIONAL FOCUS</b>	↑	↑	↑	↑

Figure 1: Modelling shows both income and employment will increase modestly for outer suburbs, regardless of population distribution over the next 40 years. If the population distribution continues on its current trend towards even denser inner cities, house prices and congestion will dramatically increase. Alternatively, projections that focus on distributing settlement across the regions see house prices and congestion only modestly increase.

In examining alternative settlement patterns, the comparisons between current residents of outer suburbs and regional cities are worth noting. When examining average incomes, the difference is small at 10 per cent. For example, the average outer suburban Sydney worker earned \$80,808 in 2016, whereas their NSW regional city counterpart earned \$71,281.

However, a stark contrast emerges when comparing average house prices. In Melbourne, the average home in the suburbs was valued at \$776,276 in 2016, while in Victoria’s regional centres the figure was less than half, at \$344,365.

The modelling suggests that dispersing population growth increases incomes in regional cities while having a limited impact on outer suburban areas. In Queensland, the modelling shows that regional city workers could see higher average income growth than their outer suburban Brisbane counterparts, under a highly dispersed population scenario which would see 20-40 per cent of future population growth diverted to regional areas.

Employment data also shows that a worker in a regional centre has just as much likelihood of being employed as those in the outer suburbs. A similar pattern also emerges concerning productivity. In the case of Brisbane and Melbourne, regional productivity is higher than in outer suburban areas. Housing affordability in our outer suburbs will also improve if population growth is dispersed to our regional cities.

Given the importance of the agglomeration discussion in population debates, the RAI worked with Southern Cross University to develop new quantitative estimates of its contribution to growth nationally. Agglomeration economies refer to the benefits that accrue when large numbers of worker and firms cluster together, and this research examined the scale of these benefits with Australian data.

The results show that there are rapidly diminishing returns for agglomeration benefits as our cities get very large because the costs of being big – congestion and high cost of living – undermine the benefits of having additional people.

The results also found that central Sydney and Melbourne are already at their peak in terms of marginal gains from increased density. In contrast, most other areas in Australia are well below their optimum level and not receiving the full benefit of agglomeration economies.

Together, these results suggest that residents across these cities and surrounding regional areas will likely see greater benefits from a more widely distributed future population settlement pattern. Careful strategic planning can ensure that the benefits of larger regional populations are achieved without loss of the affordability and amenity that current residents appreciate.

In this report, the RAI recommends the three most important policy levers that are available to the government to shape settlement patterns are planning policies that govern land use, infrastructure investment, and migration.

More than any other factor, future growth in regional cities can drive widespread change in regional areas, bringing a wider range of jobs, better services and other facilities to regional cities and surrounding towns.

## **MANY AUSTRALIANS ARE ALREADY CHOOSING TO LEAVE CAPITAL CITIES**

Australians ‘vote with their feet’ in choosing where to live.

Movement of people within Australia is the major component of population change in regional Australia and a major contributor to population growth and the offset of population decline within the regions. While capital city population growth has been high in recent years, between 2011 and 2016, over 455,000 capital city residents moved out to a regional area to live.

While the highest number of people moved to coastal regional cities close to the major capitals between 2011 and 2016, people also moved to a diverse range of regional areas including inland regional cities, mid-sized towns that act as industry and service hubs, and regional heartlands more geographically isolated from the major capitals.

Over the past four years, Greater Sydney has shown a net regional internal migration loss of around 20,000 people each year, and in each of those years, the majority of people that left Greater Sydney moved to other parts of New South Wales (ABS 3412.0 – Migration, Australia, 2016-17).

With the desirability of a capital city lifestyle being challenged, improvements in regional city and town infrastructure that further enhance their liveability will increase the flow of people out of congested cities without the need for individual relocation incentives.

While there is a belief that growing populations can be effectively supported only through centralised populations with high population densities in major capital cities, many Australian residents are already looking to alternative opportunities offered in regional cities and towns. This shift is due, in part, to the challenges facing capital cities in keeping pace with improved infrastructure, increased services, and equitable access to housing.

Nationally, young people 20-29 years old are the most mobile age group, but the movement from major capital cities to regional areas of Australia peaks in the 30-39 and 60-69 age groups. This is positive for regional Australia because these age groups represent a workforce that can bring a range of skills and experience to regional communities. Some of these people will move to regional Australia with their families, which helps bolster school enrolments and participation in community activities, along with meeting labour force demands.

The RAI is currently investigating the mobility patterns of Millennials (people aged 20 to 34) to better understand the characteristics of places that attracts this age group.

