

20 May 2026

Committee Secretary
Productivity Commission
GPO Box 1428
Canberra City ACT 2601

By email: waterreform2026@pc.gov.au

Dear Committee Secretary,

Re: National Water Reform 2026 Inquiry

Regional Capitals Australia (RCA) welcomes the opportunity to provide a submission to the Productivity Commission's National Water Reform 2026 Inquiry.

RCA represents Australia's regional capital cities, which act as critical service, employment, infrastructure and economic hubs for surrounding regional communities. Water security is a core policy priority for RCA and is critical to housing delivery, economic productivity, agriculture, industry and long-term regional resilience.

RCA welcomes the Commission's focus on the structural challenges facing regional and remote water utilities, infrastructure sustainability, climate resilience and long-term investment needs. These issues align closely with the challenges currently being experienced across regional capital cities, including ageing infrastructure, population growth pressures, climate variability, emerging contaminants such as PFAS and barriers accessing Commonwealth water infrastructure funding pathways.

RCA particularly welcomes the Terms of Reference recognising the structural challenges facing regional and remote water utilities, including limited customer bases, ageing infrastructure, increasing compliance obligations and reduced capacity to absorb major infrastructure renewal costs.

Many regional capitals also rely on single-source water systems with limited redundancy or alternative supply connections, increasing vulnerability during drought, contamination events or infrastructure failures.

RCA is increasingly concerned that water infrastructure limitations and long-term supply constraints may constrain housing delivery, industrial expansion and broader regional economic growth if infrastructure investment does not keep pace with demand.

RCA also considers that current Commonwealth water infrastructure funding arrangements do not adequately support direct local government participation, despite regional councils and utilities often being responsible for delivering and maintaining critical local water infrastructure.

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RCA's position is that water infrastructure must be recognised as enabling infrastructure essential to regional growth, economic productivity and long-term resilience.

RCA recommends

1. That the Australian Government recognises the critical role water plays in supporting regional population growth, agriculture and primary industry sectors; and
2. That access arrangements under the National Water Grid Investment Framework be amended to allow local governments to directly access funding based on local need.

To assist the Commission's current consultation process, we have attached our [Policy Priorities 2025](#) for additional context on this issue. Our Regional Water Security policy position is detailed on pages 26 and 27 together with supporting regional infrastructure case studies including the Fraser Coast Water Grid project on page 7.

RCA would welcome the opportunity to continue engaging with the Commission throughout the inquiry process and would be pleased to provide any further information that may assist development of the final report.

If you have any questions in the interim, please do not hesitate to contact our Secretariat Rachael Sweeney on email secretariat@regionalcapitalsaustralia.org (Federal lobby register no: 18169904232).

Yours sincerely,

Mayor Josh Black
Chair
Regional Capitals Australia
Mayor, Dubbo Regional Council

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Regional Capitals Australia

POLICY PRIORITIES // 2025



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Overview

About Regional Capitals Australia

Regional Capitals Australia (RCA) was formed in 2012 to represent the interests of Australia's regional capital cities. Our objective is to ensure these needs are reflected in national policy and funding priorities.

Regional capital cities perform a 'capital city' role within their regions, providing a central point of access to essential services, commerce, employment and education. These services are accessed by local residents as well as those in surrounding towns and rural areas.

Regional capital cities also provide a liveable alternative for people and businesses wishing to escape Australia's congested metropolitan cities. Every year regional capital cities generate \$225 billion, or more than 16 per cent of national economic activity.

All RCA members have a growth agenda and stand ready to ensure a growing Australia means a stronger and more equitable regional Australia.

Our Agenda

Vibrant and productive regional capital cities are key to Australia's sustainability and prosperity. Regional capital cities are also growing – all RCA members are striving to continue this trend and as such have a growth agenda for their communities.

The COVID-19 pandemic has accelerated the population shift from capital cities to Australia's regions and transformed the anticipated pace and nature of demographic and economic change in regional cities.

There was an estimated 200% increase in net migration from capital cities to regional areas during COVID according to Infrastructure Australia research. In 2020/21 regional areas grew at a faster rate than capital cities for the first time since 1993/94. Regional growth however has a historical as well as a modern context.

The growth of Australia's regional cities is a 100-year trend, which began when residents of smaller rural towns sought improved services, infrastructure and non-agricultural employment and began moving to the larger population centres located in their region.

Overview

Due to this growth regional cities have taken on a 'capital city' role, acting as service hubs for their region. The city's services and infrastructure are accessed by residents as well as those in surrounding towns and rural areas. Every day, more than nine million Australians rely on regional capital cities for their everyday needs.

In addition to the service hub role, growth in regional capital cities is an avenue to allow Australia to return to a strong immigration rate (pre-COVID). Our member cities offer productive centres that are the liveable and affordable alternative to the metropolitan capitals.

Now is the time to plan for a network of growing regional capital cities. Australia's borders are opening, and a flood of new arrivals will soon land to address the much-needed skills deficit across a range of sectors.

If no action is taken to ensure a more balanced approach to population growth, the painful and costly impacts of congestion will once again be felt. Meeting the costs of pre-COVID metropolitan city growth was unsustainable. Infrastructure Australia put the cost of addressing the national infrastructure deficit anywhere between \$450 - \$700 billion. As a nation we cannot afford to let history repeat itself by having metro-centric settlement patterns.

RCA's members across regional capital cities see themselves as ready to grow. The initiatives in this document have been identified to enable this growth to be realised. Now is the time to get investment in regional capitals right for the benefit of all Australians.



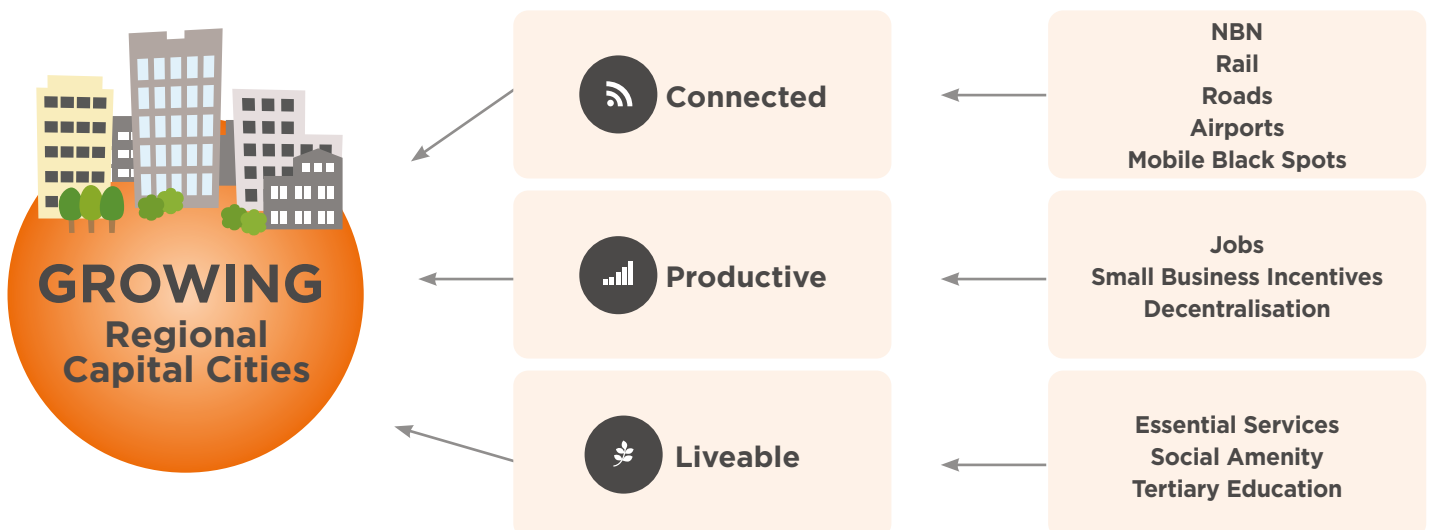
Policy Platform

The following outlines Regional Capitals Australia's framework to grow regional capital cities that are:

1. **Strong service centres:** that continue to be a central point to access essential infrastructure, services, business, employment and education;
2. **Easing the metropolitan congestion:** encouraging regional migration and decentralisation options for new and existing residents and businesses can take the pressure of major metropolitan capitals; and
3. **An affordable alternative:** providing affordable housing and industry industrial land options for families and business seeking to avoid the inflated housing markets of the major metropolitan capitals.

