

Growing Victoria's regional communities

Pre-budget submission 2016-17 to the Victorian State Government

March 2016



RCV
REGIONAL
CITIES
VICTORIA



ABOUT RCV

Regional Cities Victoria (RCV) is a regional leadership group dedicated to building a sustainable Victoria by providing strategic advice, coordination and advocacy to State and Federal Governments to support policies which enable Victoria's regional centres to grow and develop.

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 regional Victoria through policy development and active implementation of those policies.

RCV is now widely recognised as a pre-eminent advocacy organisation for regional Victoria. It works closely with both the Minister and Shadow Minister for Regional Cities, with various arms of government including LGV and RDV, and with other bodies such as Rural Councils Victoria, the Municipal Association of Victoria, RACV, VECCI and the Victorian Farmers Federation.

As regional hubs, these cities support surrounding districts through the provision of education, health, financial, transport and social services, as well as retail, sport and recreation, cultural and tourism amenities and activities.



BACKGROUND

“.....no government should ever take the people of regional Victoria for granted. Families here deserve a government that works as hard as they do....”

Premier of Victoria

Regional Cities Victoria (RCV) continues to work towards achieving its vision of “*building a sustainable Victoria through regional growth.*” To do so, RCV members have been working towards making their city centres more vibrant and appealing to attract further investment and encourage the presence of a skilled workforce.

Regional cities require ongoing investment in infrastructure for the provision of new facilities and the renewal of existing infrastructure. Increased financing for regional city infrastructure will improve regional economies by stimulating further population growth and attracting additional private and public investment. It will also help to alleviate the population pressure in Melbourne by making regional cities a more progressive and viable living alternative.

Growing the regions also provides proven benefits to surrounding districts (catchments).¹ And given the extent of regional city catchments, these benefits will help a significant percentage of regional and rural communities.

Regional Victoria in fact grew by 11,000 people (.08%) in the 12 months to June 2014, reaching 1.4 million, which is nearly twenty-five percent of Victoria’s population. 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.²

Existing research shows that the most effective drivers of sustainable population attraction to rural and regional Victoria are jobs, good infrastructure and access to services and lifestyle. And while RCV commends the State Government on commencing delivery on its pre-election commitment to a \$100m investment for regional city CBD revitalisation over four years, it looks forward to further commitments from its Regional Jobs and Infrastructure Fund (RJIF) to those cities yet to receive their share from the pre-election commitment.

RCV believes the most effective partnerships for building economic strength within regional communities are those that exist between state and local governments, the private sector and community sector as well as enhancing and strengthening existing inter-governmental relationships. As such, RCV is very supportive of the government’s new Regional Statement.

¹ The Wider Regional Benefits of Investment in Regional Cities, 2014, Regional Cities Victoria

² Australian Bureau of Statistics, October 2015



RCV is ideally positioned to support government on delivering on the Statement, with members well positioned between state government and regional and rural communities. In addition, RCV understands the needs of regional Victoria, has access to vital research and data and local case studies and can provide immediate feedback on the effectiveness of programs at the coal face.

In the lead up to the 2016/17 State Budget, RCV has developed five proposals that relate specifically to growing and enhancing their regional and neighbouring rural communities.





2016-17 BUDGET PROPOSALS

Proposal 1: Seeking \$1.1 million to develop an evidence-based regional population attraction campaign to replace the *Regional Victoria Living Expo*.

Proposal 2: Seeking \$125k to collaborate on research into global best practice options for funding of critical infrastructure for regional cities.

Proposal 3: Seeking \$100k from the \$34 million Regional Skills and Training package to collaborate with a major higher educational institution to identify emerging industries in regional Victoria to inform government spend on training in regional locations.

Proposal 4: Ensure the appropriation of proceeds to regional Victoria from the leasing of the Port of Melbourne is done in consultation with Regional Cities Victoria.

Proposal 5: Seeking \$100k to support outbound visits by RCV's 10 Mayors to China to grow and leverage their respective Sister-City relationships.



Proposal 1: Seeking \$1.1 million to develop and deliver an evidence-based regional population attracting campaign to replace the *Regional Victoria Living Expo*

RCV supports the recent announcement by the Minister for Regional Development, The Hon Jaala Pulford that a new approach will be taken by government to promote regional population attraction.

