

Submission to the Inquiry by the Senate's Rural & Regional Affairs and Transport References Committee into the Future Role and Contribution by Regional Capitals to Australia from Rockhampton Regional Council

Rockhampton Regional Council submits the following in regard to the issues identified by the Senate Rural and Regional Affairs and Transport References Committee:

Overall, Council supports the development of Australia's second tier regional cities into vibrant centres that have a critical mass of population of between 250,000 and 5,000 residents. Deliberate policy and funding measures are required at both Federal and State levels to facilitate this scale of growth. The strength of Australia's regional cities will have a substantial impact on the national economy and society, and reduce the growth pressures on the State capitals and provide alternative lifestyle choices for our population.

Issue 1

Assess the current demographic trends and the changing role of regional capitals

In *The Regional Capitals Australia Issues and Positioning Paper* Essential Economics found growth in Australian regional capitals has outpaced the national average, with 550,000 additional persons accommodated in the regional capitals between 2001-2011 and this includes 110,000 new overseas migrants. This ongoing population 'absorption' role is highlighted with respect to growth projections which indicate an additional 1 million residents will live in the regional capitals by 2026.

The population of the Rockhampton Region has grown ahead of the average for Australian regional capitals over the past 12 years. The population of the current Rockhampton Regional Council has increased from 70,480 in 2001 to 82,551 in 2013, an increase of 12,071 or an average yearly increase of 1.71% over the 12 year period. In the decade from 2001-11 the population of Australian regional capitals grew by an average of 1.54%, 0.17% lower than the Rockhampton Region's average over that period.

With the continued growth of Central Queensland, especially with the opening up of the Galilee Basin's coal resources and regional coal seam gas projects, the Rockhampton Region's population is likely to continue to grow at a rate above the rate for other Australian regional capitals. Rockhampton is well positioned to continue to provide a wide range of goods and services to Central Queensland and especially to coal mining and gas operations in the Bowen, Galilee and later Surat Basins.

Opportunities in agriculture will also support the Region's continued growth as the Fitzroy Basin shifts from range cattle grazing to more intensive animal production and horticulture. The growing of mandarins, grapes and avocados beside the Nogoia River and watered from the Fairbairn Dam highlight horticultural opportunities in the wider Fitzroy Basin.

An increased presence by the Australian Defence Force in the Rockhampton Region is another structural change which could significantly increase the Region's population.

The Rockhampton Region is Central Queensland's principal service centre with effective infrastructure and strong community foundations. This role will grow, especially if Federal Government decides to take active steps to grow Australia's second tier cities.

According to *The Regional Capitals Australia Issues and Positioning Paper* while Australian regional capitals have many strengths, they also have:

- Comparatively high unemployment rates;
- Relatively high socio-economic disadvantage in the national context with lower incomes, lower educational attainment and higher unemployment rates;
- Lower worker productivity than the national average;
- Under representation in professional and finance services;
- Poor education completion rates with a bias to manual occupations and away from professional and managerial roles; and
- Comparatively low levels of investment when their populations size is taken into account.

Issue 2

Analyse current funding provided to regional capitals

Rockhampton Regional Council, like all other Australian local governments, receives Financial Assistance Grants from the Federal Government to spend generally on the advancement of its community. Currently, RRC is in the under 100,000 residents band.

However, the Rockhampton Region does not receive any funding from the Federal or State Government because it is Central Queensland's regional capital. It receives a variety of funding from the State Government (mainly for specific purposes), and is able to seek funding from the recently announced Regional Capitals Fund.

Further government funding is required by regional capitals to offset some of their comparative disadvantages and to enable them to make an even greater contribution to Australia.

Issue 3

Analyse the benefit of additional funding regional capitals could receive based on population, demand for services and their strategic importance for the region, state or country

Rockhampton Regional Council urges the Federal Government to introduce a scheme similar to the Western Australian Royalties for the Regions Program on a national level to grow Australian regional capitals. There is already clear interest from the Australian State Governments to develop second tier cities behind the capitals.

For many years the Western Australian Government, irrespective of its political colour, had ignored the northern areas of the State and focused on developing the south western corner around Perth. The current Western Australian Government is making genuine attempts to expand its population outside this corner.

Since its inception in 1859, the Queensland Government has put significant funding into developing its regional capitals and it has complex communities in Cairns, Mackay, Rockhampton, Toowoomba and Townsville. These cities, which have effective infrastructure and vibrant economies, have formed the Queensland Regional Capitals Alliance to ensure they grow and possibly develop into Queensland's second tier cities.