## MIGRANTS ARE CHOOSING REGIONAL AUSTRALIA

Population growth is lowest, and at times negative, in Australia's regional and remote places. We often think of these places as quite static and monocultural, but the RAI's analysis has shown that in fact, for many of our regional and remote places, population stability depends on international migration. An analysis of 2016 Census data shows that:

- 151 LGAs increased their overseas-born while decreasing their Australian-born population;
- 128 increased both their Australian-born and overseas-born population;
- 116 decreased both Australian-born and overseas-born population; and
- 20 increased Australian-born and decreased their overseas-born population.

International migrants have been moving to and contributing to regional communities, bringing their skills and experiences, and creating new opportunities for themselves and other residents.

International migrants provide stability to communities in regional Australia by offsetting population decline and the departure of young adults, as well as being essential to meeting workforce shortages. Regional migration of international migrants can be a win-win scenario for new arrivals and host communities in the regions.

Regional cities such as Bendigo in Victoria, Mount Gambier in South Australia, Orange in New South Wales, and Toowoomba in Queensland have increased their populations by attracting overseas-born and Australia-born residents.

Helping to solve regional Australia's workforce shortage by connecting the right migrant workers with communities across the country, the RAI has taken a central role linking government, industry and

regional communities. Following the launch of our migration toolkit in August this year – *Steps to Settlement Success* – we are working with many regional communities to help them successfully kick start their own locally-led migration strategies.

Through our work this year, the RAI has brought together all stakeholders in the regional migration sector to cut through the issue of duplication and competitive tension.

The RAI is also working on expanding its work in 2020, by creating an *Employer of Choice for Migrants Toolkit*.

Continued government support for this program will help more regional communities to understand their workforce challenges and implement their own regional migration strategies.

## **JOBS – IMPROVING HUMAN CAPITAL IN REGIONS**

The RAI's work through our Intergovernmental Shared Inquiry Program 2019 is showing that there are multiple 'drivers of desirability' which influence a worker's decision to move for a job.

This month alone, there are 49,000 jobs available in regional Australia, and that figure is still growing at a faster rate than our metropolitan areas. Many of these roles are professional and skilled trades positions that offer attractive salary packages.

However, the similarity in the mix of job vacancies across regions means that suitable workers have the option of moving almost anywhere in Australia. This means that regions are competing with other regions for workers with similar skills and that workers will choose the places with greatest appeal.

Normally, in a functioning labour market, population growth would follow these high labour demand growth rates and unemployment in a region should fall. But these trends aren't happening in some parts of regional Australia. In those regions, we have an unwelcome situation where jobs are going begging, while population declines. Regions need more good people.

Australia needs people in our overcrowded cities to see the opportunities in regional Australia and make the move. This includes both Australian born residents and international migrants.

But we also need to grow from within. Rebuilding regional learning options in both the VET (trades) and tertiary sectors is critical to the growth of regional Australia.

In August, former Victorian Premier Dennis Napthine released his report which looked into the engagement and outcomes for post-school education for young people from rural, regional and remote Australia. The report shows that the current system is going backwards for these young people.



The report states:

*“As a result of the greater academic, geographic, social and financial challenges they experience, regional, rural and remote students are much less likely to undertake and complete tertiary study. ... Rates of participation and attainment in higher-level tertiary education have been increasing across Australia in recent years. However, the rate of increase has been faster in metropolitan areas than regional areas, resulting in a widening of the disparity in attainment between metropolitan and regional areas”.*

The Federal Government has broadly accepted the Committee’s seven main recommendations. This is important, as better regional skilling pathways would, over time, enable local residents to build the skills they need to enter the workforce and continue to develop their skills through their working lives. It would position them for better jobs, in the places they already know.

Moving up the qualification ladder will bring an increase in real wages; an increase that will be secure for the long term. Improving access to post-school training for regional residents must be a priority for the Federal Government.

In September 2019, the RAI provided a submission to the Senate Select Committee Inquiry into the Jobs of the Future in Regional Australia. Addressing jobs is a multifaceted challenge, but one that systematic responses at the state and national level can lead to significant improvement when well designed and targeted. The RAI made several recommendations in this submission that are pertinent to the scope of this Inquiry.

## **REGIONAL GROWTH PROSPECTS – INVESTING WHERE IT MATTERS MOST**

In June 2019, the RAI released its *Regional Growth Prospects* Report. This research looked at four industries that are critical to the economic future of regional Australia. Two of these industries, food processing and tourism, are predicted to grow strongly in the coming decade in response to expectations of growth in international demand and Australia’s comparative advantage.