To achieve this vision we must continue to build regional capital cities that are:

1. **Connected:** with roads, rail, airports (and services), broadband and mobile telecommunications;
2. **Productive:** with diverse economies that can be built with government and private sector decentralisation and skilled labour shaped through strong tertiary and continuing education opportunities; and
3. **Liveable:** with high levels of essential services, social amenities and a continued supply of affordable housing options.



Population Policy

Regional Capitals Australia members are seeking a greater share of Australia's population, accelerated through immigration policy.

Regional capitals are not only critical regional hubs, providing services and infrastructure to local residents and those in surrounding towns and rural areas; they are increasingly an affordable alternative for people and businesses seeking to escape capital city costs and congestion.

RCA supports the development of a national population policy aimed at ensuring there is a greater share of population growth that will attract a larger workforce and increased business investment in our member cities.

RCA believes regional population growth must be underpinned by both skilled and non-skilled migration, associated wrap around services, reform to existing visa conditions, and reform to the definitional categories of regions.

Fast Facts

- As of the 2023 financial year, regional Australia experienced a population growth rate of 1.4%, with an increase of 117,300 people. This marks the fastest growth since 2008-2009 and was primarily driven by net overseas migration.¹
- As of 2023, less than 17 per cent of the net overseas migration is directed towards regional areas. This is despite the fact that regional Australia accounts for approximately one third of the nation's population and has a significant demand for skilled workers.²
- In June 2024 there were 75,037 advertised job vacancies in regional Australia. In June the largest number of regional vacancies was for professional roles (27%), followed by technical and trade roles (15%), community and personal service roles (13%) and clerical and administrative roles (13%)³
- Skilled migrants account for 73 percent of Australia's permanent migration program, up from 30-40 percent twenty years ago.⁴



Accelerating Regionalisation

Although internal net migration to regional cities from Australia's capital cities has slowed since peaking during the COVID lockdown, net migration from metropolitan cities to Australia's regions continues to grow.

During the period June 2022-July 2023, combined regional areas population grew at 1.4 percent, the fastest growth since 2008-2009, this was primarily driven by new net overseas migration (73,000).⁵

This growth is greatly welcomed by RCA, but regional Australia has the ability to accommodate a greater share of a growing Australia. This would support a future population settlement pattern that is more widely distributed across the country, benefiting all Australians.

The Need

In a post-pandemic world international immigration should be a key factor in Australia's overall population growth and as such, should be a significant factor in ongoing regional growth. Skilled migrants comprise 73 per cent of Australia's migrant intake.⁶ These new arrivals and their families offset Australia's ageing population, improve labour force participation and productivity, and help businesses source skills that are difficult to develop at short notice.

¹ Australian Bureau of Statistics: Regional Population, March 2024

² ABC: Regional Australia Institute calls for national population strategy for regions, June 2023

³ Regional Australia Institute June 2024 Regional Labour Market Update (data from Jobs and Skills Australia Internet Vacancy Index)

⁴ Australian Government, Department of Home Affairs 2022-2023 Migration Program Report

⁵ Australian Bureau of Statistics: Regional Population, March 2024

⁶ Australian Government, Department of Home Affairs 2022-2023 Migration Program Report

⁷ Regional Australia Institute June 2024 Regional Labour Market Update (data from Jobs and Skills Australia Internet Vacancy Index), available at https://www.regionalaustralia.org.au/Web/Toolkits-Indexes/Regional-Jobs-Update/Updates/2024/Regional_Labour_Markets_Update_June_2024.aspx

However, significant skill shortages are negatively impacting economic growth in regional Australia. For example, “in June 2024 there were 75,037 advertised job vacancies in regional Australia. In June the largest number of regional vacancies was for professional roles (27%), followed by technical and trade roles (15%), community and personal service roles (13%) and clerical and administrative roles (13%)”.⁷

RCA believes that three areas of reform to the current migration system that would go far in addressing our profound work force challenges in regional Australia.

Designated Area Migration Agreements Reform (DAMAs)

DAMAs are an important mechanism for addressing workforce challenges in regional Australia. These agreements provide much needed flexibility for regions to respond to their unique economic and labour market conditions, and RCA strongly supports the continuation and expansion of the DAMA program.

RCA also acknowledges the complexities associated with DAMAs, and believes that reform is needed to streamline and simplify the approach for their establishment and implementation.

Reforms should be targeted to increase the uptake of DAMAs by regional authorities and make it easier for regional employers to participate in, understand and comply with the program requirements.

Reforms should also provide clarity and certainty to potential migrants to regional areas, who may be deterred by the complexity of the current two-tiered agreements. More support from State and Territory Governments would assist regional authorities in navigating the DAMA establishment process.

The Creation of a formal mechanism for this State and Territory Government support, and provision of appropriate resourcing, would also be supported by RCA.

It is essential however that the DAMA process maintain a central, ownership role for regional authorities. This will ensure that the DAMA process is informed by and delivers on a lived understanding of the local region’s workforce needs, and can be responsive to changes in those needs.

RCA strongly supports DAMA process reform in order to address chronic regional workforce needs.

Working Holiday Makers Visa reform and extension of eligibility (WHMs)

WHMs are an important source of labour for many industries and businesses operating in regional areas of Australia and make a significant contribution to the economic prosperity of those regions – both as workers and as tourists and consumers.

Importantly, WHMs in regional areas create a positive and enriching cultural experience for both the visitors and the regional communities in which they live and work. Tying the incentive for WHMs to live and work in regional areas to ‘specified work’ visa requirements has been highly effective.

While RCA welcomed the Government’s decision to not limit WHM visas to one year, RCA seeks expansion of occupations eligible for ‘specified work’ – or the ‘88 or 179 days’ requirement under the WHM program, to ensure that a range of sectors across Australia (not restricted to Northern or Remote and Very Remote areas) would benefit from expansion of the scheme.

Tourism and hospitality are significant industries in many parts of regional Australia, and labour shortages (including for seasonal labour) are impacting their economic contribution.

Tourism and hospitality employers in regional parts of Australia outside of the Northern or Remote and Very Remote areas find it just as difficult to fill job vacancies and should have access to the same provisions under the WHM program.

RCA’s position is also that areas such as health could also benefit from this program with the ability to fill short-term demands across the sector.

RCA’s position is also that exploitation of vulnerable people who visit and live in our regional areas as WHMs (or via any other visa pathway) is unacceptable. Worker exploitation hurts both WHMs as well as all Australians, including the businesses who do not comply with their labour obligations. It also damages Australia’s international reputation.

RCA strongly supports the government’s efforts to address worker exploitation in the WHM program. RCA strongly supports WHM reform in order to address chronic regional workforce needs.



Redefine the definition of ‘Regional’

RCA is also concerned that the classification of ‘designated regional areas’ as encompassing all areas outside of Brisbane, Melbourne and Sydney implies a level of homogeneity that does not exist; and critically, that this assumption means the immigration system is unable to account for and service the unique characteristics of those ‘regional’ areas.

