



29 April 2015

Committee Secretary
Senate Rural and Regional Affairs and Transport References Committee
PO Box 6100
Canberra ACT 2600

To the Rural and Regional Affairs and Transport References Committee,

**RE: GRIFFITH CITY COUNCIL'S SUBMISSION INTO THE FUTURE ROLE AND
CONTRIBUTION OF REGIONAL CAPITALS TO AUSTRALIA**

Griffith City Council supports the concept of Regional Capitals as an important stimulus to regional and national development and appreciates the opportunity to make a submission on the issue.

Through this submission, Griffith City Council will endeavour to explore the opportunities and challenges regional cities face, including better resource allocation to address key factors such as infrastructure bottlenecks which interfere with national productivity targets.

Griffith is a highly productive food bowl which feeds the nation and world through innovation in water delivery management, productive land based agriculture, value added processes, tenacity and community spirit, and is the regional capital for the Western Riverina region.

Some of the major changes that regional capitals like Griffith would like to see included;

- Greater integration of state and federal policies (e.g. Heavy Vehicle Networks, State Port and Transport Plans) which contributes to major gaps in heavy vehicle interconnectivity costing the nation through supply chain in-efficiencies.
- Greater funding for capital investment in infrastructure.
- Assistance with asset maintenance and renewal for regional councils which face tough income controls by other levels of government.
- Improved and equitable access to services, which contribute to social capital.
- Better access to tertiary education pathways.

- Greater support to land-based agricultural research & development, targeting productivity and sustainability.

Greater access to infrastructure and services will assist population and business growth that is inherent in the potential of the region and help regional cities like Griffith attract additional high level investment.

The following submission seeks to address what makes regional cities like Griffith unique and how policy makers can understand the frustrations confronting regional communities which are impatient to grow with very little direct assistance. The Western Riverina can be recognised as a sustainable centre for excellence in irrigation efficiency and the supply of clean / green food and beverage to the world.

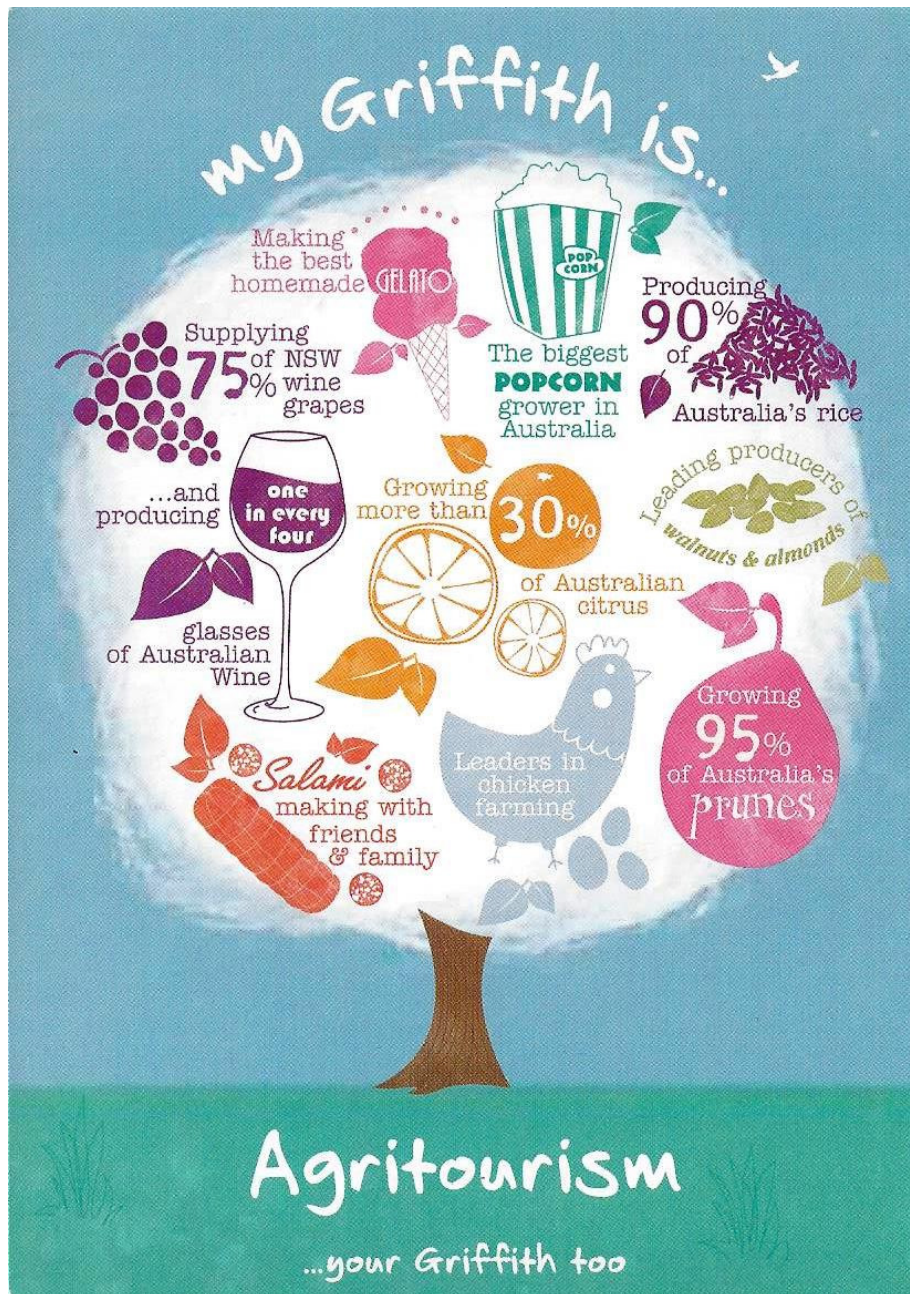
Griffith City Council as a regional capital strongly believes that regional capitals are best placed to drive and deliver government outcomes on all levels. In fact, Griffith City Council is delivering on government outcomes through its own strategic delivery plan. Renewed commitment from State and Federal Governments to acknowledge this program delivery would provide improved regional outcomes. Regional capitals such as Wagga Wagga, Albury and Griffith work collaboratively in driving economic growth for the nation and ensuring the broader regions benefit. For example Western Riverina Councils collaborate on workforce development programs, Riverina regional tourism projects and skilled relocation programs.