Advanced manufacturing is highly important in a small number of regions, reflecting both historical strengths and great adaptability and engagement in global supply chains. Creative industries have a vital role in supporting business innovation and underpinning the cultural vitality of regions.

This Report provides a nation-wide and consistent evidence base to support regional development investment decisions at the national, state and regional levels. It helps policy practitioners design policy and interventions to target the regions where it matters most, and in a way which is appropriate for the regional economies they seek to support. It gives regional leaders timely information that helps focus efforts in a more strategic way to grow regional Australia within specialised regions.

This research identifies regions that specialise in these industries (Figure 2), where jobs are critical to the local economy, and how these have performed over time. Specialised regions are those where there is a high proportion of local jobs in the industry compared to the national average for a place of that size.

OECD experience shows that business-led specialisation approaches are effective in supporting regions to maintain their competitiveness in national and global contexts.

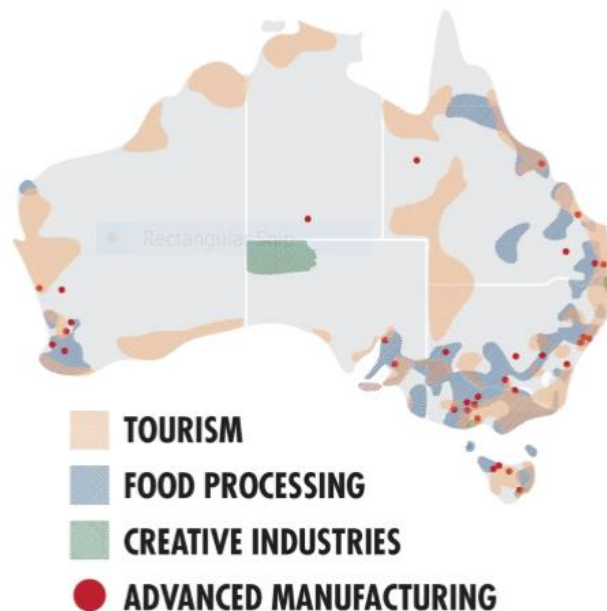


Figure 2: The regions which specialise in the food processing, tourism, advanced manufacturing and creative industries, 2016

RAI's research has several recommendations for policymakers, specifically:

1. Target policy and investment to the regions where growth in the four industries really matters for job generation (i.e. the specialised regions, not all regions).
2. Tailor policy approaches based on the region's past employment growth where:
  - i. the highest investment priority should be to catalyse new economic activities in regions where local conditions are driving growth. In these regions, government intervention may build on local strengths to generate business and employment opportunities; and
  - ii. the highest investment priority should be removing or reducing barriers to growth in regions which are lagging behind state and industry trends. In these regions, government intervention may support these regions in realising their full employment potential.
3. Assess workforce and skill availability in the specialised regions and act to ensure potential new jobs can be filled, for example through regional learning systems or regional migration strategies as outlined in the RAI's *The Future of Regional Jobs Report*.

# LIGHTING UP OUR GREAT SMALL CITIES – FOR NATIONAL PROSPERITY

Twenty years ago we had a network of provincial country and coastal towns. Since then a concentration of regional population growth in these areas means we have 31 regional cities whose population is sufficient to generate much of the economic performance of our largest cities.

As a result of this, we now have a national network of small cities with the capacity for much stronger growth without the congestion and other costs that are locked into the development pathway for Sydney, Melbourne, Brisbane and Perth.

The RAI's Great Small Cities Report, *Deal or No Deal? Bringing small cities into the national cities agenda*, showed that an overwhelming majority of small cities have a diverse economic base – where no single industry accounts for more than 20 per cent of the workforce.

Australia's 31 major regional cities range in size from 61,000 in Tamworth to 673,000 in Gold Coast-Tweed. Figure 3 maps Australia's network of regional cities with current population estimates.