RCV believes it's imperative that a new campaign be undertaken in 2016 to encourage people to move from Melbourne to regional Victoria, that *showcases* regional Victoria. Population growth in the regions takes pressure off the Melbourne and its surrounds, while strengthening the regions themselves.

RCV's member cities are in the best position to lead this campaign, because of their intimate knowledge of the key drivers of population attraction - infrastructure, jobs, education and liveable communities in regional Victoria. They are also best placed to work closely with local businesses, community leaders and neighbouring rural communities to drive the campaign.

RCV proposes to commission research and develop an evidence based campaign using the most effective tactics and tools, including digital options, to drive population attraction to regional and rural Victoria. The benefit of having all ten cities involved in the campaign development is that it will be coordinated in the way that highlights the benefits of regional living, across the entire state.

RCV proposes the funding be provided over a period of four years. In year one research will be undertaken, campaign developed and the first tranche of implementation. RCV members will also be in a position to make their contributions to activity held in their own locations. Funding for years two, three and four is to maintain ongoing roll-out of the campaign.

Funds are to be equitably divided between the ten regional cities.

	2016-17	2017-18	2018-19	2019-20
Funding	\$350k (Research, campaign development, implementation)	250k (ongoing Implementation)	250k (ongoing Implementation)	250k ongoing (Implementation)
Total				\$1.1m



Proposal 2: Seeking \$125k to collaborate on research into global best practice options for funding of critical infrastructure for regional cities.

“To ensure that Melbourne and Victoria’s major regional cities remain efficient, productive and livable, infrastructure must be planned and delivered in an integrated way.”³

Infrastructure Victoria

Regional Victoria continues to face the ongoing need for more infrastructure investment to support greater economic activity and enhanced productivity, improve livability and social equity and attract investment and population growth.

The ability for regional local government to tackle the backlog of infrastructure projects is now more challenging with rate capping cutting into funds previously made available for developing assets, now going into providing ongoing community services.

RCV has already undertaken some work to identify methods of financing much needed regional infrastructure. In the course of this work it has commissioned two papers: Financing for Growth in 2012 (by SED) and Local government financing and treasury shared service (by EXEM Australia), in 2014. This work has been shared with the Treasurer’s Office and the Department of Treasury and Finance.

RCV now seeks \$125k to to further investigate funding models to pay for critical infrastructure for regional cities, using the learnings of global best practice, in collaboration with an appropriate partner such as a major accounting firm.

This research will also look into a potential model for infrastructure financing in regional cities utilising Australia’s superannuation funds.

Having recently been involved in the consultation process with Infrastructure Victoria to develop its 30 year strategy, RCV can see great value in feeding the results of this research into that strategy.

RCV proposes the funding be provided over a period of two years:

	2016-17	2017-18
Funding	\$50k (Research by major accounting firm)	\$75k (develop a business case for the development of a body to implement)
Total	\$125k	

³ Infrastructure Victoria, Laying the Foundations, <http://www.infrastructurevictoria.com.au>



Proposal 3: Seeking \$100k from the \$34 million Regional Skills and Training package to collaborate with a major higher educational institution to identify emerging industries in regional Victoria to inform government spend on training in regional locations.

“Education is the key to the future of regional Victoria.....more jobs and a better education system means more opportunities for the next generation. Families shouldn’t have to be forced to watch their kids move away from home just to get a job or start a career. Every young person deserves the same chance, no matter where they live”.⁴

Premier of Victoria

Even though higher education has the potential to make a huge contribution to regional economies, the educational gap between cities and the regions is getting wider. In order to reverse this, there needs to be a much sharper policy focus on regional higher education needs.

Retention of students in regional communities is very important for the economic and social well-being of the regions. Studies have shown that higher education ensures that people are healthier, wealthier, families are safer, children learn better and life expectancies are longer.⁵

With Victoria’s economy in transition, a key objective for RCV is that the higher education system delivers courses that are aligned with emerging industry employment needs in regional Victoria and that these courses are delivered on regional Victorian campuses. This is particularly important given regionally delivered qualifications significantly improves the ability for regional communities to retain their best and brightest.