In summary, Council proposes that renewed commitment to regional capitals will ensure that these centres are well resourced to implement significant infrastructure and service projects which will deliver on major government priorities.

Yours sincerely

JOHN DAL BROI
EMERITUS MAYOR

SENATE INQUIRY INTO THE FUTURE ROLE AND CONTRIBUTION OF REGIONAL CAPITALS TO AUSTRALIA



Griffith City Council

Economic Development Unit

April 2015

Introduction

According to the Australian Institute of Family Studies, Australia is one of the most urbanised countries in the world, with over two-thirds of the population living in major cities and one of the lowest population densities outside of its major cities. Whilst this highlights the many characteristic differences of families living in the city, country and remote Australia, it does not take into consideration the unique social and economic make-up of regional capitals.

The main conclusions drawn in the Australian Government, Australian Institute of Family Studies document (March 2011) reveal that access to services and educational aspirations are generally more limited in outer regional Australia. There are also differences in children's development outcomes across geographical areas, with children in major cities doing better for physical development and learning outcomes than children in other areas.

Whilst it is generally acknowledged that rural populations suffer disadvantage, Griffith like other major regional capitals, draw on its own strengths and social capital, and offers unique lifestyle, employment and investment opportunities for the whole Western Riverina region and beyond.

A strong region capital therefore has the potential to lift economic productivity, create jobs and achieve social outcomes across the region they serve. However, each region and its capital is unique and deserves customised policy settings.

Definition of Regional Capital in the context of Griffith, NSW

Located in South-Western NSW, the City of Griffith is the largest centre in the rich agricultural Murrumbidgee Irrigation Area (MIA). Griffith was proclaimed a city in 1987 and designed by Walter Burley Griffin, renowned American Architect who also designed Leeton and Canberra.

As defined by the ABS utilising their Rural, Remote and Metro Areas Classification, Griffith would be classified as being outer regional under this methodology (a large rural centre with an urban population between 25,000-99,999). However, this classification does not represent or serve Griffith or its residents well.

Griffith can be defined as a regional capital given that the City services a catchment population of over 50,000 and is a major centre for health, education, retail trade, wholesale trade, manufacturing, construction and professional services.