The inclusion of major cities like Adelaide, Canberra and Perth as Category 2 designated regional areas needs to be addressed and these acknowledged national and state capital cities need to be removed.

The inclusion of these cities (and indeed all Australian metropolitan centres within the Urban Growth Boundary) means that migrants to these cities can largely access the same range of incentives available in smaller population Category 3 areas, including regional visas and visa conditions, priority processing of regional visas, and an additional time in Australia for international university graduates.

RCA strongly supports reform to the definitional guidelines for regional Australia to create a more equitable distribution of new migrants from large metropolitan centres to regional Australia in order to address chronic regional workforce needs.

The government has the policy levers to encourage skilled migrants to settle outside of Australia’s capital cities and RCA believes visas for skilled migration and business investment should be expanded or amended to ensure this occurs.

With appropriate funding for migrant wrap around services, reform to DAMA and WHM visa conditions, and amending guidelines to accurately define regional areas, RCA stands ready to accept a greater share of Australia’s migration intake to regional Australia to address our workforce needs.

Investment in support services and cultural infrastructure

Settlement services are often lacking in regional areas compared to the services offered in metropolitan areas, and regional employers or resource-constrained local governments are often called upon to provide this support.

Federal and State Government facilitation of settlement services and supports will enable greater attraction and retention of migrants to regional locations.

Social and cultural infrastructure have an important role to play in creating communities that appeal to migrants as a destination, and for regional areas this is key to encouraging provisional visa holders to make regional destinations their longer-term home.



Recommendations

- Develop a population policy to encourage businesses and families to move to the regions, and that RCA be consulted during the development of this policy;
- Reform the Designated Area Migration Agreement (DAMA) program to reduce complexity and facilitate uptake by regional authorities, regional employers and potential migrants. This reform needs to ensure that regional capital city leaders still have a seat at the decision-making table to allow the local needs to be accurately reflected in DAMAs.
- Create a formal mechanism and funding for State and Territory Governments to support regional authorities to establish Designated Area Migration Agreements
- Maintain the specified work component of the Working Holiday Maker program and expand the approved industries to include tourism, hospitality and health across regional Australia (not restricted to Northern or Remote and Very Remote areas).
- Refine the definition of ‘regional’ to exclude category 2 cities such as Adelaide, Canberra and Perth. This will ensure that immigration policy and programs more effectively target non-metropolitan regional areas.
- Commit to increased funding for settlement services and supports, as well as social and cultural infrastructure.

Regional Infrastructure Policy

Regional Capitals Australia recognises the infrastructure and regional funding policies and programs managed by the Australian Government are important and will continue to assist the development of regional capital cities.

The core of liveable and productive regional capital cities are assets and services that support the development and growth of communities so they are places where people and communities can thrive.

The Need

Regional infrastructure funding is critical for regional Australia's sustainable growth, economic resilience, and to enable our ability to ease population pressure on Australia's major capital centres by offering attractive investment, employment or lifestyle choices.

As more people move from urban cities to regional capitals in pursuit of affordable housing and lifestyle benefits, infrastructure investment must keep pace.

Through regional infrastructure grant programs that have existed during the last decade a range of economic and liveability infrastructure has been able to be delivered in partnership with Local and State Government.

Regional capital cities have been enabled to support a growing population and thriving regional service hubs.

The types of infrastructure that has been delivered includes:

- Economic hubs
- Tourism assets
- Arts and culture facilities
- Sporting facilities
- Placemaking and place shaping infrastructure
- Education hubs

There is an ongoing need for this support to be provided to facilitate growing regions. Regional capitals makes the following recommendations for the continuation of these funds:



Recommendations



- An allocation of \$1 billion over 4 years.
- There should be two streams within the program:
 - a) Up to \$50 million grants for large scale investments that can assist with dynamic change in regional capitals; and
 - b) Up to \$15 million for mid-scale investments that can build the liveability of regional capitals.
- Reliable and consistency of funding that includes:
 - A commitment to annual rounds of funding;
 - Applications are sought at a specific time every year;
 - Consistent program guidelines so projects can be planned for that will meet these guidelines and co-contributions can be secured;
 - A two-step process (Expression of Interest, then Full Application) to ensure resources are not wasted on projects that will not fit the focus of the fund;
 - The success or otherwise of a funding application should be known prior to Local Government budgets being finalised (May); and
- Support for business cases.

Infrastructure Case Studies

Infrastructure underpins the liveability and productivity of regional capital cities. With population growth accelerating in regions, demand for fit-for-purpose facilities, such as sport precincts, cultural assets, and economic hubs, continues to grow.

Federal infrastructure investment has enabled regional capitals to deliver these critical assets in partnership with local and state governments. Continued support is essential to maintain momentum, strengthen regional service hubs, and offer viable alternatives to metropolitan centres for work, lifestyle, and investment.

ASK: Commit \$1 billion over four years to the Regional Infrastructure Fund over two streams to facilitate large and mid scale investment

Case Study: Geraldton Maitland Park Green Connect Project

The Geraldton Green Connect Project will transform an underutilised park in the heart of the City of Greater Geraldton's CBD into a multi-use parkland precinct powered by renewable energy. Located between five schools serving over 3,000 students, the Project proposes an integrated sustainable transport hub that will secure pedestrian safety and resolve traffic congestion. The hub will be set within a landscape that facilitates a climate-resilience research project to inform future greening policies.

The Geraldton Green Connect Project has become part of the ongoing City Centre revitalisation due to Maitland Park's location and change of use, predicted population growth and climate change.

The Project will achieve an off-street transit hub for the safe delivery and collection of students to the schools surrounding Maitland Park is developed; Improved streetscape and traffic network that will efficiently move people in and around the precinct is developed; A case site in a broader study to "Generate evidence to inform solutions and policy decisions concerning the climate change adaptation of urban precincts and housing to projected changes in temperature and rainfall to foster healthy and climate-resilient communities across WA's climatic regions"; Local Aboriginal culture and language to inform and educate the broader community are incorporated into the Park's design.

The Project improves the liveability of the City, increasing the population, economy and skilled workforce.

FUNDING REQUIRED: \$65 million (For the construction phase).

Case Study: Broome

Broome Boat Harbour Facility

The Shire of Broome, in partnership with the Department of Transport, is progressing the development of a safe, all-tide marine facility to address long-standing access and safety challenges associated with boating in Broome's extreme tidal environment.

The current facilities fail to meet Australian maritime design standards (AS3962), limiting safe operations.

This new harbour will deliver a compliant, accessible marine facility that enhances public safety, supports Broome's fast-growing marine industries, and unlocks new opportunities in tourism especially with the existing dinosaur tracks maintained. It is supported by \$36 million of state investment.

FUNDING REQUIRED: \$60 million

Case Study: Fraser Coast Fraser Coast Water Grid Project

Rapid growth and increasing climate variability are putting Fraser Coast's water supply under significant pressure. Urgent action is needed to ensure a reliable, affordable, and resilient water system.

The Fraser Coast Water Grid is a shovel-ready project to construct a two-way pipeline linking Hervey Bay and Maryborough's water systems. It will secure the region's long-term water supply, reduce reliance on a single source, and significantly improve resilience to drought and extreme weather events.

The grid is expected to extend service capacity to 2036, and potentially to 2050, while avoiding up to \$88 million in economic losses due to severe water restrictions. Without this investment, critical housing and land development projects will stall.