Now is an ideal time for the Federal Government to grasp the nettle and contribute significant recurrent funding to Australia's regional capitals to ensure population growth takes place around the nation, rather than being principally restricted to the Sydney-Melbourne-Canberra triangle. The use of the existing hard and soft infrastructure in the regional capitals is the key to building liveable communities away from the state capitals.

So far, Australia has had three generations of growth. The first was to settle the entire nation, the second to build the capital cities and the third to settle the coastal areas. The time is ripe for the fourth – to expand the regional capitals so they, like the Gold Coast, Newcastle and Wollongong, truly become second tier cities behind the capitals.

The New South Wales Government has also done good work in this space with its Evocities Program and the grants under the Regional Relocation (Home Buyers Grant) Act 2011 leading the way.

Queensland, Victoria and South Australia all have their separate initiatives to encourage the population growth away from the capital cities.

Issue 4

Investment challenges and opportunities to maintain or grow regional capitals, including infrastructure, community and human services, communications and natural resources

The growth of the Australian regional capitals will take advantage of many of the investments which governments at all levels have made over the past 200 years, particularly in infrastructure.

Regional capitals possess thriving economies with good potential for long-term growth and sustainability.

As the AEC Group's Regional Queensland Capitals Alliance Report outlines regional capitals are "vibrant and thriving with a wide range of different lifestyle options, mixing urban environments with access to more rural areas to provide greater diversity of choice for residents. The regional capitals also provide ready access to many natural tourism assets and scenic landscapes."

Regional capitals provide residents with most of the same services that are found in the capitals. This, however, is provided without the same congestion as the regional capitals have a calmer way of life.

Residents have a lower cost of living, while still retaining a good choice of business and job opportunities.

The development of the regional cities will have the following benefits for government:

- Growth centres facilitating economic diversity and resilience;
- Provision of a broad range of goods and services to their regional communities;
- Provision of critical infrastructure and services to their region;
- Cost efficient;
- Manageable and sustainable local and regional governance; and
- Critical mass of business and population.

Issue 5

Incentives and policy measures that would support sustainable growth in regional capitals

Relative to North America and Europe, Australia's regional development and associated regional cities policies are immature. This is in part due to Australia's lower population. However, international experience in building and transforming regional cities should be taken into account when formulating local policies.

A network of strong regional cities with populations between 250,000 and 500,000 residents will generate improved critical mass for these cities to be sustainable in terms of their economic and community infrastructure and services.

Rockhampton Regional Council requests the Federal Government to develop a suite of programs to transform Australia's regional capitals into second tier cities.

The operations of the Western Australian Royalties for the Regions Program and the New South Wales Evocities Program provide a good starting point.

Council suggests the Federal Government should use its taxation powers to make it more attractive for people to relocate to the regional capitals. The New South Wales Government has adopted this approach with its Regional Relocation grants.

Issue 6

Impact the changing environment will have on regional capitals

There is currently an opportunity in the Australian political landscape to develop second tier cities behind the capitals. Each of the State Governments has been working towards this objective in their own way.

The Federal Government should use its taxation powers to make it more attractive for people to shift to the second tier cities.

This will take some political determination as there will be many distractions along the way. There is an element of picking winners and the Federal Government should not steer way from that.

The issues which give rise to this opportunity include:

- Urbanisation – in 2014 ABS found 87.3 per cent of Australian live in cities;
- Aging population - the result of fewer children and technological change which has enabled people to live longer;
- Skills shortages and turnover – major impediment to economic growth;
- Smart technology and speed of change – opening new opportunities;
- Social media – changing the way people communicate;
- Shifting consumer trends and preferences – growing household savings, shift to services consumption and online retailing;
- Home based work – many more people are taking advantage of the opportunities to work at home; and
- Need for basic infrastructure – much of this has been already provided in the regional capitals.

Issue 7

Any other matters

To be a regional capital, a community should:

- Provide goods, services and employment to its Region;
- Has a thriving local economy with diverse business and job opportunities;
- Offer capacity for long-term growth and sustainability;
- Has sustained population growth;
- Be cost efficient; and
- Be uncongested and provide a calmer way of life.

Rockhampton Region's Characteristics

The socio-economic characteristics of the Rockhampton Region have a number of similarities with the characteristics identified by Essential Economics in its *Regional Capitals Australia Issues and Positioning Paper*. In addition, there are also a number of differences.