As a major regional city, Griffith boasts good transport links, including a major airport, tertiary presence, cultural and arts precinct, diverse and strong economy, strong population growth, sustainable and environmental stewardship, range of natural resources, good visitor economy and strong tourism recall as well as good access to health, education, retail and other services.

Griffith City Council and the services sector deliver essential services beyond its Local Government Area boundary and is an important regional hub that is inter-dependent on the region that supports it.

Griffith is strategically aligned with its regional capital counterparts – Wagga and Albury where its civic leaders meet regularly to provide strategic level lobbying, to discuss policy in the local government broader context and to work collaboratively to deliver shortfalls in services.



Assessment of current trends

Griffith's resident population (25,811 ABS April 2015) packs a punch when it comes to production, innovation, research and development, economic fundamentals and value-added manufacturing.

This highly productive region has an annual population growth rate of 1.5% (ABS April 2015), and from 2013-2014 demonstrated the second fastest population growth for a regional inland city in NSW. Griffith has a population density of around 15.7.

Like many regional capitals migration out of Griffith (youth and young families) makes up a reasonable percentage of population turnover. Griffith is fortunate to attract a large cohort of overseas migrants, refugees and newly released detention based migrants to the area which largely off-sets these numbers of people leaving the region.

This influx of in-bound migration contributes significantly to labour shortfalls in semi-skilled and unskilled positions. According to the Regional Australia Institute, Griffith's competitiveness ranking for human capital is a real strength for the region in supporting the diverse industry sectors that are based here. More can be done to attract skilled and professional workers to Griffith, where skilled workers are in demand.

Griffith, like all regional cities and centres has an ageing population with a senior dependency ratio of 22.3%. It is also interesting to note the large cohort of youth aged 0-19, with a youth dependency ratio of 34.7% (data source: Regional Australia Institute – Demography).

Export Focus

The region has an export focus with 23% of Southern NSW regional exports coming from the Griffith region. Over 41,490 containers come from the Griffith region each year and this figure is projected to grow substantially. Rice, wine, horticulture and cotton are the main commodities which are consumed and enjoyed around the world through Asia, the UK, USA, Canada and European markets. Getting product to port of choice remains a challenge. Governments can do more to support this growth by supporting projects which are conducive to improving production on a cross border scale.

Structural adjustment

The region has undergone a number of major structural adjustments which has had a significant impact on the broader economy and investor confidence in the region. A number of programs are seeking to address these such as the PIIOP funding of \$250m of on-farm and off-farm irrigation water savings improvements to address the 2750gl water to be removed from the Murrumbidgee system for environmental flows. The main dissatisfaction from the irrigation sector in terms of built capital assets are in water infrastructure and water allocations as well as deficiencies with road and bridge infrastructure which are seen as constraining agricultural activities in the region. The region needs to adjust to reduced availability of water which is seen as the biggest threat in relation to the viability of irrigated farm enterprises in being able to feed our nation and world. (source: RIRDC Promoting Agriculture in the Riverina NSW April 2015).

Workforce

A large decline in the agricultural workforce between 2001-2006 (like other places) due to drought, with a smaller decline between 2006-2011, has largely been compensated by jobs growth in the food and beverage manufacturing industry. Griffith's largely agricultural based economy has seen a shift to a value-added food and beverage manufacturing industry sector. The region has also shown a dramatic increase in white collar worker numbers (10% growth between 2010-2011).

Housing / Education attainment

ABS time series for housing density has seen an increase in lone person households. The Australian Business Register has shown the Griffith area has had a significant increase in home-based business start-ups. There has been a dramatic increase of educational attainment in Certificate based courses, yet tertiary level degree attainment is still low compared with the rest of NSW. Griffith rates in the low socio economic area for educational attainment and more can be done to support access to higher education pathways.

Health industry sector growth

In the last 18 months the number of health and aged care services has dramatically increased with a soon to be constructed St Vincent's Private Community Hospital, Increased Aged Care beds and services and a Headstart presence.

Rental yields

Comparisons between Griffith rental returns and Wagga and Albury show that Griffith is returning as high as its regional city neighbours at around 6%.

