



An Australian Government Initiative



**FAR NORTH**

Finance and Public Administration References Committee  
fpa.sen@aph.gov.au

**January 2026**

Dear Sir/Madam

## **Financial support for state and territory infrastructure projects**

In response to the invitation emailed to RDA Far North on 5 December, please find attached our organisation's submission to the above inquiry by the Finance and Public Administration References Committee.

Thank you for the opportunity to provide comment.

Yours sincerely

Claire Wiseman  
Chief Executive Officer

2A Stirling Road, Port Augusta | PO Box 1762, Port Augusta, SA, 5700  
Phone: (08) 8641 1444 | Email: [reception@rdafn.com.au](mailto:reception@rdafn.com.au)

# Financial support for state and territory infrastructure projects

## Submission by Regional Development Australia Far North

### Introduction

Regional Development Australia (RDA) is a partnership between the Commonwealth, state, and local governments to support the growth and development of Australia's regions. RDA Far North works to create alliances between industry, government, local businesses, industry associations and other important community stakeholders to offer strategic and focused solutions to the economic challenges and opportunities facing the region.

Stretching from the Spencer Gulf to Outback SA and the Flinders Ranges, South Australia's Far North Region covers an area of approximately 800,000km<sup>2</sup> (80% of the state's land mass), and has a resident population of close to 27,000 people, 21% of whom identify as Indigenous. The region takes in the local government areas of the Port Augusta City Council, the Flinders Ranges Council, District Council of Coober Pedy, Roxby Downs Council, and the Outback Communities Authority, as well as the Anangu Pitjantjatjara Yankunytjatjara Lands.

As a vast region hosting nationally significant, multi-modal linkages for transit and freight travelling north-south and east-west, we commend the Commonwealth Parliament's enquiry into infrastructure funding, and we thank the Committee for the opportunity to provide feedback. The focus is timely for our region, as we embark on renewed infrastructure, growth, and investment attraction planning, responding to the State Government's commitments in the upper Spencer Gulf region to capitalise on emerging green energy and mining industries (the State Prosperity Project) and the global focus on tourism in the Flinders Ranges and Outback. The region is also poised to benefit from significant investment in the SA Copper Province and the development of the Woomera Range Complex. Given the importance of enabling infrastructure in driving inward investment that capitalises on these conditions, RDA Far North recently produced the Port Augusta Infrastructure for Growth Strategy, working closely with the Port Augusta City Council. This document outlines the infrastructure gaps, challenges, and opportunities in the Port Augusta region, and is available via the following link [Port Augusta Infrastructure for Growth Strategy](#).

As well as working with the councils in our region on strategic projects, RDA Far North officers provide support to councils, businesses, and community groups in the form of business planning, the development of business cases, and grant applications. The discussion points we provide below are informed by that close engagement with prospective, successful, and unsuccessful applicants, to a range of grant opportunities over the past several years. We trust that the feedback will be useful to the Committee's review of the process, governance and effectiveness of federal financial support.

While our points highlight potential areas of concern, we wish to emphasise our appreciation for the Commonwealth's continued attention to regional development, and willingness to iterate, listen, and improve their mechanisms of support. As a recipient of Commonwealth funding ourselves, RDA Far North values the

Commonwealth's continued support of regional Australia through both strategic direction and financial support.

We wish the Committee well as you carry out your review.

#### Decentralisation, funding certainty, and the inequitable challenge of competitive grants

In 2022, RDA Far North undertook research to analyse the potential economic benefits of regionalisation. This research identified that the decentralisation of government institutions and decision-making presented significant opportunities to drive more sustainable and equitable growth across regional Australia. Regionalisation (Regionalisation Ambition 2032) is also the cornerstone of the Regional Australia Institute's long-term strategy for promoting the development of Australia's regions.

With this in mind, a key aspect of decentralisation is the empowerment of regions through the devolution of decision-making authority and access to 'own source' or discretionary funding. It is well-known that Australia's federation is challenged by an extreme case of vertical fiscal imbalance, and what this has meant is that a significant proportion of public funding for regional development comes from the Commonwealth government. Increasingly, this funding has been via special purpose grants, issued on a competitive basis.