FUNDING REQUIRED: \$60 million

Case Study: **Broome**

Broome Recreation and Aquatic Centre (BRAC) Expansion

Broome Recreation and Aquatic Centre (BRAC) is the region's primary year-round sport and community hub and also serves as the designated regional evacuation centre. It currently operates beyond capacity and lacks indoor infrastructure to meet growing demand for sport, events, and community well-being.

Stage 1 will expand the centre from 550sqm to 2,250sqm of air-conditioned, multi-purpose indoor space to support local sport and recreation, youth engagement and regional emergency preparedness. Stage 2 will deliver new indoor courts, outdoor shaded areas, and improved amenities. Together, these upgrades will future-proof Broome's community infrastructure.

FUNDING REQUIRED: \$29 million Stage 1

Case Study: **Ballarat**

Wendouree Library and Learning Centre

Wendouree, one of Ballarat's most disadvantaged suburbs, is at the frontline of population growth expected to bring 70,000 new residents to the city's north and west by 2040. The community faces higher-than-average levels of educational vulnerability, digital exclusion, and social isolation.

The Wendouree Library and Learning Centre will provide a modern, inclusive community hub delivering early years programs, digital access, learning spaces, and Parent Place services. It will support literacy, lifelong learning, youth engagement, and social cohesion in a rapidly growing region.

The \$23 million project is expected to generate \$17.8 million in construction-phase economic impact and create nearly 120 jobs. Once operational, it will sustain 9 ongoing FTE positions. Shovel ready by mid-2026, the project is progressing through business case development and will form a foundational asset supporting Ballarat's liveability and equitable access to community infrastructure.

FUNDING REQUIRED: \$23 million

Case Study: **Fraser Coast**

Fraser Coast Sports and Recreation Precinct

The Fraser Coast Sports and Recreation Precinct is a \$250 million, multi-stage investment to deliver high-quality infrastructure supporting one of Queensland's fastest-growing regional cities. The precinct will include indoor leisure facilities, athletics tracks, outdoor stadiums, beach volleyball courts, and new playing fields to meet surging population demand and attract state and national sporting events.

Despite rapid growth, Fraser Coast remains the only major regional city in Queensland without a dedicated indoor court facility. Without significant investment, participation in sport will be constrained, community health outcomes may decline, and economic opportunities linked to event hosting will be lost.

Fraser Coast Regional Council has committed \$40 million via the long-term financial plan.

The precinct is guided by the 2022 Master Plan and aligns with the Australian Government's Sport Horizon National Sports Strategy 2024-2034, which promotes healthy, connected communities through sport.

FUNDING REQUIRED: \$50 million

Case Study: **Port Lincoln**

Lincoln Cove Marina Wharf Renewal

Port Lincoln is home to Australia's largest fishing fleet and one of the nation's most productive seafood ports. The existing sheet-piled service wharf at Lincoln Cove Marina is ageing and no longer meets the operational, safety, or logistics needs of this nationally significant industry.

This project proposes the construction of a new service wharf; built parallel to and beyond the existing structure, with a return leg to expand landside capacity. This will improve loading and offloading efficiency, reduce congestion, and enhance marine traffic safety.

The project is identified as a priority in both the RDA Eyre Peninsula Strategic Directions Plan 2023-2026 and the Port Lincoln Precincts Master Plan. It is essential to future-proof the region's export infrastructure and sustain growth in South Australia's marine economy.

FUNDING REQUIRED: \$6.5 million

Local Community Infrastructure Policy

The Local Road and Community Infrastructure (LCRI) Program was a very welcome and much required stimulus into regional Australia during the COVID-19 lockdowns and a welcome investment after significant weather events in 2022/23 impacting road conditions.

As our regional cities continue to grow, increasing local community infrastructure to build community cohesion and creating liveable cities is key – with LCRI due to lapse on 30 June 2025 an urgent need exists (exclusive of road infrastructure funding) to fund regional community infrastructure beyond that date.

RCA notes that with additional funding allocated to key road projects such as the Roads to Recovery Program, Blackspot and Safer Roads and Infrastructure Program the immediate need for local and regional road funding has been secured.

Fast Facts

1. The Australian Government's LCRI program has committed \$3.25 billion – four rounds have been delivered to date aimed at addressing both roads and community infrastructure needs; and
2. Under Phase 4 of the program, an additional \$750 million of funding was delivered, bringing the total investment to \$3.25 billion, this phase included \$250 million specifically targeted at improving rural, regional, and outer urban roads.

The Need

The 2021 Infrastructure Australia Plan notes that for Smaller Cities and Regional Centres, quality, fit-for-purpose and adaptive social infrastructure, appropriate to the needs of each community, is central to their ability to attract and retain residents and businesses. Regional councils are best positioned to strategically plan for and prioritise appropriate social infrastructure, then sequence it according to local community need.

The LCRI supported Australia's growing regional centres by funding local road and footpath repairs and renewal, disability upgrades at community halls and centres, walking trail improvements, playgrounds, swimming pool and sporting facility upgrades as well as school crossing upgrades.

It delivered numerous direct and indirect benefits to our regional capitals and has allowed councils to invest in important road and community infrastructure that would have previously struggled to secure sufficient funding.

The infrastructure improvements delivered under this program have facilitated more connected and liveable local communities such as projects such as parks, recreational centres, libraries, and community halls.

By removing the competitive element of the funding, a significant burden was lifted from councils in having to prepare lengthy, expensive and complex applications, and provided an allocation to each eligible council from the outset, which provided certainty as well as clearer planning and prioritisation of projects for local decision-makers and planners.



The Challenge

Despite being considered an imperative revenue source (estimated to be 20 percent of annual operating revenue for around one in four Councils) and the only source of untied grant funding for Local Government, Financial Assistance Grants (FAGs) are in decline.

According to the Australian Local Government Association's (ALGA) analysis, this core Federal funding to local government has significantly declined since the mid-1980s. Local government was initially funded by the Commonwealth Government through a tax sharing arrangement. The reduction in grants has reduced from 1% to just 0.53 percent of Commonwealth taxation revenue.

The expectation on Local Government to continue to fund services and infrastructure has not declined however it has increased, the constraints on local government to deliver for their communities in regional areas is far greater than those in metropolitan areas. This service requirement above and beyond includes the operations of regional airports, water services and even in some instances local health services.

Further community funding investment by the Australian Government beyond June 2025 (LCRI end of life) is needed. This funding will enabling an enhancement of local communities' quality of life, social cohesion and engagement and create and upkeep our public spaces for public and community gatherings, sporting activities, and other essential community services.



Recommendations

- Establish a Community Infrastructure Program with an allocation of \$1 billion over 4 years effective from 1 July 2025; and
- Funding to be delivered via annual allocation to each Council.



Local Roads Policy

RCA has welcomed the Australian Government's recognition of local governments' need for increased funding for roads and transport infrastructure to manage rising costs and increased pressure on transport infrastructure due to climate change and extreme weather events.

Fast Facts

- Local councils are responsible for 75% percent of our nation's roads.⁸
- The lack of inflation indexing for the Roads to Recovery Funding Program has eroded its effectiveness over time, limiting councils' ability to adequately repair and maintain roads.⁹
- The up-front cost of building a road represents only about 20% of its lifetime cost.¹⁰
- The cost per person to maintain sealed roads in regional and remote communities is five times higher compared to metropolitan areas.¹¹
- According to the National Heavy Vehicle Regulator, heavy vehicles contribute to a significant portion of road wear in Australia, accounting for as much as 90% of deep pavement damage on major roads.¹²

The State of Regional Roads

An efficient, safe and well-maintained road network is critical for regional Australia. Regional roads enable economic activity and population growth by facilitating the movement of people and freight, access to employment, education and essential services and ensuring regional Australians stay connected. Seventy-five percent of Australia's roads are managed by councils.