Changing role of capital cities

Griffith has adapted to change remarkably well, given its geographic location. The City of Griffith has responded to the ageing population challenge by expanding aged care options. This has been significant for regional elderly customers who cannot access beds in their home town and look to the bigger centres like Griffith to relocate where aged care services are more accessible.

Access to tertiary education has been a major priority in recent years with the introduction of TAFE based tertiary education pathways and integrated degrees through Charles Sturt University and Deakin Universities. Up-take of these pathways has been mixed.

In terms of addressing the education attainment standards, Griffith City Council has entered an MOU with TAFE NSW Riverina Institute and Deakin University to address cloud based tertiary pathways, research and development collaborations with regional business and education shortfalls. Deakin University through a national partnership with Bendigo Bank with regional community representatives are rolling out a national program in two locations including Griffith to tailor and develop education plan with action outcomes specific to the region.

Riverina Institute of TAFE is very proactive in implementing courses based on specific industry skill-sets. An example of this is the poultry industry and the rapid expansion of Baiada Poultry in Griffith and the desire to address skilled poultry farm workers to drive the protein industry forward.

Areas that regional cities, such as Griffith struggle to adjust include;

- Structural adjustment in relation to agriculture – MDBA Plan, Riverina Citrus Industry peak body dissolved, removal of funded DPI research extension officers.
- Change in consumer shopping trends / patterns linked to low uptake of e-commerce;
- Lower participation in relation to governance, board membership, politics and leadership roles.

Analysis of current funding provided to regional cities

The tables below show a break-down of State based funding, Council’s own source of funding revenue and Federal Funding received in the last year. The breakdown suggests that there is not a huge investment from State and Federal governments to regional capitals like Griffith. Local Governments have limited capacity to raise revenue, especially when constrained by rate pegging.

Table 1: State Funding for Griffith and Council’s own funding streams for the last twelve months

State Asset funding	Competitive based funding	State based grant revenue to Council	Council’s own source funds
\$4m new Ambulance Station	\$23m Transfer waste station		Rates - \$27,488,000
\$685,000 Griffith courthouse upgrade	\$688,000 Koorinal Crossing		Fees – Operating \$12,333,000
\$720,000 Griffith Base Hospital Maternity upgrade	\$100,00 Yenda Waste Management		Fees Capital – \$6,510,000
	\$200,000 Griffith library		Development Contributions \$200,000
\$5,405,000	\$23,988,000	\$1,230,000	\$54,381,000

Table 2: Federal Funding Griffith 2014

Federal Asset funding	Competitive based funding	Federal Assistance Grant
	Regional Development Australia Fund – Airport upgrade \$190,000	General purpose untied general component \$1,643,000
	\$15m St Vincent’s project	Local roads component \$747,000
		Roads to recovery \$1,065,000
		Bushfire & Emergency Services \$156,000
	\$15,190,000	Total \$3,611,000

The seat of Riverina / Murray has not seen a huge investment by state or federal governments in recent years. Without the competitive based funding grants that Council has largely applied for with matched funds (50:50 in most cases) the region would have received very little to assist in growth and prosperity.

This is an issue on a number of levels. Government investment breeds confidence in new development and projects by the private sector which has a multiplier effect across the region. Lack of Government investment is an economic indicator for many investors.

Federal and the State governments need to start making decisions beyond the four year political term. Longer term planning will provide a more cohesive infrastructure framework which will create improved infrastructure to support growth and investment across borders. It takes vision and strong leadership to implement infrastructure that will change the way Australia does business, grows and provides a future for our Country to be great.

Regional Capitals are delivering on Government outcomes but require consistent support and assistance from State and Federal governments to be able to do this effectively at a sustainable rate. Regional capitals like Griffith, underpin the value of investing in regional capitals to deliver outcomes to grow the national economy and support national agenda policy.

This is entirely consistent with NSW Government’s vision for structural reform in NSW with the introduction of the Joint Organisation of Councils (JOC). The intention of this model is that;

- 1.) Joint organisations of Councils be centred on a regional capital
- 2.) The State is inclined to conduct strategic planning with local government via JOC’s, hence elevating the regional capital and the interface between state and Local Government at a strategic level.

Analysis of 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.

As a regional capital, Griffith is committed to delivering on National agenda priorities as aligned with our own Growing Griffith 2030 Strategic Plan. Regional capitals which are supported by State and Federal Governments will develop strong economies for the state and nation to draw from.