Competitive grant programs provide a particular challenge for our region. Specifically, the task of applying for, and administering, grants places significant stress and administrative burden upon the councils in our region, which have a very low organisational capacity. Regularly, grants are sought not merely to realise discretionary projects, but simply for routine maintenance and capital renewal (such as airport upgrades). Consequently, a significant proportion of our councils' capacity is dedicated to grant attraction. Yet, as the grants require shovel-ready projects that do not always align with current strategic priorities or capital renewal programmes, councils are forced to either adjust their priorities around the Commonwealth's schedules and policy aims, or to reluctantly sit out the funding round.

A solution to the above challenges could be to increase the level of discretionary, general-purpose funding for regions to determine their own priorities, according to their own strategic timelines. Given the large role that councils have in the regions in terms of both infrastructure investment and employment, substantial impact could be made by simply by raising the rate of Local Government Financial Assistance Grants, which have declined from 1% of Commonwealth taxation revenue in 1996, to their current level of 0.51%. The ALGA recommends total FAG funding be increased back to 1% of Commonwealth taxation revenue. Financial Assistance Grants are a suitable mechanism to distribute federal funds, as they provide a fair and equitable allocation of funding across the nation, and provide the capacity and certainty to enable local governments to plan for the long term and strategic needs of their communities.

#### Co-contributions, development costs, and measures of viability

Given the likely continued use of competitive grants, there is a need to respond to the perception, if not reality, that competitive funding marginalises remote regions such as ours, because the organisational capacity of businesses, community organisations, and councils to prepare competitive submissions may be lower than in other more populated regions. There are two aspects to this:

- Relative lack of skills in preparing competitive submissions
- Capacity to make a co-contribution

In our regular liaison with local businesses, community organisations, and councils, we are aware that the inability to meet co-contribution requirements has prevented many worthwhile and needed projects from being realised in our region.

Again, prospective applicants are at a particular disadvantage in our region, where development and operational costs are magnified, access to workforce is critical, and economic returns may be lower due to low population density. Access to finance is also a particular challenge in our region, and we are aware of several projects that failed on this account to meet the co-contribution requirement, despite otherwise being assessed as having high strategic and economic value as elements of enabling infrastructure. On these occasions, the proponents outplayed considerable effort and expense on their applications with no benefit to them or the region. The high minimum values for funding eligibility for the Growing Regions Program (\$500k) and RPPP (\$500k for stage 1 and \$5m for stage 2) compound this challenge. It is further noted that the hurdle of the co-contribution is a problem not only for businesses/entrepreneurs, developers, and community groups, but also for our councils, which have highly constrained budgets.

Our organisation acknowledges that the Growing Regions Program has a sliding scale co-contribution requirement, based on remoteness status (the RPPP has no direct co-contribution, but also has no framework for regional differentiation). This is a commendable approach. However, it has only limited utility in our region, as the main population centre of Port Augusta is within the 50% co-contribution zone, despite being over 300km from Adelaide, of strategic importance to the state given its location on national transit routes, a critical service centre for Outback SA, and despite its not insignificant socio-economic challenges, including population growth due to lack of housing.

While proponents in our region are expected to take on significant budgetary risk, their projects often offer wider strategic and economic benefits that are worthy of public investment but are not typically captured in cost benefit analyses. To justify public investment, we suggest that projects in remote communities must be evaluated not simply on their economic impact – whether direct, indirect, or induced - but on considerations that include:

- The importance of the investment to the sustainability of the local community in question. This includes ensuring a critical minimum threshold population is retained to ensure services for the resident population, critical primary industries, and the tourism industry. An investment in a more populous region may demonstrate stronger viability, but the equivalent investment in a remote community may be the difference between the whole community surviving or not. For a region such as ours, which encompasses the popular tourist areas of the Flinders Ranges and Outback SA, such a loss could be devastating to the state's economy.
- The potential for the investment to enable inward movement of population and businesses. A childcare centre, for example, may not currently reach traditional measures of variability, but without the service in a given community, the potential for growth is severely restricted as families will opt to settle elsewhere. Population projections do not take these factors into account, and instead take the trendline to presume that demand to live in a particular community is, and will remain, low.