However, the reality is that regional councils do not have the financial capacity to construct new roads to meet population pressures and to maintain existing roads to an acceptable and safe standard. According to the Grattan Institute's 2024 Submission to the Inquiry into Local Government Sustainability, Local Councils in Australia currently face a significant funding shortfall for road maintenance, estimated at around \$1 billion per year.



The Grattan Institute has found that regional councils underspend what is needed to maintain their roads by 42 percent. In comparison, councils located in major cities underspend by less than 14 per cent.¹³

The situation is currently exacerbated not only by rising costs, a shortage of skilled workers and greater demands on the regional road network with increased traffic flows and heavier trucks, but also by the growing pressures of climate change on the road network.

As the climate changes, heavy rainfall and extreme heat are on the rise, and increasing numbers of extreme weather events are contributing to the poor state of regional roads. Climate change related road impacts include damage to pavement levels, potholes and cracking, and entire washing away of roads in extreme cases. Regional roads will not be able to cope with future severe weather events if they are not maintained with a changing climate perspective.

Funding Challenges

While total transport's share of GDP has decreased since 2011-12, with declines in both for-hire and in-house transport,¹⁴ demand on regional roads and the cost of maintenance has increased over the last decade.

Local governments in regional areas remain impacted by the Australian Government's 2014-2017 FAG indexation freeze and the use of CPI indexation (as opposed to Councils' real costs), along with constraints on regional councils' ability to raise revenue (smaller rate bases, rate pegging, rate capping).

⁸ Grattan Institute: Submission to the Inquiry into Local Government Sustainability, 2024, p.3

⁹ National Roads and Infrastructure Congress, 2023

¹⁰ Grattan Institute: Submission to the Inquiry into Local Government Sustainability, 2024, p.25

¹¹ National Roads and Infrastructure Congress, 2023

¹² National Transport Commission, 2022, p. 49

¹³ Grattan Institute: Potholes and Pitfalls, 2023, page 7,8

¹⁴ [Australian Transport Economic Account: An Experimental Transport Satellite Account, 2010-11 to 2020-21 | Australian Bureau of Statistics](#)



In terms of Australian Government funding, RCA notes the findings of the Independent Strategic Review of the Infrastructure Investment Program (IIP), that:

- sub-programs provide critical funding to councils to build and maintain local infrastructure;
- councils require additional funding to manage rising costs and increased pressure on transport infrastructure due to climate change and extreme weather events; and
- current sub-programs are delivering positive outcomes for councils and value for money.

We welcome the Australian Government's response to the IIP Review by increasing the Roads to Recovery Funding Program to \$1 billion per year by the 2027-2028 fiscal year; increase Black Spot funding from \$110 million to \$150 million per year and; the creation of the new Safer Local Roads and Infrastructure Program with funding increased to \$200 million per year.

We also note the Government's commitment to delivering funding in a way that reduces the burden on local councils, allowing more money to be spent on projects and less on administration.

RCA notes the ongoing requirement for this investment into the local and regional road network and calls on the government to maintain the commitment to this new level of funding.



Recommendations

- Maintain Roads to Recovery Funding at \$1 billion per annum;
- Maintain Black spots Funding at \$150 million per annum;
- Maintain the Safer Local Roads and Infrastructure Program with at \$200 million per year;
- The majority of the Roads to Recovery funding increase be directed to non-urban councils;
- Councils receive rolling notice of the Roads to Recovery funding allocation;
- The scope for Black Spot Program projects be widened in cost, time and nature;
- The simplification of competitive grant application processes;
- Provision of greater flexibility for project timeframes to allow councils to manage staff and supply constraints and cost variations;
- Reconsideration of the disaster recovery funding requirement of "like for like" replacement to allow councils to build back better in the face of climate change pressure; and
- The Government adopt a flexible approach to road infrastructure funding to allow councils to deal with local demands and constraints.



Regional Airports and Aviation Policy

Regional airports are key to the social and economic life of regional Australia, connecting regional capitals and their residents to the metropolitan capitals.

While regional airports play a critical role in their communities, the simple fact is most regional airports are under significant financial strain.

Many are faced with ageing infrastructure, ever increasing security cost pressures, high staffing costs, community service costs and a disproportionately high regulatory cost burden.

The vulnerability of regional services, particularly with the recent administration on both Rex and Bonza airlines, has and will present ongoing challenges for regional travellers, an issue that needs to be addressed once the future of Rex airlines is clear beyond the June 2025 end of Voluntary Administration period.

RCA welcomed the release of the Commonwealth's Aviation White Paper: Toward 2050 (the White Paper) in August 2024 and the Commonwealth's decision on a number of key policies directly impacting regional Australia. Particularly a Productivity Commission review into the determinants of regional airfares and regional slots at Sydney airport.

RCA however notes that the issues of support for regional airport upgrades and maintenance and the overly burdensome security arrangements in regional airports requires further investment from the Australian Government.

Fast Facts

- It is estimated that more than 200 regional airports and aerodromes are owned and operated by local governments across Australia;
- 40 percent of Australia's 5.54 million annual domestic aviation passengers travel through regional airports;
- Civil Aviation Safety Authority (CASA)'s regulatory imposts are higher for regional and remote airports, comprising 12 per cent of total expenditure, compared to about 4 per cent for major airports and major regional airports;
- Sixty per cent of regional airports operate at a loss (or 120 of the 200 regional Australian airports). They depend upon cross-subsidisation by local government owners who are already burdened by competing demands on their limited financial resources; and
- Almost 40 per cent of regional airports expect persistent budget deficits over the next 10 years.



The Contribution

Regional airports are largely owned and operated by local government. Regional airports continue to generate significant direct employment and economic activity, as well as indirectly through associated business, service and industry activity.

They support the attraction of staff to, and their retention in, regional and remote communities, make FIFO (Fly-in, Fly-out) employment possible, make businesses more efficient and facilitate freight services and same-day business travel to capital cities from regional centres.

Regional airports support tourism and trade, assist regional Australians' access to specialist health, education and legal services that are otherwise not available locally, and play an essential role in saving lives by facilitating medical evacuations, collection and delivery of organ donations and search and rescue.

They also play a vital role in the protection of Australia's physical assets, enabling aerial fire fighting and supporting law enforcement bodies, such as the Western Australia Police Air Support and border protection agencies which operate out of Australia's regional airports, particularly in Northern and Western Australia.

The Challenges

The majority of Australia's regional airports are experiencing severe financial strain. Currently, 120 of Australia's 200 regional airports operate at a loss and almost forty per cent anticipate continuing deficits over the next decade.

These airports are in need of urgent upgrades - including the burden of costly ongoing security upgrades and increasing and disproportionate regulatory costs. The additional transition to low emissions technology as outlined in the White Paper will further add to the on-going need for upgrades.

The loss of Bonanza Airlines and Rex Airlines in 2024 and the lack of reliability in regional routes (as stepped out below) has further exposed regional airports as the income pipeline for many airports remains unclear.

While, RCA acknowledges the Government's support for regional airports, through the Regional Airport Program in the 2024 budget and confirmed in the White Paper by extending \$40 million under the Program (over 3 years from 2024-25) "to support regional airports to improve safety and connectivity and enable regional airports to make the investments they will need", the level of funding does not accurately reflect what is required across Australia's 200 regional airports.

An area of particular burden to regional councils is the current blanket approach to national aviation security threat and the application of these requirements to regional airports. The same requirements often exist in regional capital airports as those in major metropolitan airports, despite the significantly lower threat environment.