Investment in infrastructure, services and resources for regional capitals will;

- Drive private investment and improve investor confidence
- Every dollar invested will have a multiplier effect across the region
- Grow jobs
- Grow population in a sustainable fashion
- Improve productivity
- Provide opportunities for new diversification of the regional economy
- Ensure the right infrastructure is in place to enable regional capitals to grow
- Ensure our youth have a future – jobs and pathways

Investing in infrastructure in regional capitals like Griffith will provide broad economic benefits and flow on effects to wider regional community – funding would have a much greater impact on the Nation’s productivity, particularly if invested in Heavy Vehicle bottlenecks in product getting to market. An example of this in Griffith is the Heavy Vehicle Southern Bypass which links major industries to a new freight intermodal facility outside of Griffith, improves safety, removes over 600 heavy vehicles from the city centre each day and improves heavy vehicle routes and travel times.

Investment in hard infrastructure projects like the Bypass will become regional enabling infrastructure that will drive investment in job creating activities, driving population growth and investment. Investors are reluctant to invest until population figures reach a magic number. It is the critical mass that enables many companies to determine if a project gets a green light.

In any strong regional capital, there is also a balance between hard and soft infrastructure (health, education, retail services and aged care) as well as quality of life infrastructure (recreation, streetscape, culture, safety, sense of belonging, community) to sustain the community. There also needs to be a safety net for those at risk.

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

Griffith as a regional capital requires support from State and Federal treasury to drive investment and growth in the following areas;

- Access to markets – Whilst Griffith is centrally located to major markets; there is much work to be done in terms of the supply chain for a growing agricultural based and value-added export orientated market.
- Access to skilled human capital and R & D collaboration – A diverse economy requires a skilled workforce to drive it. Without a strong labour pool to draw from, workplaces are limited in terms of growth. Ensuring regional capitals have access to tertiary education and skilled people at a regional level to draw from needs a triple tier government approach.
- Ability for regional capitals to effectively market themselves is important for new investment and to attract skilled workers to support growth industry sectors.
- Governments collectively provide a foundation and resources for future growth pathways – provide regional capitals with the capacity to become digitally / technology enabled.
- Ability for local government and regional capitals such as Griffith to be able to co-fund grant funding for capital infrastructure works places enormous strain on council budgets.
- Local government grapples to find a balance between sustainable growth and delivering on ‘Essential infrastructure services’, but requires population to sustain its own local government operating budget.
- Land use planning – getting the balance right between productive irrigable land use and Industrial, residential, commercial.
- Griffith as a regional capital has enormous potential to attract investment with the availability of competitively priced land, good quality water supply and central access to markets. These opportunities are linked to new growth drivers through emerging market opportunities. Griffith is pro-development and works hard to attract new investment and development.

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

A number of incentives and policy measures would assist regional capitals like Griffith to grow sustainably, support business growth and encourage investment. These include;

- Sufficient and consistent investment infrastructure to address bottlenecks, e.g. to enable consistency in heavy vehicle networks. Heavy vehicle networks in Australia are stop / start as some sections allow road train access, then drop to B-Double routes. More needs to be done to ensure consistency so that Australia remains productive, particularly for regional capitals with a strong reliance on agriculture and value-added production.
- Investment in green growth has been put on hold –which is costing Australia. Two large scale PV solar array projects in Griffith worth \$75M have stalled as there is no confidence in the Federal Governments Renewable Energy Target Scheme.
- Australia has become a nation that works in four year terms. Governments need to shift from four year cycles to long term nation building projects which will inject confidence in regional capitals as an excellent place to invest and conduct business.