Leading educator Professor John Dewar, Vice-Chancellor at LaTrobe University has stated that *“...students who move to a city to study are less likely to return to live and work in the regions than students who study regionally..... there is a risk that current higher education policy settings are stripping young talent out of regions and transporting them to the city, from which they may never return.”⁶*

RCV is very pleased to see that the state government is moving on its election commitment to re-build Victoria’s training system, evidenced by the recent VET Funding Review and subsequent establishment of a Skills Commissioner. However, much needs be done to assist regional communities to take advantage of new economic and employment opportunities.

RCV is seeking \$100k from the \$34 million Regional Skills and Training package to collaborate with a major higher educational institution to identify emerging industries and likely growth in employment in regional Victoria to inform the development of a broader regional higher education framework.

⁴ https://www.rdv.vic.gov.au/_data/assets/pdf_file/0005/1228343/Regional-Statement_Web.pdf

⁵ Professor John Dewar, New architecture for regional higher-ed, The Age, 30/09/2015

⁶ Professor John Dewar, New architecture for regional higher-ed, The Age, 30/09/2015



This piece of research can also assist the new Skills Commissioner to:

- *Identify training pathways that lead to jobs and skills development in the workforce;*
- *Address the training and workforce development needs of Victoria's regions;*
- *Determine how the training system can better support the economy and jobs by addressing skills shortages, meeting workforce training needs and boosting productivity for employers; and*
- *How industry input can lead to more strategic and targeted interventions to align the training system with industry needs.*⁷

⁷About Us, Victorian Skills Commissioner, <http://www.vsc.vic.gov.au>



Proposal 4: Ensure Regional Cities Victoria is consulted regarding the distribution of proceeds from the leasing of the Port of Melbourne, especially where it impacts regional Victoria.

“Our government is boosting investment in rail infrastructure to lower the cost of getting critical grains, minerals and other produce exports to port.”

Premier of Victoria

As advocated for by RCV at the recent Inquiry into the Lease of the Port of Melbourne, recently passed *Delivering Victorian Infrastructure (Port of Melbourne Lease Transaction) Bill 2015* has mandated that ten per cent of the proceeds — of what is expected to be a \$6 billion deal — is to be spent in regional Victoria.

Regional cities are working tirelessly to strengthen and grow the revenue coming from their regions with the aim of developing their cities into centres of excellence with industry that will no doubt contribute to the longer-term growth of container trade through the Port. As such, RCV wants to ensure the appropriation of lease proceeds is done in consultation with Regional Cities Victoria.

RCV appreciates that the government has already undertaken significant work in mapping the freight and logistics requirements in relation to the upcoming lease, as documented in Regional Transport Strategies.

However, RCV believes that that when investment decisions are to be made, they should not be done in isolation, but in consultation with the key stakeholders who will be directly impacted, especially regional locations.



Proposal 5: Seeking \$100k to support outbound visits by RCV's 10 Mayors to China to grow and leverage their respective Sister-City relationships.

RCV commends the State government on its recently announced China Strategy to strengthen engagement with China and capitalise on emerging economic and social opportunities for regional Victoria through targeted engagement. ***The strategy will assist RCV member cities to maximise opportunities for networking and collaboration with regional cities in China.***

RCV is excited at the prospect of supporting in-bound trade missions to Regional Victoria as part of this strategy, by coordinating local stakeholders, businesses and community leaders to showcase the best of what the regions have to offer.

RCV can also assist in identifying the comparative strengths of regional Victorian to determine possible supply and demand business opportunities.

In addition, RCV members can leverage their existing Sister-City relationships in China which some have already developed from friendship and respect to mutually beneficial social and economic outcomes for their regions. Those cities who are yet to see financial results are seeking advice from their regional counterparts in order to do so.

However, to build enduring, productive relationships local government officials have to reciprocate inbound trips made by Chinese officials and travel to their Sister-Cities on a reasonably regular basis. Strong relationships held at senior official level are what underpins the opportunity for longer term financial dealings.

Out-bound trips can also further enhance major trade and investment opportunities beyond the Sister-Cities program.



CONCLUSION

RCV continues to provide strategic guidance to government when making policy and investment decisions that impact regional Victoria.

With growing local communities, RCV wants to continue to expand its presence across those key areas of decision-making that will significantly enhance the growth of our locations such as infrastructure development, skills and training competency, transport and logistics and global investment.

RCV welcomes a chance to discuss further the proposals in this pre-budget submission and look forward to working closely with state government to grow our regions.

