



INQUIRY INTO REGIONAL DEVELOPMENT AND DECENTRALISATION

A SUBMISSION TO THE HOUSE OF REPRESENTATIVES SELECT COMMITTEE

SEPTEMBER 2017

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ABOUT US



Consult Australia is the industry association representing consulting firms operating in the built and natural environment sectors. These services include design, engineering, architecture, technology, survey, legal and management solutions for individual consumers through to major companies in the private and public sector including local, state and federal governments. We represent an industry comprising some 48,000 firms across Australia, ranging from sole practitioners through to some of Australia’s top 500 firms with combined revenue exceeding \$40 billion a year.

Some of our member firms include:



EXECUTIVE SUMMARY

The face of Australia's population has dramatically changed since the post-war boom years which saw an unprecedented period of urban growth and development leading to the transformation of the nation's capital cities.

This urbanisation has seen a dramatic shift in the population, economic growth, and services available to rural and regional communities, as the nation's major metropolitan population centres have shared in record levels of infrastructure investment to accommodate the rapidly growing populations.

In response, the Commonwealth Government's *House of Representatives Select Committee on Regional Development and Decentralisation* aims to address the shift away from highly concentrated urban development, as our cities reach the peak capacity of their existing infrastructure and services.

The Committee's issues paper, successfully highlights several of the challenges facing the implementation of this policy program, however, the Committee does not appear to recognise the need for a considered program delivering the necessary supporting infrastructure.

As the peak industry body, responsible for representing consulting firms operating in the built and natural environment, Consult Australia recognises the necessity for a considered policy aimed at transforming the nation's rural and regional areas through appropriate infrastructure and service development.

Consult Australia will focus on addressing these issues to ensure the long-term viability, liveability, and success of both these regional and rural communities, and the Government's wider decentralisation and regional development agenda.

INFRASTRUCTURE IS KEY: BUILDING SUSTAINABLE AND THRIVING RURAL AND REGIONAL COMMUNITIES

As part of delivering a sustainable, engaged and productive future for developing rural and regional Australia, the *House of Representatives Select Committee on Regional Development and Decentralisation* has focused upon a series of policy considerations aimed at:

- Isolating the best approaches to rural and regional development based on domestic and international precedent;
- Developing a conversation around wider decentralisation resulting in regional job creation through the targeted relocation of government departments, services and wider corporate/private sector decentralisation support programs; and by extension
- Improving the liveability, functionality and sustainability of regional and rural Australian communities.

The priorities clearly outlined in the issues paper do not appear to account for the infrastructure and services required to support the Government's wider decentralisation and population growth focused policies.

This oversight directly contradicts two key pieces of Government policy, including the Government's response to Infrastructure Australia's *Australian Infrastructure Plan*¹ and the *Regions 2030-Unlocking Opportunity*² paper both of which recognise infrastructure as a key 'enabler' for developing rural and regional Australia, thus jeopardising the long-term success and sustainability of these regional communities.

1. Infrastructure Challenges to Government Decentralisation, Industry and Residential Relocation Policy

Infrastructure is a key 'enabler' which ensures the long-term success, sustainability and prosperity of any developing community. Regional Australia is no different, to maximise the impact of the Government's decentralisation and regional development agenda, infrastructure development can no longer be viewed in an isolated, silo fashion as is currently the case.

Rather, an integrated, collaborative approach is required to maximise the economic, political and social impacts of current and planned infrastructure projects on rural and regional Australia by focusing on four key areas:

1.1. WATER INFRASTRUCTURE: The Australian Government in the *Intergovernmental Agreement on a National Water Initiative* highlights the importance of a nation-wide

¹ Department of Infrastructure and Regional Development, 'The Australian Government's Response to Infrastructure Australia's *Australian Infrastructure Plan*', https://infrastructure.gov.au/infrastructure/publications/files/Australian-Government-Response-to-Australian-Infrastructure-Plan_Nov-2016.pdf, pg. 3-4, 28/08/2017.

² Department of Infrastructure and Regional Development, '*Regions 2030-Unlocking Opportunity*', <http://regional.gov.au/regional/publications/files/regions-2030.pdf>, 28/08/2017.

coordinated response to the use of, protection and investment in the nation's water resources³.

Given the vulnerability to drought of these rural and regional communities the *National Water Initiative* heavily influences the outcome of the Government's broader policy of decentralisation and regional development.