- Expansion of funding programs to assist SME – small to medium enterprises (family run businesses are the backbone of regional capitals and more must be done to help grow these businesses, help them to become more resilient rather than continually focussing on driving big business)– invest in governance prior to programs being rolled out is essential to good funding practice.
- According to the World Bank group there is evidence to suggest that incentives work for certain kinds of investment – especially export-orientated investment. This is especially true for investments or incentives that focus on generating multiplier effects.
- Continued investment in Austrade export programs and AusIndustry (R&D Tax Incentive has had a huge uptake from small to medium enterprises in our region).
- Promotion of regional capitals in relation to foreign direct investment opportunities whether it be joint venture or business acquisitions would be strongly supported by regional capitals such as Griffith.
- According to World Bank Group temporary incentives can have a larger short-run impact than permanent projects.
- Increased incentives for business relocation / new industry to look at regional cities to ease pressure on urban sprawl would be very welcome by regional capitals. Further incentives for skilled people to relocate make a tree change to regional capitals like Griffith would remove pressure from major urban centres in relation to their own growth constraints.
- Griffith City Council has been part of the Country Change program for almost 8 years. This is a collaborative marketing program to attract new families and skilled people to the Riverina region, auspiced by RDA-Riverina. In the last two years through the NSW Office of State Revenue Regional Relocation Grant the number of families who have participated in these programs has been limited. Better promotion of these State-wide programs and the length of time that relocators require selling a home or making a lifestyle choice to relocate from a major metropolitan centre to a regional centre are factors.
- Recent measures such as changes to indexation of Federal Assistance Grants without notice have significantly damaged regional capitals.
- Local government struggles to keep pace with maintenance and renewal of their assets under rate pegging. NSW Local Government Association estimates that the infrastructure backlog in NSW to be \$76m. Griffith City Council has a ten year operation plan which aims to identify ageing infrastructure and prioritise capital works in the budget.
- Increased tax breaks for regional Australian manufacturing. Griffith as a regional capital punches above its weight when it comes to manufacturing, when most parts of the

manufacturing sector across Australia are closing down or struggling to remain competitive. Identifying areas across Australia that are bucking the trend in manufacturing growth and setting up special economic zones would assist our economy and further grow manufacturing in the region.

- Investment for regional capitals to address workforce development gaps to up-skill local workforces. Recent workforce development programs only catered to big business and left small to medium enterprises out in the cold. More incentives for increasing skills in workplaces would be welcome.

Impact the changing environment will have on regional capitals.

Regional Capitals like Griffith need the resources and capacity to respond to risks and threats to be proactive and not reactive.

Responding to risk

Griffith as a regional capital is reliant on irrigation as the major food bowl of Australia. To sustain our future markets the region requires increased certainty for more stable availability of water for productive use for short term annual crop plantings as well as long term certainty that water availability will provide surety to producers in the region.

As a consequence, the region demands better water reform in terms of sustained and equitable water delivery in the MDBA-Plan and NSW Water Sharing Plan.

Extreme weather

Drought – Build resilience for regional and rural communities to better plan for dry years.

Natural disasters – enable training for local government authorities and emergency service personnel to be better prepared for natural disasters if and when they occur and to ensure regional capitals recover more swiftly.

Climate Change and the notion that agriculture will move from a land-based production to lab or industrial based is no longer science fiction. Hothouses and intense horticulture systems are already in existence and may become the way of the future in addressing risk associated with climate variability, water management and higher volumes of food production. Intensive farming will be cost prohibitive for most family farm operations but will increasingly focus on corporate farming and investment farming enterprises which will provide jobs and address wastage.

Any other related matters.

There needs to be improved continuity between states, federal and local government departments in relation to investment opportunities. Regional capitals would like to see State and Federal representatives get out to regional capitals to understand the regions and visit people on the ground.

Australia's increased reliance on power and gas is becoming one of the single largest costs of conducting business in regional capitals. Incentives to invest in alternative options to reduce reliance on existing modes of energy to enable regional capitals to become more sustainable would be welcome.

Urban Sprawl

Make regionals more attractive and liveable to attract new residents and business investment by enhancing urban centres. Local government is doing what it can, but is struggling to provide increasing level of services.

Data collection

Ensuring census and data collection remains a priority for the Government, as data is an important marketing tool for regional capitals to understand emerging trends and help them to respond more proactively.

Improved cross-government collaboration

Ensure joint responsibilities across all government in delivering priority programs. This will increase success of projects, avoid the blame game and cost shifting which currently exists between tiers of government.

Regional Migration

Continued focus on regional migration schemes and support services to ensure successful integration into new communities. Regional migration is an important policy for regional capitals in addressing gaps in skilled workers.

Direct access and promotion to Visa applicants to attract foreign investment. Australia will issue 5 million visas in 2015. It would be interesting to research the % of these people who move and invest in regional capitals. Regional capitals can offer better value for investment in terms of business opportunities and residential housing.