The Region's characteristics are as follows:

Population

The population of the current Rockhampton Region Council has increased from 70,480 in 2001 to 82,551 in 2013, an increase of 12,071 or an average yearly increase of 1.71% over the 12 year period. In the decade from 2001-11 the population of the Regional Capitals grew by an average of 1.54%, 0.17% lower than the Rockhampton Region's average over 12 years.

Socio-Economic Disadvantage

In 2011, when the Rockhampton Regional Council included the Livingstone Shire Council, the Region scored 966 on the SEIFA index. 35.2% of the Region's population fell in quintile 1, the most disadvantaged. Quintile 2 contained 24.3%, quintile 3 19.1%, quintile 4 12.6% and quintile 5 (least disadvantaged) 8.8%.

Output and Productivity

The gross regional product of the Rockhampton Region in 2013-14 was \$5.85 billion, 2.16% of Queensland's gross state product. In 2011 median total personal income in the Rockhampton Region was \$46,041 per year. More than 70% of the Rockhampton Region workforce is employed full-time (works at least 35 hours a week). Almost 18% work 1-24 hours a week, while more than 11% work for between 25 and 34 hours a week.

Industry Structure

The Rockhampton Region workforce has particular strengths in electricity, gas, water & waste services, retail trade, transport, postal & warehousing, public administration & safety, education & training and healthcare & social assistance. It is comparatively neutral in accommodation & food services, manufacturing, wholesale trade, rental, hiring & real estate services, administrative & support services, information media & telecommunications and arts & recreation services. The Rockhampton Region workforce is under represented in agriculture, forestry & fishing, mining, construction, professional, scientific & trade services, and financial & insurance services.

Labour Force

In September 2014 the Region had a labour force of 43,992 people, of which 2,927 or 6.7% were unemployed. In comparison the national unemployment rate was 6.2%. The Region's largest numerical work sector is health care & social assistance with 5308 workers (507 blue collar and 4781 white collar) followed by retail with 3992 workers (784 blue collar and 3200 white collar). Third is education & training with 3491 workers (312 blue collar and 3156 white collar) followed by public administration & safety 2551 workers (492 blue collar and 1997 white collar) and manufacturing (1803 blue collar and 712 white collar).

Job Provision

In 2011 managers and professionals make up 28.7% of the Rockhampton Region workforce, a lesser number than for Australia as a whole. Another 15.9% were technicians and trade workers, 10.7% community & personal service workers and 9.9 per cent sales workers. The proportions in these three categories were higher than those nationwide. Machinery operators and drivers made up 6.8% of the regional workforce and 10.5% were labourers.

Skills Base

In 2011, 9.7% of the Rockhampton Region workforce did not complete Year 8, 33.6% left school after Year 9 or 10 and only 45.4% completed Years 11 or 12. Almost half the Region's workforce had a qualification, with 19.9% having a certificate, 5.1% a diploma or advanced diploma and 10.0% a bachelor's degree or higher. The most common fields of study in which non-school qualifications have been obtained are engineering & related technologies (18.9%), which is significantly higher than Australia as a whole. Other highly represented fields of study were management & commerce (12.9%), health (9.5%), society & culture (8%) and education (7.3%).

Business and Investment

In 2011 the median total personal income in the Rockhampton Region was \$30,368 per year, while the median total family income was \$74,724. There were 303 new housing approvals for the year ending 31 December 2014, which were valued at \$98.4 million. In 2012, there were 69 registered businesses per 1,000 residents, almost 50 per cent lower than the Australian average of 94. Construction accounted for almost a fifth of the Region's 4,994 registered businesses, followed by agriculture, forestry & fishing with 13.8%. These reflect the predominance of single person sub-contractors and family businesses in these sectors.

Liveability

For the year ending 30 June 2014 1,628 residential dwellings were sold in the Rockhampton Region. The median sale price for the 1,444 detached houses was \$305,000, while the median sale price for the 184 attached dwellings was \$340,000. These median prices are significantly lower than in urban Australia.

Council has identified the following six projects as ones which will provide it with a significant impetus to treble in size in the coming 30 years and become an Australian second tier city:

- 1) Rockhampton CBD Masterplanning & Redevelopment
- 2) Rockhampton Airport Defence Precinct
- 3) Gracemere Urban Growth Infrastructure
- 4) Parkhurst Urban Growth Infrastructure
- 5) Rockhampton CBD Stadium & Convention Centre Complex
- 6) Gracemere Industrial Area Growth Infrastructure
- 7) Third Fitzroy River Bridge and Ring Road
- 8) Lower Fitzroy Infrastructure Project