



# Getting on with Growth

Pre-Budget Submission 2015-16  
to the Victorian Government

*April 2015*

## ABOUT RCV

Regional Cities Victoria (RCV) is a regional leadership group dedicated to building a sustainable Victoria through regional growth.

Comprising Mayors and CEOs of the 10 largest cities in regional Victoria – Ballarat, Bendigo, Geelong, Horsham, Latrobe, Mildura, Shepparton, Wangaratta, Warrnambool and Wodonga – RCV is focused on achieving real change in the regions through policy development and active implementation of those policies.

The group aims to provide strategic advice, coordination and advocacy to State and Federal Governments to support policies which enable Victoria’s regional centres to grow and develop.

**(will insert city names prior to finalising)**



## BACKGROUND

Nearly 800,000 Victorians live within RCV's ten member cities. This is expected to increase to almost 1.1 million by 2031.<sup>1</sup> Across the state, the population of regional Victoria is projected to increase to 1.86 million by 2036, representing six per cent of Australia's total population growth in that period.<sup>2</sup>

Regional cities are at the heart of Victoria. By improving their infrastructure and livability, these cities are helping to grow and support wider regional and rural communities. Supporting growth in our regions has the capacity to reduce the estimated \$95 billion in cumulative congestion costs associated with expanding Melbourne's outer-metropolitan areas over the next 20 years.

RCV shares the Andrews Government's belief that "Victoria's regions power our state, furnish our homes and feed our families. Supporting local businesses, workers and students is the path to prosperity and the key to our future, because... regional cities matter."<sup>3</sup>

RCV welcomed the many commitments made to Victoria's regions during the recent state election campaign. We are well positioned to continue in our role as advocates for sensible policies which are evidence based. Our members are prepared to assist the Government to deliver on its commitments within this term.

In the lead up to the 2015/16 State Budget, RCV wishes to outline key areas of interest for the group, together with proposals for funding and delivery. These proposals relate in particular to the revitalisation of CBDs, planning and funding for regional infrastructure, investment in health and education services and road and rail transport.

The objective of these proposals is to execute policies that will prepare for and encourage growth, both in regional cities and across the wider catchment areas which they service.

In 2014 RCV commissioned research, undertaken by the City of Greater Bendigo, focused on identifying and understanding the wider regional benefits of investment in regional cities.

The report found that, "Regional Cities act as regional hubs for the surrounding districts (catchments) by offering services, infrastructure and amenities that are not available to those populations. Investment in regional cities produces a significant benefit which goes well beyond the municipal boundaries of each regional city."<sup>4</sup>

RCV encourages the Government to recognise the real benefits to wider regions when apportioning funding to regional cities.

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<sup>1</sup> Implications of Population Growth on Infrastructure and Resources in Regional Cities, 2012, Essential Economics

<sup>2</sup> Regional Growth Fund, State Government of Victoria  
([http://www.rdv.vic.gov.au/\\_\\_data/assets/pdf\\_file/0006/188322/RGF-6295\\_12pp-BOOKLET\\_web.pdf](http://www.rdv.vic.gov.au/__data/assets/pdf_file/0006/188322/RGF-6295_12pp-BOOKLET_web.pdf))

<sup>3</sup> Back on Track: Labor's plan for regional Victoria, 2014, Victorian Labor

<sup>4</sup> The Wider Regional Benefits of Investment in Regional Cities, 2014, Regional Cities Victoria

## 2015-16 BUDGET PROPOSALS

- **Proposal 1:** Delivery of the \$100 million regional cities component of the *Regional Infrastructure Development Fund* in line with the funding formula proposed to Government by RCV prior to the 2014 election.
- **Proposal 2:** Investment to further investigate options for funding of critical infrastructure for regional cities, including infrastructure which unlocks development opportunities.
- **Proposal 3:** Commit to a fairer share of funding for the delivery of services to regional centres in line with the Government's goal of liveable and inclusive communities.
- **Proposal 4:** Provide appropriate funding across regional transport priorities, especially the maintenance and upgrade of regional roads and rail services between regional cities and Melbourne.

**Proposal 1:** Delivery of the \$100 million regional cities component of the *Regional Infrastructure Development Fund* in line with the funding formula proposed to Government by RCV prior to the 2014 election.

