

11 May, 2018

Mr Mark Fitt
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Dear Mr Fitt,

RE: Inquiry into the indicators of, and impact of, regional inequality in Regional Australia

Thank you for the opportunity to provide this input in response to your invitation for submissions. The Regional Development Australia Townsville and North West Queensland (RDA) Committee acutely understands the current challenges of inequality in regional Australia. We have engaged with local governments and regional economic development organisations to make this submission.

Context in which we are making this submission

RDA works across the 15 local government areas in north and north-west Queensland, an area that covers nearly 26% of Queensland. To put our comments in context, I provide the following facts about our region based on statistics from the Queensland Government Statistician's Office April 2016 Regional profile.

- In June 2016 the population was approximately 266,000; the long term forecast is for our regional population to increase to 374,029 by 2036.
- 72% of the population is located in Townsville, Northern Australia's largest city.
- 9.8% of the population identifies as being of Aboriginal or Torres Strait Islander background.
- The region has 81.9 homeless persons per 10,000 vs 45.6 per 10,000 in Queensland.
- Unemployment stands at 8.8% (11,422 persons) in the December 2017 quarter.
- The majority are in the region's two largest cities: 7,840 of these people are in Townsville; 846 are in Mount Isa.
- Palm Island, Burke, Doomadgee and Carpentaria have the highest unemployment rates ranging from 41.6% to 35.4%.
- Industries in which the region has a high employment specialisation ratio are agriculture/forestry/fishing, mining, utilities, public administration and education/ training.
- The region is a strong minerals, beef cattle, sugar and horticultural producer with significant volumes of these products going to export markets, often directly from the Port of Townsville to nearby Asian markets.

Fiscal policies at federal, state and local government levels

There is a general frustration with the zonal tax allowance being out of step with the current realities of the costs of living and low level of services received in regional areas such as ours. It would be timely to review the effectiveness and most importantly the appropriate levels of compensation for the lack of services in rural and remote areas.

Improved co-ordination of federal, state and local government policies

There is not only a need for greater cross government coordination but also a need for cross-departmental collaboration in the same level of government.

Our experience has shown that:

- infrastructure investment decision-making occurs at the departmental level rather than the whole of government level to achieve whole of government objectives; this disadvantages initiatives that can generate benefits across multiple departments and their individual objectives;
- the current model of the federal government needing to defer to the state government on priorities in regional areas negates the ability for regional areas' priorities to be elevated for support if they compete with state government priorities which are often driven by capital city needs;
- state government grant programs would be best aligned with federal grant programs to deliver more leverage; while we understand this is a challenge, collaboration on regional economic development priorities and programs would reap benefits in the form of financial leverage for high priority projects that will deliver jobs and on-going economic and community benefits.

Regional development and decentralization policies

The review and transition of the Regional Development Australia program has taken far too long with negative impacts on volunteers and staff. Two years after the review was announced we are still implementing changes due to many delays within government. This has negatively impacted RDA's productivity and put additional workload on staff and Committee members. We welcome the new Minister's commitment to support the RDA program and Committees to achieve the regional economic development goals of the federal government.

Our RDA Committee works on \$0.78 per square kilometre per annum; \$1.31 per head of population. To satisfactorily meet the needs of regional economic development stakeholders over an area that is more than six times the size of Tasmania, we recommend reconsideration of the costs to operate RDA committees effectively. While we have endured a CPI freeze, our costs including airfares to travel to the remote areas in our region have gone up significantly. It can cost more than \$1,000 to make a return trip within our region. To help make ends meet we are now applying for grants to cover some of our costs but this once again impacts the workload of our staff.

We are keen to understand the new decentralization policy and how RDA can work with the government to achieve its objectives. We understand that this process will soon roll out and we welcome this new opportunity.

In the meantime, the "Guidelines for analysing regional Australia impacts and developing a Regional Australia Impact Statement" is a good step towards understanding regional impacts of central policy planning, but the outcomes of this analysis are not always clear.

Infrastructure

Investment into regional road infrastructure has not kept pace with regional needs or expectations, while large scale projects continue to go ahead in metropolitan areas. We recommend it is time to review the methodologies and models used to make investment decisions, in particular in relation to regional roads investment.

While government budgets and programs are published, it is not always easy to compare like for like in regard to roads investment. Based on population, investment is driven mostly to metropolitan areas. However, if a wider range of factors was considered, a case could be built for more investment into

regional areas. As mentioned above, whole of government objectives could lead to more investment into regional areas to achieve benefits that are of importance to multiple departments.

The Inland Queensland Roads Action Project (IQ-RAP), for which RDA is the Secretariat, delivered a plan in 2016 to demonstrate the gaps between current road and bridge infrastructure and the Department of Transport and Main Roads own standards. The plan identified that there were more than 300 bridges and 3,000km of road network that required upgrading to fit-for-purpose standards.

There is a strong economic rationale for investing in regional Queensland. Queensland is a decentralized state, with \$194 billion of Gross State Product (GSP) generated outside Brisbane. That is equal to 62% of Queensland's annual GSP and 11% of Australia's Gross Domestic Product (GDP). Regional Queensland contributes more to the national economy than South Australia, Tasmania, the Northern Territory and the Australian Capital Territory combined.

Regional Queensland hosts industries such as mining, resources and energy; agriculture; and tourism contributing significantly to GSP and employment. They contribute \$55 billion, \$20 billion and \$25 billion respectively to the national and state economy.

However, as noted above, road and bridge investment lags significantly.

The Queensland Roads and Transport Investment Program (QTRIP) provides guidance for the next four years but this doesn't meet the needs of local governments in developing their 10-year asset management plans and community development goals, nor does it give confidence for long-term retention of skilled workers and their families.

IQ-RAP partners believe there is a need and opportunity to reassess the framework for investment decision-making for regional roads. Productivity, safety, industry diversification through tourism, maintenance impacts on vehicles, animal welfare, dust impact on animals and crops and visibility and reliability of access are most important to inland road stakeholders; current benefit cost ratio analysis models favour the convenience factor for large numbers of commuters saving small amounts of commuting time in capital cities.

The current one size fits all decision making methodology is flawed when it comes to regional roads investment decision-making and this issue would apply to many other infrastructure cases.

AgriFutures Australia has also recently released a report on this same issue. <http://www.agrifutures.com.au/publications/research-activities-on-rural-roads/>

Education

There are many inequalities in regional, rural and remote areas with access to services, access to internet and education attainment levels being prime indicators of challenges.

- there is a significant lack of early childhood education and care services with only 7% of the state's services in the region despite covering an area of nearly 26% of the state;
- educational attainment levels are mostly below state levels;
 - o 6.1% of the population did not attend until year 8 or did not go to school at all vs 5.4% in Queensland;
 - o 28.8% completed school to year 9 or 10 vs 26.5% in Queensland;
 - o 54.5% completed school to year 11 or 12 vs 58.9% in Queensland;
 - o 13.8% have completed a bachelor degree or higher vs 18.3% in Queensland;
 - o In certificates and diplomas, the region has a slightly higher rate of achievement than the state average;
- There is lower internet connectivity in our region than the average of 83.7% in Queensland; it is most notable that remote communities have the lowest rates: Burke 49.5%, Doomadgee 55.2% and Palm Island 56.9%.

- Very high youth unemployment such as 61% in the Outback region is an indicator of the challenges of both lower education levels and the lack of local jobs.

I would be delighted to respond to any questions you may have. I can be contacted on 07 4410 3655; 0417 198 284 or ceo@rdanwg.org.au.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Glenys Schuntner', written in a cursive style.

Glenys Schuntner

Chief Executive Officer