Civil Aviation Safety Authority (CASA)'s regulatory imposts are higher for regional and remote airports, comprising 12 per cent of total expenditure, compared to about 4 per cent for major airports and major regional airports. By taking a uniform security approach to aviation security threat and protection measures, local councils, as the owners and operators of regional airports, are forced to bear the heavy financial cost burden of this regulation.

The Government noted in the White Paper "*Government acknowledges that security requirements for aviation impose costs on regional airports... and will continue to engage with industry to ensure that settings remain at the appropriate level to ensure these settings are appropriate to risk levels*".¹⁵

This remains a clear area of policy that needs to be resolved. Until this issue is resolved councils will continue to struggle to meet the financial burden that is imposed upon them, and often regional passengers ultimately bear some of these security costs through higher ticket pricing.



In order to meet increased security costs and provide relief to regional aviation passengers, RCA calls on the Government to further extend funding under the Regional Airports Program and include in this fund support for regional security operations.

Vulnerability of Regional Aviation Routes

The uncertainty over the future viability of Rex Airlines and the loss of Bonanza Airlines has created deep consumer, business, community and Local Government anxiety in regional Australia.

On top of this, existing challenges also remain with the propensity of airlines to suspend, cancel or reduce services, often with limited notice on regional routes. Service reductions or suspensions have been common place by all carriers and have affected regional airports in every Australian state and territory.

Modest improvements made by airlines in the past 12 months have still seen regional services continue to lag behind metropolitan counterparts. In September 2024, the average national cancellation rate (across all domestic airlines and airports) was 2.0 percent. However, in regional areas key carriers such as Qantas Link and Skytrans cancelled regional flights at 3.3 and 3.2 percent respectively. Well above the national average.

The vulnerability of regional aviation routes creates a risky investment environment not only for airport operators but also for local businesses. This is to the detriment of regional Australians requiring connectivity their metropolitan counterparts do.

¹⁵ [Aviation White Paper – Towards 2050](#)

Competition will be key to improving both service and reliability, as such we urge the Federal Government to continue to place importance on regional aviation as the future of Rex is considered during the administration period.

Snapshot of service changes:

- **April 2024** - Bonanza Airlines entered voluntary administration and ceased all operations in regional Australia;
- **July 2024** - Rex Airlines entered voluntary administration with the future viability of the airline uncertain; and
- **September 2024** - data indicates regional cancellation rates by key regional carriers such as QANTAS Link are well above the national metropolitan average of 2 percent at 3.2 percent.

Recommendations



- Increase funding for the Regional Airports Program to \$200 million over four years;
- Clarify funding for regional airports to establish Financial Management Frameworks;
- Resolve funding support and or the requirement for security screening at regional airports to ensure security arrangements required reflect the security risk and present an equitable cost regional Australians; and
- Undertake all efforts to ensure the viability of regional aviation throughout the Rex Voluntary Administration period and beyond.



Airports Case Studies

Regional airports are more than transport hubs; they are enablers of economic productivity, workforce mobility, emergency response and connect regional Australia to national markets. Strategic investment ensures they continue to support industry, workforce participation, and regional productivity.

Regional airports are essential to Australia's health, freight, and emergency systems; yet many are at risk. **Sixty percent of regional airports (120 of 200 nationally) operate at a loss**, with local governments struggling to cover operational and regulatory costs. Despite this, **40% of Australia's 5.54 million annual domestic aviation passengers** travel through regional airports.

ASK: Commit \$500 million over four years in recurrent funding to the Regional Airport Fund

Case Study: Broken Hill

Broken Hill Regional Airport Upgrade

Broken Hill Regional Airport is the primary aviation gateway for Far West NSW, serving a population of nearly 20,000, supporting the Royal Flying Doctor Service (RFDS), and underpinning the region's health, mining, tourism, and emergency service sectors. Located more than 500km from the nearest capital city, the airport plays an irreplaceable role connecting this remote region to national service networks and specialist support.

The airport is at capacity, with over 1,100 passengers per week and only two commercial carriers servicing the region. Yet the current infrastructure limits operations—restricting larger aircraft, increasing maintenance risks, and preventing full utilisation of the airport's strategic potential. While \$12.4 million has been secured from State and Federal Governments for initial apron, taxiway, and security upgrades, further investment is needed to modernise remaining airside infrastructure, enable larger charter and RPT aircraft, and meet regulatory and compliance standards.

Upgrades will unlock growth in the mining and renewable energy sectors, support RFDS operations and medical transfers, and make Broken Hill a viable base for tourism, events, and emerging aerospace industries. With 40% of passengers linked to tourism and FIFO operations, the airport is essential to sustaining the economic and social viability of this iconic inland city.

FUNDING REQUIRED: \$100 million

Case Study: Armidale

Armidale Airport - Resilient Runway Project

Armidale Regional Airport is a critical connector for the New England region, offering daily return passenger flights to Brisbane and Sydney with onward links to major domestic and international destinations. It underpins a diverse economy and provides essential air access for emergency services.

However, the existing runway is no longer fit-for-purpose; it does not meet operational needs for modern commercial aircraft or for Very Large Air Tankers (VLATs) required by the NSW Rural Fire Service.

This \$140 million project will deliver a resilient new runway with upgraded taxiways and a full instrument landing system, ensuring Armidale can meet future demand and provide full coverage for emergency aviation services across northern NSW. The upgraded infrastructure will enable increased freight, tourism, and economic activity, and support long-term regional resilience.

FUNDING REQUIRED: \$140 million

Case Study: Margaret River Region

Busselton Margaret River Airport - Precinct Terminal Expansion Project

The current terminal at Busselton Margaret River Airport was designed for just 200 passengers, yet regularly handles over 350 per movement, operating at 75% over capacity. Annual passenger traffic has surged from fewer than 15,000 in 2013 to over 192,000 in 2024-25, and is projected to grow a further 185% to 550,000 by 2035.

The \$80 million terminal expansion project will deliver a fit-for-purpose aviation hub that supports continued passenger growth, unlocks freight expansion, enables international operations, and improves compliance with safety and operational standards.

The project is expected to generate \$445 million in economic benefits over 30 years and support more than 600 jobs by 2030, positioning the South West region as a key contributor to national productivity.

FUNDING REQUIRED: \$60 million. Council have committed a further **\$20 million.**

Case Study: **Hervey Bay**

Hervey Bay Airport Terminal Upgrade

Hervey Bay Airport is operating beyond capacity, with passenger traffic rising 47% in just two years to 228,867 in 2024–25. The terminal, car park, and apron infrastructure are now inadequate to support current and projected demand, with further growth expected as new services commence and the airport climbs into the top 20 regional airports nationally.

The airport supports commercial connections to major cities, drives tourism to the Fraser Coast, and facilitates over 1,000 medical transfers annually. It is also attracting strong interest from aviation businesses to establish new operations.

Terminal expansion will relieve capacity pressure, enable larger aircraft operations, and future-proof the airport ahead of the 2032 Olympics. Enhanced digital access, relocated services, expanded baggage and passenger screening systems, and security improvements will reduce congestion and improve safety. Without investment, infrastructure constraints will hinder regional growth, service reliability, and connectivity.

Funding is sought from both the Regional Precincts and Partnerships Program and the Community Energy Upgrades Fund.

FUNDING REQUIRED: \$17 million

Case Study: **Ballarat**

Western Victoria Aviation Precinct

Ballarat Airport plays a critical role in delivering emergency medical services, bushfire response operations, and long-term economic development for Western Victoria. Yet its ageing infrastructure; especially the remaining 1,250 metres of WWII-era runway, can no longer meet operational demands.

Upgrading this final runway section will enable safe and reliable access for aeromedical aircraft, including Air Ambulance and neonatal transfers. The Royal Flying Doctor Service has warned that deteriorating conditions may force diversion of services elsewhere, delaying urgent care for the region.