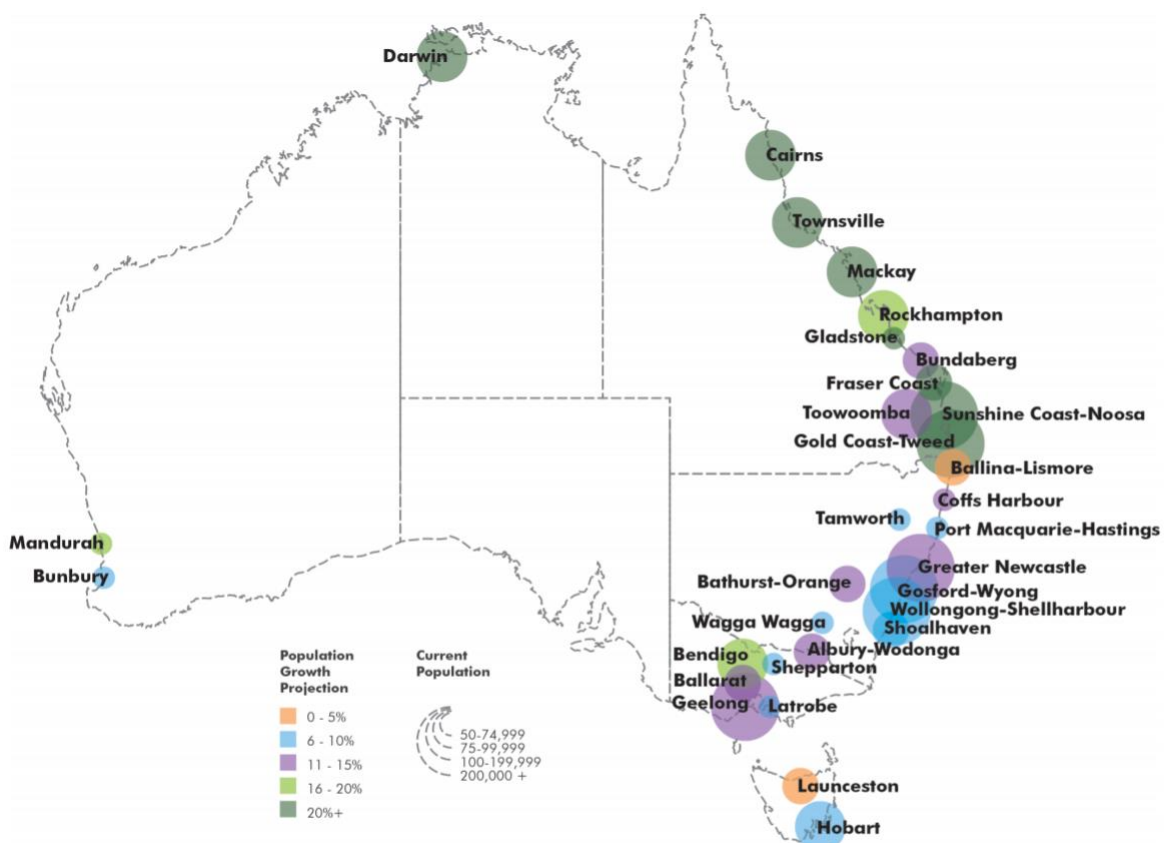


Figure 3: Regional cities by population and growth estimates, 2016

RAI's projections of future regional city growth are positive. Regional cities have the potential to produce \$375 billion in output in 2031, representing a 65 per cent increase from 2013 levels and a contribution of 15 per cent to the national economy.

Crucially, the OECD recently found that countries with a greater number of cities generally have higher per capita GDP and are more likely to be resilient to place-specific shocks. If countries have a network of cities with diverse specialisations, economic or environmental impacts in one place have a lower overall effect on the prosperity of the nation.

In Australia's case, this means framing our national cities policy to have a greater focus on the performance and potential of our second and third-tier cities – our regional cities.

Regions are ready to grow.

## IMPROVING SERVICE DELIVERY FOR SMALL TOWNS

Providing access to services for small towns is a national challenge in Australia.

To understand the picture of the services in our smallest towns, through its *Pillars of Community Report*, the RAI reviewed the long term change in the availability of services delivery professionals in small-town communities across 30 years from 1981 to 2011.

We measured the number of doctors, nurses, dentists, police officers, psychologists, teachers, paramedics and social welfare professionals in small towns in 1981 and again in 2011.

Although there are instances where the gap in service delivery personnel between major cities and small towns is closing, overall these gaps remain significant, and for some professions the trend is that the gaps are widening rather than narrowing.

Across the country, billions of dollars are provided from governments in support for professionals to work in small places, but these initiatives are clearly not always working as well as hoped.