RCV welcomed the Government’s commitment during the 2014 election campaign to the creation of a \$250 million *Regional Infrastructure Development Fund* to, “invest in projects that create jobs and meet the needs of a growing population”.<sup>5</sup>

\$100 million from this fund has been set aside for Victoria’s ten largest regional cities. RCV understands that this commitment was a direct response to the group’s *Revitalisation of City Centres* policy paper presented to the then Government and Opposition in September 2014.<sup>6</sup>

Access to a well-developed, thriving city centre is at the front of mind for many families and businesses considering a move to regional Victoria.

Several regional cities have already commenced initial refurbishment works which are helping to attract residents, increase pedestrian access, encourage investment, create business opportunities and increase employment and liveability.

The majority of regional cities have completed long-term CBD strategies and developed a list of key projects that would help to transform their CBDs. Those cities that haven’t completed a CBD strategy would benefit from financial support to do so.

In September 2014 RCV wrote to Jacinta Allan MP outlining a proposal for funding and delivery of this policy. RCV is now calling on the Government to adopt this model for announcement in their 2015-16 Budget and implementation over the forward estimates.

Jaala Pulford MLC, Minister for Agriculture and Minister for Regional Development has since confirmed government’s intention to fund this priority.

RCV proposes that the \$100 million in funding be provided over a period of four years and be delivered on a 3:1 basis between the state government and the 10 regional cities respectively. This equates to an average of \$2.5 million for each regional city per annum over a four year period.

	2015-16	2016-17	2017-18	2018-19
	\$m	\$m	\$m	\$m
Funding required	25	25	25	25
Total				100

RCV strongly believes that investing in revitalisation works in regional city CBDs will help to deliver on our shared vision of growing regional cities that support regional and rural communities.

<sup>5</sup> Back on Track: Labor’s plan for regional Victoria, 2014, Victorian Labor

<sup>6</sup> Revitalisation of City Centres: Policy position, September 2014, Regional Cities Victoria

**Proposal 2:** Investment to further investigate options for funding of critical infrastructure for regional cities, including infrastructure which unlocks development opportunities.

Infrastructure investment is key to supporting economic activity, improved amenity and livability, social equity, productivity and competitiveness in Victoria's regional cities.

Infrastructure which unlocks development opportunities, such as the construction of council roads to a new estate, has the potential to attract investment.

While it is well recognised that regional cities already have a significant backlog of infrastructure requirements, the growing cost of finance is putting a considerable strain on the ability of local governments to undertake infrastructure development.

The estimated cost to build the infrastructure necessary to accommodate the expected population growth in RCV municipalities, net of developer contributions, is expected to be in excess of \$320 million between now and 2021.

Current financing arrangements require councils to finance infrastructure upfront, reducing local government's capacity to pursue an integrated and forward focused program of works. This will be compounded by the Government proposals to introduce rate capping.

RCV has been working with partners to develop alternative approaches to infrastructure financing, including the proposed establishment of a Victorian Local Government Treasury Authority (VLGTA).

The VLGTA would be a shared services treasury entity designed to aggregate the borrowings of cities in order to lower the cost of funds. Preliminary analysis indicates that the cities would be able to access the highest possible credit rating and then use this to raise necessary debt in the wholesale, rather than retail, market. On current debt levels, this would produce savings in the vicinity of \$4.3 million per annum.

The VLGTA would also have the potential to deliver high level risk management and governance advice on financial assets and liabilities.

A further potential model for infrastructure financing in regional cities involves Australia's superannuation funds.

RCV believes that the preparation of a business case for the funds, many of which are headquartered in Melbourne, could potentially stimulate interest and investment. A national debate is currently taking place about appropriate projects for investment by the funds. A business case which highlights potential projects across Victoria's, and potentially Australia's, regions in an aggregated fashion has the capacity to attract significant financing.

RCV is looking for additional funding from the Government to investigate and progress these two potential models for funding important regional infrastructure.

**Proposal 3:** Commit to a fairer share of funding for the delivery of services to regional centres in line with the Government’s goal of liveable and inclusive communities.

RCV supports the Government’s statement that, “a truly liveable Victoria is one where everyone has access to the services and infrastructure that is essential for a good life, no matter where they live.”<sup>7</sup> Accessible, high quality and responsive health and education services are critical to the growth and success of Victoria’s regions.

Whether in Melbourne or in the regions, nothing is more important to Victorian communities and families than their health.