Longer-term, the project positions Ballarat; Australia's 17th largest city but without a regular airline service, to attract regional passenger flights. Aviation connectivity would enhance Ballarat's liveability, attract investment, and generate productivity benefits across the region.

Complementary upgrades include a purpose-built aeromedical patient transfer facility and improvements to the terminal and apron to accommodate expanded services.

FUNDING REQUIRED: \$12 million

Case Study: **Dubbo**

Dubbo Regional Airport – Enhanced Security Requirements

Following a national security incident at Avalon in March 2025, it is expected the Federal Government will mandate new security requirements at regional airports. While awaiting a formal directive, Dubbo Regional Airport has already begun implementing procedural changes; but anticipates significant capital upgrades, including a full CCTV system replacement and perimeter protection measures.

The airport has invested \$14.6 million in recent runway strengthening works (with NSW Rural Fire Service support), but cannot absorb the unfunded cost of further federally mandated compliance. Security and regulation already account for 50% of the airport's annual operating expenses.

Maintaining a secure, compliant airport without redirecting resources from core services will require full Federal investment in any required infrastructure upgrades.

ESTIMATED COST: \$450,000+ (CCTV only);
Full cost subject to directive.

Case Study: **Geraldton**

Geraldton Airport – Capacity Upgrades

The City of Greater Geraldton owns and maintains the Geraldton Regional Airport and the Mullewa airstrip. These airports provide critical aviation assets that enable the industry to operate in Western Australia's Mid West. They provide for Regular Passenger Transit (RPT) operations, emergency air operations, Defence Operations and general aviation activities.

The City of Greater Geraldton is finalising a new masterplan for the Geraldton Regional Airport to allow for the proposed Royal Flying Doctor Hangar and offices to be established in Geraldton along with expanded aprons to provide for the increasing number of airlines that are using Geraldton as their alternate airport in emergency situations.

The City is also continuously reviewing and updating its security measures in line with Federal Government requirements; series 3 baggage scanners, improved fencing and CCTV infrastructure. The existing terminal is now too small and with designs underway to modernise the terminal and increase its capacity to manage the increasing passenger numbers.

These requirements are in line with and because of the runway extension project completed in recent years. Maintaining a secure, compliant airport without redirecting resources from core services will require Federal investment.

ESTIMATED COST: \$21 million

Regional Housing Policy

RCA acknowledges the Australian Government's commitment to help address the housing crisis by providing an additional 1.2 million new homes over 5 years from July 2024 through the \$10 billion Housing Australia Future Fund announced in November 2023.

We further acknowledge Government's housing support commitment under the Housing Support Program, which has provided an additional \$500 million being made available to state, territory and local governments to support the delivery of enabling infrastructure and amenities for new housing developments and improving building planning capability.

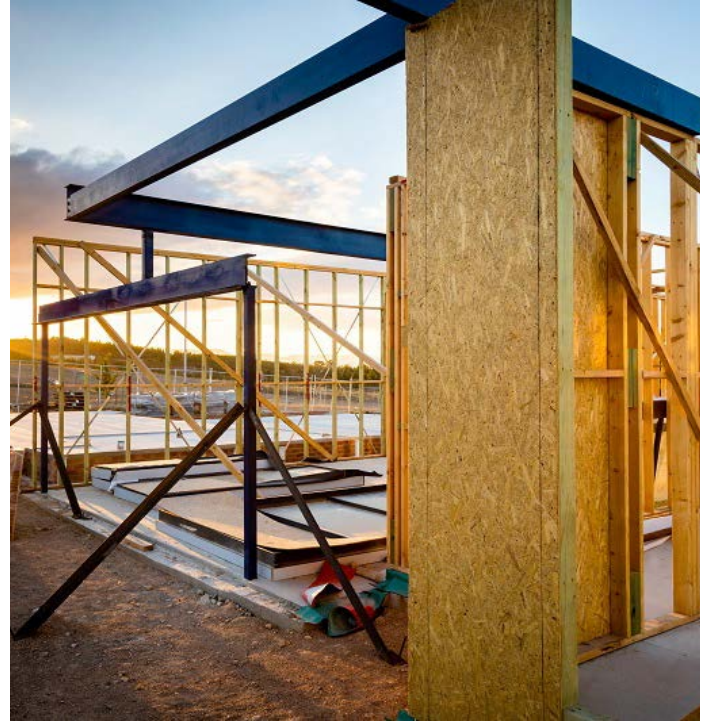
RCA has also welcomed the Federal Liberal-National Coalition's Housing Infrastructure Programme that will allocate \$5 billion to housing enabling infrastructure and is aimed at unlocking 500,000 new homes.

Like all areas of Australia, regional capitals have an increasing shortage of available and affordable housing. In regional capitals this shortage is driven by surging workforce numbers for major regional projects and construction, along with growing internal migration and an undersupply of diverse housing stock.

Regional capitals welcome increased economic activity and population growth. However, the shortage of housing is undermining our ability to support this growth and function as essential service centres for regional populations while also providing an affordable alternative for families and businesses.

The shortage of affordable housing is being felt across regional economies from business investment and major projects to service delivery, diversity and liveability.

One hundred percent of regional capitals report local health services are affected, followed by major local industries (93 percent), infrastructure construction, and tourism/cultural services (87 percent) and education, major development and business attraction (80 percent).



Fast Facts

- Capital city to regional migration is currently tracking at 16.4% above the pre-COVID average.¹⁶
- In February 2024, the regional vacancy rate was 0.8%.¹⁷
- In 2024, rents rose by 6.3% over the previous 12 months in regional Australia.¹⁸
- 75% of regional capitals identify Construction and Major Project workers as a major driver of housing demand, followed by Internal Migration (56%).
- 87% of regional capitals identify the shortage of builders and/or tradespeople as a roadblock for land activation, followed by enabling infrastructure costs to council (80%) and state planning processes (60%).
- 75% of regional capitals have derelict housing stock which could be updated to help address housing shortages.
- 93% of regional capitals do not believe existing State and Federal policy settings can meet their region's future housing demand.

¹⁶ Regional Movers Index Report, June 2024

¹⁷ Domain.com.au Research Vacancy rates: February 2024

¹⁸ Core Logic: Regional markets strength with values and rents reaching record new highs 27 May 2024

Regional Capitals are Growing

According to the June 2024 Regional Movers Index, capital to regional migration is currently tracking at 16.4 percent above the pre-COVID average and shows no sign of retreating to pre-COVID levels. People are attracted to regional areas by good jobs, the lifestyle and, historically, the availability of affordable housing.¹⁹

However, current growth is driving up rents and house prices, creating a housing shortage that is restricting growth opportunities.

Impacts on Rental Market

As of September 2024, rental vacancy rates in Australia's regional cities remain notably low reflecting a tighter rental market.

The rental vacancy rate has more than halved in the last five years, with Domain Research Vacancy Rates February 2024 reporting a regional vacancy rate of 0.8 percent.²⁰

In 2024, regional Australia experienced notable increases in rental prices. For example, rents rose by 6.3% over the 12 months to April, up from 4.9% over the year to January.²¹

Nearly all of the 50 largest non-capital statistical urban areas recorded rent increases over the past three months (as of November 2024), with 37 markets reaching record high rents.²²

Impacts on Local Businesses

All members have noted that local businesses are unable to recruit staff because they are unable to secure housing, which in turn limits capacity to deliver services, projects, or events. Some members have stated businesses are reluctant to invest in their region without certainty that they can secure the construction and operational staff required for their projects.

Impacts on Working Families

All councils have reported that local childcare services are limited by a lack of staff, again due to cost of living, mainly related to affordable housing.

