



REGIONAL DEVELOPMENT AUSTRALIA AUSTRALIAN CAPITAL TERRITORY

Submission to the

**SENATE RURAL AND REGIONAL AFFAIRS AND TRANSPORT
REFERENCES COMMITTEE**

Inquiry into the

**FUTURE ROLE AND CONTRIBUTION OF REGIONAL CAPITALS
TO AUSTRALIA**



24 April 2015

KEY SUBMISSION POINTS

- The key role of Regional Capitals needs to be better understood, appreciated and developed to ensure Australia's regions benefit fully from their economic development opportunities.
- The role of a Regional Capital is not to realise another level of governance. Rather, to work across the three levels of government and provide a centralised hub for strong and collaborative regional-scale leadership that is inclusive of the diversity of its regional stakeholders - as they are relevant to the issue being considered.
- Regional Capitals are also a hub for centralised specialist services and facilities. It is the synergies of residents of Regional Capitals working together with those who live in the more outlying areas that will realise the economies of scale that sustain the breadth of available services and facilities offered in a Capital.
- Regional Development Australia (RDA) organisations are well placed to facilitate and co-ordinate regional leadership, recognising that a collaborative approach to developing regional synergies is a powerful tool in achieving successful outcomes.
- An RDAs' role is to facilitate the strategic thinking that will identify a region's competitive advantages, and from there, its economic development opportunities, potential solutions to challenges, and optimal future directions.
- RDAs then pull together issue-relevant stakeholders within local communities to build and progress relevant initiatives that will optimise benefit – facilities, amenity, liveability, across the region.
- Regional Development Australia ACT continues to recognise its potential to add value to government in focusing on strengthening Canberra's role as the Regional Capital of the surrounding south east NSW region (refer SERREE case study).

Introduction

Strong, progressive and vital Regional Capitals play a crucial and developing role in optimising the economic growth and liveability of Australia's regions.

A Regional Development Australia (RDA) organisation – often based within a 'Regional Capital', is strongly positioned to add value to its region and the functions of its Regional Capital. The role of an RDA is to work with community and across governments to identify and foster economic development opportunities that will share benefit across the region. RDAs also offer a broad and diverse stakeholder base whose members operate collaboratively to develop solutions to regional challenges.

Regional Capitals

The growth of Australia's regions is imperative on many levels. Australia's regions produce most of Australia's exports, and regions often have a large share of the responsibility for managing natural resources that are crucial to human health including clean water, soils, biodiversity and secure and sustainable food production.

Regions also play a role in reducing the impacts of over-population on large metropolitan cities. As the populations of large metropolitan cities continue to swell, there is a corresponding reduction in these cities' abilities to meet the liveability criteria of their large populations – and therefore to compete with other global cities¹.

Regional Capitals play a critical role in performing the function of 'regional hub' - a central location where more specialised services and facilities can be concentrated and therefore accessed by both Regional Capital residents, and those who live in the region's outlying areas. It is important that these services and amenities are in place to attract and retain residents to Regional Capitals.

It is also important to be aware that it is often the economies of scale provided by the regional catchment that supports the opportunity for and sustainability of these specialised services in Regional Capitals. The win-win is that specialist services and facilities are then accessible by 'Capital' and broader region residents alike, alleviating the need to undertake arduous and expensive travel to the large metropolitan capitals.

Regional Capitals also provide a leadership role – that is not to infer governance, introducing a fourth tier of government. Rather, to provide a centralised meeting point for discussion and debate of regional issues.

The growth of Regional Capitals should however be managed so it is not detrimental to the smaller, more outlying towns whose residents still require access to everyday services and amenity. It is also crucial that outlying residents have the capacity to access the services of its Regional Capital, e.g. a useable, safe road network.

¹ In June 2014, nearly two thirds of NSW's population lived in Greater Sydney, and its population growth accounted for 77% of NSW's total growth in 2013-14 (ABS 32180, 31/03/2015).

Regional Development Australia (RDA)

Regional Development Australia (RDA) is well placed to foster the important role of developing Regional Capitals, as it is a government-funded initiative to foster economic development in regional Australia. Made up of 55 Committees, the entirety of Australia is serviced by RDAs, thus bringing into question the more traditional perspective of 'regional' as being more representative of rural and remote Australia.

RDAs are best placed to progress the economic development of regions because:

- The role of RDAs is to operate in a regional context that is relevant to progressing the issue at hand, and thus legislated borders do not need to constrain the objective of optimising the benefit;
- RDAs operate largely outside the processes of government which means RDAs can often be more nimble in their approach to responding to regional opportunities;
- The role of RDAs is to work across the three levels of government to achieve a consistent government message. RDAs ensure that communities have an 'honest broker' communications' conduit both to and from governments.