In regional cities the local hospital is an important community hub, both for the delivery of primary health care services to the immediate community, but also for the provision of these services to the wider region through local health networks. Regional hospitals are also large local employers.

Work conducted by RCV and the City of Greater Bendigo in 2014 demonstrated this point through the case study of Goulburn Valley Health, which is located within the City of Greater Shepparton but is used widely by residents in surrounding areas. In 2013/2014, 36 per cent of inpatients were located outside of Shepparton, primarily from the Campaspe, Moira and Strathbogie local government areas.<sup>8</sup>

RCV welcomes the Government’s pre-election commitment to investment in infrastructure and training at regional hospitals to expand and improve primary health services, as well as to build the Victoria’s regional health workforce.<sup>9</sup>

With the decline of traditional industries such as manufacturing, areas like transport, food and fibre, defence, construction and high value services have been identified as growth industries of the future. One of the highest priorities for our group, in line with the agenda of State and Federal Governments, is the promotion of policies which lead to the creation of jobs which attract and retain residents to regional Victoria. The link between training and jobs is especially important across regional cities.

RCV welcomes the Government’s pre-election commitment to a \$25 million *A New Future in Regional Victoria fund*, which will be aimed at supporting partnerships between industry and tertiary institutions by developing local industries and jobs.<sup>10</sup> RCV members will have a role to play in supporting these partnerships.

RCV believes that a greater proportion of the service delivery section of the Victorian budget in key areas, such as health and education, should be committed to Victoria’s regional cities. This is in line with the well-established catchment model, which has shown that concentrating facilities in regional hubs allows for servicing of the wider region and rural communities.

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<sup>7</sup> 2014 Victorian ALP Platform, 2014, Victorian Labor

<sup>8</sup> The Wider Regional Benefits of Investment in Regional Cities, 2014, Regional Cities Victoria

<sup>9</sup> 2014 Victorian ALP Platform, 2014, Victorian Labor

<sup>10</sup> Ibid.

**Proposal 4:** Provide appropriate funding across regional transport priorities, especially the maintenance and upgrade of regional roads and rail services between regional cities and Melbourne.

Improving roads and rail transport in regional areas will help to build a stronger and more sustainable Victoria.

In order for regional Victoria to attract and retain families and businesses, a commitment to preserving and improving transport corridors, regional connectivity and further investment in public transport is required.

Increased support and funding for the maintenance and upgrade of major regional roads to ensure Victorians, and our visitors, can easily and safely commute between the regions and Melbourne is vital. Sadly, while regional Victoria accounts for 25 per cent of the state's population, TAC statistics for 2014 indicate the rural share of the road toll is 56 per cent<sup>11</sup>.

In 2014 RCV partnered with peak Victorian transport group RACV to inform the development of *Regional Victoria Growing Pains* a blueprint of 75 road and public transport projects aimed at ensuring that Victoria's projected regional population growth will be supported by adequate transport infrastructure into the future.

RCV is specifically calling for the duplication of Victoria's major highways, including the Princes Highway east to Sale, the Princes Highway west to Colac and the Western Highway to Stawell. A commitment to the staged construction of the Shepparton Bypass, allowing for improved movement of freight, is also a priority which has been recognised by RACV and is supported by RCV.

RCV also has a significant interest in modes of transport beyond roads. The group has been an advocate of fast rail, including supporting the planning and construction of an east coast line between major capital cities.

As with other key policy areas, there is an opportunity for regional cities to act as part of the solution to Melbourne's growing congestion concerns in transport. Encouraging growth in regional centres has the capacity to ease Melbourne's burden.

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<sup>11</sup> TAC, Annual road toll, 2014 (<http://www.tac.vic.gov.au/road-safety/statistics/road-toll-annual>)

## CONCLUSION

Victoria's ten largest regional cities make an important contribution to our state, our economy and community.

Home to 800,000 Victorians, regional Victoria is projected to grow significantly in the years ahead. If investment is made now in the planning, infrastructure and services we need, there is unlimited potential to achieve growth and unlock potential.

RCV agrees that, "Regional Victoria's best days are in front of it". Our group is well placed to work with the Government to realise this future.<sup>12</sup>

RCV welcomes the opportunity to discuss these proposals further, and to continue to work towards getting on with growth in Victoria's regions.

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<sup>12</sup> Back on Track: Labor's plan for regional Victoria, 2014, Victorian Labor