Accordingly, any policy should adequately account for the cost of developing and/or enhancing key water infrastructure necessary to the liveability of these emerging communities, for example:

"The NSW Government has announced that it will build a new pipeline from the Murray River to secure Broken Hill and surrounding communities' long term water supply.

The construction of the pipeline is part of a \$500 million investment strategy to secure Broken Hill's water supplies.

The projects will be the largest investment into regional water security on record and will create 240 jobs during the construction phase, with the majority located in either Broken Hill or Wentworth. Construction of the pipeline is expected to be complete by the end of 2018⁴."

1.2. TRANSPORT INFRASTRUCTURE: Artificially increasing the populations and industrial base of rural and regional communities places increased strain on the existing road and rail infrastructure.

Accordingly, investment in transport infrastructure including road and rail becomes critically important when linking these communities with the surrounding region and major population centres.

Given the complexity and requirements of modern transport infrastructure, particularly when integrating road and rail, a coordinated approach is required, including:

- Corridor preservation for road and rail infrastructure, including freight and passenger services;
- Integrated planning processes linking key road and rail infrastructure developments to maximise capacity, commuter and freight intermodal transitions, economic impact and sustainability; and
- Long-term, sustainable procurement timelines for key infrastructure with a focus upon developing regional and rural skills.

³ Department of Agriculture, '*Intergovernmental Agreement on a National Water Initiative*', <http://www.agriculture.gov.au/SiteCollectionDocuments/water/Intergovernmental-Agreement-on-a-national-water-initiative.pdf>, 29/08/2017.

⁴ Department of Primary Industries, '*Pipeline to secure Broken Hill's water*', http://www.water.nsw.gov.au/_data/assets/pdf_file/0006/660282/pipeline-to-secure-broken-hills-water.pdf, 4/09/2017.

Regional and rural Australia has seen several key isolated, transport infrastructure projects over the past decade including:

“The Murray Basin Rail Project is a joint Victorian-Commonwealth Government Project valued at \$440 million which will deliver important upgrades to Victoria’s rail freight network.

The project will drive economic growth, create jobs and provide a major boost to the transport industry, agricultural sector and regional communities⁵.”

And;

“The 1,700 kilometre Bruce Highway is Queensland’s major north-south road corridor, connecting coastal population centres from Brisbane to Cairns and supporting around 58 per cent of Queensland’s population.

The highway provides critical linkages for freight movements between inland production areas and eleven coastal ports and major regional centres. It is also a major commuter route at its southern end and a key tourist corridor⁶⁷.”

1.3. ENERGY INFRASTRUCTURE: As with other elements of key infrastructure, artificially growing the population of rural and regional Australian communities will require significant investment in the complex energy infrastructure of these societies.

However, the intricacy of modern energy production and transmission methods presents serious challenges to the further development of these communities. The cost and engineering challenges compared to any immediate or short-to-medium term return would dramatically alter the viability of investing in the complex energy infrastructure required to support these communities.

Despite this, there is opportunity for Government to support the large-scale introduction of alternate, sustainable energy production and transmission to support the seamless development of these regional communities where the development of traditional energy infrastructure is cost prohibitive.

For example, in South Australia we have seen the State Government respond to an emerging energy crisis through an innovative approach to addressing the State’s energy crisis:

⁵ V-Line, ‘Murray Basin Rail Project’, <https://corporate.vline.com.au/getattachment/f958999b-2c85-47db-bb27-950c283918ed/Murray-Basin-Rail-Project>, 7/09/2017.

⁶ Department of Infrastructure and Regional Development, ‘Bruce Highway Overview’, <http://investment.infrastructure.gov.au/funding/projects/brucehighway.aspx>, 4/09/2017.

⁷ Department of Transport and Main Roads, ‘Bruce Highway Upgrade Program’, <https://www.tmr.qld.gov.au/Projects/Featured-projects/About-the-Bruce-Highway-Upgrade-Program>, 4/09/2017.

“Tesla, the company of tech billionaire Elon Musk, will partner with French renewable energy developer Neoen to build the “world’s biggest lithium ion battery” in South Australia.

You can essentially charge up the battery packs when you have excess power and the costs of production is very low and then discharge it when the cost of power production is high, and this effectively lowers the average cost per watt hour to the average customer, he [Musk] said.⁸”

1.4. COMMUNICATIONS INFRASTRUCTURE: The introduction of the National Broadband Network (NBN) in 2007 saw the largest transformation of the nation’s communication network since the introduction of the internet and serves as the largest infrastructure project in the nation’s history.