What is a 'Region'?

It is important to appreciate that although a 'region', by definition, describes a spatial area, their point of difference is that regions do not have legislated borders. Thus regional boundaries can be adjusted to best align with the needs of the issue being addressed.

This highlights the role of RDAs in identifying the geographical scope of an issue irrespective of political boundaries. RDAs perceive an area's relevance to an issue as the best determinant of its inclusion in developing a particular project. RDAs also seek a diversity of viewpoints including: governments, business and industry, research and education, and community.

A fresh perspective on Canberra

The *RDA ACT Strategic Plan* notes that Canberra should be appreciated and managed to optimise value from each of its three key dimensions. Canberra is:

- A City of its People, proud of its beautiful bush setting, strong knowledge economy, and the burgeoning growth of a dynamic culture;
- The National Capital, seat of national parliament and home to Australia's major judicial, cultural, scientific, education and military institutions and to the legations of foreign governments; and
- **'A Regional Capital'** – a regional hub for residents of the surrounding areas who access its centralised facilities – retail, cultural; services – health, education; and employment opportunities.

A Capital City – Metro or Regional?

While appreciating that an organisation such as the Australian Bureau of Statistics – that works largely with quantitative data, needs to have regions well categorised and defined by boundaries, it is also imperative to continue discussions around instances that support a more flexible approach to regional definition.

It is also important to recognise in this context, that Canberra does not fit neatly into the ‘Metropolitan Capitals’ category into which it is so often placed. Canberra’s population is relatively very small compared with other metropolitan capitals at 386,000 (ABS, June 2014), and does not share many of the concerns that are relevant to Sydney (at 4,840,628), e.g. congestion. A key role for Canberra is to appreciate its significant regional context as the Regional Capital of the surrounding NSW region.

RDA ACT – supporting Canberra’s role as a ‘Regional Capital’

It could be expected that RDA ACT would operate within a spatial area constrained within the borders of the ACT. However, it is well recognised that from a regional development perspective, one of Canberra’s most realistic and productive ways to achieve strong economic development outcomes is to encompass the synergies intrinsic to working with its surrounding region. It’s an economic win-win – for both the ACT and south east NSW.

RDA ACT thus often needs to work within a region that encompasses two political jurisdictions. This presents challenges as both the ACT and NSW Capital Region are legislated by different jurisdictions – with diverse government policies, rules and regulations, and both can be reduced to a silo mentality by a compulsion to compete to advantage their own local residents.

The Big Picture

In the case of Canberra, it is well recognised that the economies of scale that the residents of the surrounding NSW region bring to its Regional Capital enhance its potential to grow and develop. It is important for Regional Capital residents to appreciate that residents accessing centralised services add an overlay of value to a resource, as well as drawing on the resource. For example, the economies of scale in a greater number of patients needing to access a particular medical specialist, may provide the tipping point that can ensure that service is sustainable in Canberra.

A powerful example of the value of regional catchment to its Regional Capital is articulated in the vision of the *Canberra Airport*, ‘... to develop Canberra Airport as a first-class facility to service the region’s evolving transportation, business and development needs ...’. The Airport has made a large investment into its infrastructure and service capacity – both to underpin developing tourism and freight capability. The Airport acknowledges that its future growth and development is predicated on its role as being the airport that services both Canberra and its regional catchment, a total of some 900,000 residents.

Canberra's role as its region's Capital means it can draw on regional residents as a resource – in the case of the Airport, both as a source of passengers, and as a potential source of freight. RDA ACT is currently exploring the potential to develop a Regional Food Industry Cluster, with key stakeholders drawn from the NSW region – currently the main producers, and from Canberra - largely the local 'market' and window to export.

The value of this initiative includes its potential to brand the region as one that specialises in an outstanding level of food security produced in a region noted for its gourmet food and cold-climate wines - a clean, green, natural environment. The regional synergies are in the capacity to develop the regional synergies of food production, value add – processing and manufacturing, logistics. Canberra also has the innovation to underpin this initiative with high intensity agricultural practices such as aquaculture and greenhouses – powered by renewable energy perhaps.

It is relevant to note that in 2013-14, the Queanbeyan Region grew by 220, the Yass Region by 200 and Goulburn Region by 180 residents, meaning these regions were significant in driving population growth in regional NSW.

Addressing Disadvantage

An important role for Regional Capitals is in addressing regional disadvantage – ensuring the wellbeing of outlying towns and localities that can often be compromised by residents' inability to comfortably access the centralised services and facilities of their regional capital.