This research has several recommendations for policymakers, specifically:

- **Support community-led initiatives**  
Some towns are bypassing state and Commonwealth processes to attract service delivery professionals to their communities. Some places have worked around administration-heavy procedures to entice education and health professionals by offering attractive housing or low-rent business premises. These efforts should be encouraged and supported as part of professional support programs.
- **Flexibility in the roles of professionals in small towns**  
Where there are service professionals located in small towns, their scope of work needs to be flexible enough to meet community needs better. For example, perhaps pharmacists and nurses should be able to provide vaccinations, dress wounds and take x-rays.
- **Virtual service delivery should complement and not replace**  
Virtual services have the potential to significantly widen the scope of services that can be delivered to small-town populations without the need for extensive travel. However, there is still considerable debate about the effectiveness of virtual-only services delivered in isolation from local professionals and how to embed virtual services most effectively. Services that

complement and extend the scope of practice for local generalists rather than seeking to replace them should be the priority.

- **Incentives need to target hard to staff areas**

There is less of a need to support professionals in inner regional places, as residents have access to a greater range of services in nearby populous places. Incentives for professionals should instead be targeted to the remote areas that need them most.

## LIVEABILITY IS A KEY INGREDIENT

To attract and retain a long-term skilled workforce, local town planning should focus on making places attractive and increasing 'liveability' through housing, sports and recreation facilities and public spaces.

In improving liveability and attracting and retaining a skilled workforce, it is important to consider employees as members of wider family units. This means ensuring childcare is affordable and available, that there are jobs for spouses, and that there are facilities and activities for after working hours.

Building 'liveable' communities will be increasingly important for addressing the future of work in regional Australia. With skilled and professional workers growing in demand across the country, places will be increasingly in competition with each other for this workforce.

The RAI is currently researching the relationship between liveability and mobility in regional Australia, and we anticipate the importance of this notion within future of jobs policy and practitioner discussions to continue to gather momentum as towns and regional cities vie for the workers their places need to grow into the future.

The outcomes of this work will be released in early 2020.

## PROMOTING REGIONAL AUSTRALIA – A NATIONAL CAMPAIGN

Starting in 2020, the RAI is commencing a national awareness campaign to promote the opportunities of living in regional Australia.

The campaign will embark on influencing the sentiment of metropolitan Australia through qualitative research, using this knowledge to develop a narrative and a communications strategy to create a societal shift in Australia's views and perceptions of living and working in regional Australia.

It will create a strong brand campaign to change hearts and minds that appeals to everyday Australians.



## SUPPORTING REGIONAL AUSTRALIA COUNCIL 2031

The RAI is convening a group of the most influential corporate leaders to help elevate Regional Australia in the form of the Regional Australia Council 2031 (RAC2031).

The Council gives corporate Australia a vehicle to support the development, investment and prosperity of our regions in a collaborative way that will enhance the lives of one-third of our population.

This forum will listen to organisations that have genuine care and impact on Regional Australia. This does not function as a lobby group, but rather as a solution-based model to support the work of the RAI and in turn regional Australia.

RAC2031 will have four key pillars to help drive the transformation of regional Australia. These include:



Members of RAC2031 will investigate internal organisational policies that better support the optimisation of the regional Australian workforce, such as flexible employment and staffing of remote locations.

The first meeting of the RAC2031 will be in the first quarter of 2020.

## CONCLUSION

The RAI sees this Inquiry as an opportunity to provide the Federal Government with the policy options identified in this submission to elevate regional Australia and support the social and economic success of the nation.

Re-engineering Australia's future settlement patterns is central to this objective, through promoting jobs and lifestyle opportunities, filling current workforce demands, identifying future skills gaps and improving skills pathways, encouraging regional migration, and investing in infrastructure that will connect our regional cities to the capitals.

Regional Australia is ready to grow, and the Federal Government has the power to shape this transition over the next five decades. But it cannot and should not be expected to do this alone. As the country's only independent think-tank working on issues affecting Regional Australia, the RAI is well poised to partner with government to ensure regional communities reach their potential.

## RECOMMENDATIONS

To better balance the national population and support the ongoing growth of regional Australia, the RAI recommends the following:

1. Support the establishment and rollout of the RAI's National Awareness Campaign to promote regional population opportunities.
2. Support the establishment of RAC2031 and provide Ministerial advice and leadership.
3. Undergo an analysis of the range of infrastructure investment options available to better connect all 31 regional cities to nearby metropolitan centres in the coming decades.
4. Support the RAI Regional Migration Initiative to continue its outreach and education program to connect migrants to regional communities and help fill workforce shortages.
5. Encourage and incentivise the role that industry can play in proactively working with local communities to identify potential future skills gaps and work collaboratively towards implementing solutions.
6. Emphasise and recognise the importance of liveability for building long-term, sustainable regional workforces into the future.