The digital revolution, of which the NBN is a part, is responsible for transforming the way the nation conducts business and people communicate in the twenty-first century. This is particularly true for rural and regional areas. Accordingly, any Government sponsored program of decentralisation and deregulation will require additional investment, planning, and as a result project certainty, to support the development of these communities.

The internet is not the only means of communication which requires significant infrastructure investment. In recognising this, the Commonwealth Government has sought to address these issues through the introduction of a *National Mobile Blackspot Program* providing reliable mobile telecommunications services to rural and regional communities around the nation.

Maximising the cost benefit impacts of communications infrastructure provides long-term economic and liveability outcomes for rural and regional Australian communities and serves to enhance the impact and ensure the success of the Government’s regional development agenda.

“The NBN Sky Muster satellite services is dedicated to providing broadband connectivity to rural and remote Australia.

The Sky Muster satellite covers mainland Australia and Tasmania.”

And;

“The Mobile Black Spot Program is improving mobile coverage along major regional transport routes and in small communities. Rounds 1 and 2 of the program are delivering a total investment of almost \$600 million in new mobile infrastructure in partnership with telecommunication providers, and State and Territory and Local Governments.

⁸ Langenberg, Adam, ‘SA Government announces Tesla will build 100MW giant battery as part of its energy security plan’, The Adelaide Advertiser, <http://www.adelaidenow.com.au/business/sa-government-announces-who-will-build-100mw-giant-battery-as-part-of-its-energy-security-plan/news-story/9f83072547f41f4f5556477942168dd9>, 7/07/2017.

This investment is providing 765 new and improved mobile base stations across the country, resulting in new handheld coverage to 86,300 square kilometres and new external antenna coverage to over 202,300 square kilometres of regional and remote Australia. In addition, over 7,600 kilometres of major regional transport routes will receive new handheld or external antenna coverage. This unprecedented investment is providing improved coverage to 32,000 homes and businesses.⁹

2. Recommendations

The key to ensuring the success of the Government's decentralisation and regional development policy is a coordinated program of infrastructure projects designed to meet the growing transport, energy and communications requirements of these developing communities.

Accordingly, Consult Australia has a series of recommendations to ensure the long-term viability and sustainability of the Government's counterurbanisation and decentralisation policy, including:

Recommendation 1: Establish a collaborative framework linking Infrastructure Australia and the Regional Investment Corporation to include the relevant State and Territory planning authorities to promote investment certainty, transparency, coordination and ease of approval.

Recommendation 2: Through consultation with State and Territory Government's the creation of a 'key growth area' list as focal points for infrastructure development and rural and regional decentralisation.

Recommendation 3: Coordinated stakeholder consultation to develop a series of long-term infrastructure procurement projects with a focus upon for improving the connectedness, liveability, sustainability and economic viability of rural and regional communities highlighted as growth areas as part of the Government's decentralisation agenda.

Recommendation 4: Introduction of standardised contracts for 'key' infrastructure procurement and development, supporting greater domestic material procurement and local design and labour force employment, including Government supported vocational education and tertiary training cadetship and paid training programs.

Recommendation 5: Expanding the Department of Infrastructure's *National Stronger Regions Fund (NSRF)* and the Department of Industry, Innovation and Science's *Building Better Regions Fund (BBRF)* to include concessional loans to State and Local Governments to facilitate infrastructure, service and relocation and development incentive programs supporting the decentralisation of Government departments, corporate and residential populations.

⁹ Department of Infrastructure and Regional Development, '*Regions 2030 - Unlocking Opportunity*', <http://regional.gov.au/regional/publications/files/regions-2030.pdf>, pg. 25-26, 28/08/2017.

CONCLUSION

Regional Australia is the vast, underutilised and unrecognised engine of the national economy. As Asia grows and the demand for raw resources, energy and agricultural produce increases, the nation's regional and rural areas will be well placed to be a key supplier to Asia's 3.4 billion people.

The Government's regional development and decentralisation agenda needs to operate in conjunction with wider Government policy as outlined in the *Regions 2030-Unclocking Opportunity* and response to the *Infrastructure Australia: Australian Infrastructure Plan*, with a focus on developing an integrated, collaborative infrastructure procurement program.

Through this the Government can focus on developing the long-forgotten areas of Australia through targeted infrastructure developments which will serve to connect these communities with the rest of the nation and the world.

We would welcome any opportunity to further discuss the issues raised in this submission. To do so, please contact Ms Megan Motto, CEO Consult Australia on (02) 8252 6700 or at Megan@consultaustalia.com.au.