Thus for Canberra, what is referred to as the 'C+1' = Canberra plus the area within one hour's commute is relatively (nationally) affluent, whereas 'C+2' faces accessibility challenges that can disadvantage residents. It is therefore important to appreciate the need to progress opportunities for developing these relatively outlying areas, and to build capacity that can benefit both these residents, and the region holistically.

Regional Development – Currently Popular, or Not for RDA ACT

Regional Development comes in and out of government 'fashion' to some extent, as does the prescribed focus of a regional development organisation. RDAs for example, now have a mandate to focus on fostering economic development outcomes. However, across the decades and iterations of federal government, federal support for regional development has remained.

The ACT Government's previous Chief Minister included the mantle of Minister for Regional Development, but the current ACT Government does not have a separate regional development portfolio, and as of 31 December 2014, withdrew funding from RDA ACT, leaving RDA ACT with critically reduced capacity to develop regional priorities. RDA ACT is currently supported solely by the Federal Government (while somewhat ironically continuing to support ACT Government economic development initiatives).

Case Study – Canberra’s success as a Regional Capital

The role of Canberra as a Regional Capital has enhanced the ACT and surrounding NSW region’s capacity to identify and progress a range of regional economic development initiatives including and particularly in renewable energy, regional food, and NBN - Smart Work (smart work hubs and teleworking).

Such initiatives have been measurably successful in growing and diversifying businesses, promoting innovation and training opportunities – creating employment opportunities, and in the following Case Study of SERREE, in facilitating strong economic development outcomes.



SERREE (South East Region of Renewable Energy Excellence)

In 2011, RDA ACT recognised the value of identifying a regional economic development initiative that would showcase the synergies of the ACT – south east NSW region. With the ACT’s strong renewable energy policy (90% by 2020 renewable energy target) and the surrounding NSW region’s wealth of natural renewable energy resources, renewable energy was the stand out.

A network of the sector’s diverse renewable energy stakeholders was brought together to form the basis (and high-level Advisory Board) of the SERREE initiative.

Such was its fast-growing momentum and strong level of commitment from its diverse regional membership, that RDA ACT - as the Administrator and initiative lead, has been funded - by federal, state and territory government agencies, and by business and industry stakeholders, to form an Industry Cluster and to model a Region of Renewable Energy Excellence in the ACT – south east NSW region.

The SERREE Industry Cluster operates from the Regional Capital that embraces the Capital Region with a collaborative philosophy of ‘*co-opetition*’². SERREE brings its Cluster members together to learn and share knowledge at forums and conferences, to strengthen the network - be part of projects, form partnerships and business alliances, including:

- Business and Industry, across the range from multi-national corporations to small regional businesses (includes Corporate Sponsors)
- Research – sharing innovation, developing commercialisation and export potential
- Education – developing human capital, employment opportunities
- Governments – all tiers, with funding from ARENA, the NSW Government (Office of Environment and Heritage), the ACT Government (Environment and Planning and Economic Development Directorates), Regional Development Australia ACT and Southern Inland, and the inclusion of the surrounding Local Government Areas as part of the newly formed Canberra Region Joint Organisation (CRBJO), and
- Community – individuals, community organisations, and landowners.

² ‘Co-opetition’ = cooperation within a competition environment

Conclusion

The key role of Regional Capitals should be better understood and developed to ensure Australia's regions benefit fully from their economic development opportunities.

Regions (and their Capitals) do not need another level of governance in addition to the three tiers of government. Rather, the role of a Regional Capital is to provide the centralised hub for strong and collaborative regional leadership that is inclusive of the diversity of its regional stakeholders ... as they are relevant to the issue at hand.

Regional Development Australia organisations are well placed to co-ordinate this leadership, and to facilitate the region's key stakeholders to come together to address an issue together, to achieve stronger outcomes than can be done as the sum of its parts. Part of RDAs' pertinence as Capital Region leaders is that RDAs also have the capacity to address an issue in a way that is all-encompassing of the region that is relevant to that issue, irrespective of legislated borders.

RDAs role is to facilitate the collaborative strategic thinking that can identify a region's competitive advantages, and the economic development opportunities and potential for regional initiatives that can arise from there. RDAs then progress relevant initiatives that will optimise benefit across the region.

Regional Capitals are also a hub for centralised specialised services and facilities. It is the synergies of Regional Capitals working together with their surrounding regional areas that creates new opportunities. Such opportunities are also enriched by RDAs' access to the three tiers of government in supporting and delivering strong outcomes. These outcomes are amplified by including industry in the regional economic synergy mix.

RDA ACT continues to recognise its value-add potential to government operations in focusing on strengthening Canberra's role as the Regional Capital of its surrounding south east NSW region. RDA ACT is uniquely placed in its region to work across the state/territory border to foster opportunities for economic development – business growth and jobs.

Bibliography

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