A study by Victoria University revealed that many regional areas are classified as 'childcare deserts' with more than 13 children vying for each available childcare place. This scarcity is more pronounced in regional communities where the demand far exceeds the supply, the lack of housing will be an ongoing issue in addressing this outcome.²³



¹⁹ Regional Movers Index Report, June 2024

²⁰ Domain.com.au Research Vacancy rates: February 2024

²¹ Core Logic: Regional markets strength with values and rents reaching record new highs 27 May 2024

²² Core Logic: Regional markets strength with values and rents reaching record new highs 27 May 2024

²³ ABC: Australia's childcare is growing, 20 August 2024.



Policy Implications for the Federal Government Economic Agenda

This shortage of housing is not only impacting local employment, service delivery and local amenity, but the broader ability of regional areas to deliver on key federal initiatives such as the renewables transition, export capability and achieving a more equitable level of services for regional areas.

In a survey of RCA members in 2023, 100 percent reported that local health services are affected by the housing shortage, followed by major local industries (93 percent), infrastructure construction, and tourism/cultural services (87%) and education, major development and business attraction (80 percent).

Challenges For Meeting Housing Targets Land Activation

The release of land for new housing is essential. The Australian Housing and Urban Research Institute (AHURI) highlights that regional housing markets have faced substantial challenges for more than three decades, including poor housing affordability, under-developed supply chains, and a shortage of skilled labour. These factors contribute to the difficulty in delivering affordable housing supply in rural and regional Australia.²⁴

Eighty-seven percent of RCA members agree it would assist provision of housing for key workers, help the supply of affordable and social housing (80 percent), and increase rental market stock (73 percent). However, even where land is available, regional housing faces many roadblocks including labour shortages, planning delays and rising construction costs.

Infrastructure costs

Activation of land for new housing development requires provision of essential services and enabling infrastructure to be provided by local government. However, 80 percent of RCA members say the increasing costs of providing these services and infrastructure are a roadblock to new housing.

RCA notes that the recent additional funding should further assist in the provision of essential services such as water, sewerage, energy and NBN, and community infrastructure including site works, streetscape works, conservation reserves, transport hubs and public transport facilities.

RCA members also believe it is important any housing support programs provide:

- Recognition of higher service and construction costs for regional cities, with dedicated funding for the regions;
- Flexibility to accommodate a diverse range of regional projects, including infill opportunities;
- Timely announcements of funding so successful projects can be included in councils' budget deliberations; and
- Multiple funding rounds to allow for appropriate planning.



²⁴ AHURI: Disruption in regional housing: Policy responses for more resilient markets, 18 July 2024

Skill Shortages

In 2024, regional Australia continued to face significant skills shortages across various sectors, impacting economic growth and service delivery.

According to Jobs and Skills Australia's Occupation Shortage for June 2024, 36% of assessed occupations were in national shortage, with regional areas experiencing more pronounced shortages compared to metropolitan regions. Technicians and Trades Workers were affected, with 50% of occupations in this category facing shortages.²⁵

Overwhelmingly, Councils identify a shortage of builders and tradespeople (87 percent) as the most significant barrier to new housing, followed by the costs of enabling infrastructure (80 percent), and state planning processes (60 percent). Not only is there a shortage of skilled tradespeople for housing construction, 73 percent of RCA members report their own shortages of strategic and statutory planners and other positions necessary to plan and approve residential housing.

RCA recommends an approach recognising the diverse nature and challenges of regional cities and providing flexibility for local governments to implement the most effective housing measures for their regions.

In particular, ongoing, dedicated funding is needed for regional councils' enabling infrastructure costs; support is needed for innovative housing solutions including remediation of derelict housing; state planning systems need to be more responsive; and, there is an urgent need for increased training and recruitment of skilled workers.

Growing Pressure on Local Government

Local Government understands that its primary role in meeting Australia's housing challenge is through planning and zoning processes and the provision of local infrastructure. Surging regional migration and traditionally smaller populations and rate bases make this increasingly challenging for regional councils, many of which are operating under rate capped or rate-pegged systems.

In addition, there is growing demand from local governments to partner with the State and Federal Governments to deliver social and affordable housing options, but these partnerships cannot be delivered without financial and policy support.

Local Government Skills Shortages

The Planning Institute of Australia (PIA) has highlighted a critical shortage of urban and regional planners across the country. According to Jobs and Skills Australia's annual Occupation Shortage List, urban and regional planners are now in national shortage, a significant shift from 2022 when no such shortage was reported.

This escalating deficit threatens Australia's capacity to effectively plan for sustainable and liveable communities. Contributing factors include the closure of 13 university planning programs over the past eight years, reducing the influx of qualified graduates into the profession.²⁶

An independent analysis by BIS Oxford Economics projects a skills shortfall in the surveying and geospatial profession, reaching nearly 1,400 professionals nationally by 2024 and over 2,000 by 2029. This equates to an average of 1,500 extra surveyors and geospatial professionals needed each year to meet national demands.²⁷

Almost three-quarters of RCA members (73 percent) report shortages of both statutory and strategic planners, two-thirds (67 percent) report shortages of building surveyors and almost half (47 percent) report shortages of building inspectors and engineers. Councils also note shortages of urban designers and environmental health professionals.

RCA members say there is a critical need for more regionally based tertiary education options in planning, building surveying and environmental health roles. They also propose education scholarships and subsidies for students in areas of skills shortages, along with state and federal government sponsorship of local governments to employ cadets.



²⁵ Australian Government, Jobs and Skills Australia – Occupation Shortage Report, June 2024

²⁶ Planning Institute of Australia: New data shows shortage of urban and regional planners worsening, October 2024

²⁷ Spatial Source: Severe surveyor shortage set to become worse, 17 March 2023

Opportunities for Regional Capitals to Meet the Housing Targets

In order to manage regional population growth and help meet nationally agreed housing targets, including affordable housing, RCA members recognise the need for a broader local housing mix.

Lone-person households are the fastest growing projection household type in Australia. Projections indicate that by 2046 the number of individuals living alone will increase by 40% and make up 28% of Australian households.²⁸

Cities are examining approaches for different dwelling types, including accommodation for smaller households such as major project workers, single person households and ageing residents, as well as methods to deliver regional housing more quickly and at a lower cost than traditional family homes.

Innovation

Innovation is key to achieving greater diversity in the housing market, such as entry level and small format homes, and improving the supply of social and affordable homes.

This includes different approaches to housing planning and construction, density options and size of allotments, reuse of existing housing stock, repurposing of buildings and innovative partnership arrangements.

RCA members report a range of innovative measures are under consideration, including:

- 3D printing (currently testing with community infrastructure);
- Prefabricated and modular homes;
- Refurbishment of existing buildings for short-term worker accommodation; and
- Innovative approaches for accommodation for major project workers:
 - Modular villages (a percentage to be retained as permanent dwellings);
 - Repurposing of council land such as caravan parks;
 - Development of housing camps close to towns, so on project completion land can be on-sold with council infrastructure already in place; and o
 - Partnerships with major employers to provide secondary dwellings on private properties for worker accommodation.

Funding remains the greatest barrier to progressing innovative local housing solutions. Not only are new approaches usually ineligible for funding under existing government programs, council housing investments are not GST exempt.



²⁸ Australian Bureau of Statistics: Household and Family Projections Australia, June 2024



Density Done Well

Density can help meet regional housing demand by delivering additional housing stock in shorter timeframes. It can also improve affordability of housing through lower costs, including utilisation of existing community infrastructure and essential services.

While density in some cities might include granny flats or apartments, other councils see smaller lot sizes with freestanding dwellings in neighbourhoods within walking distance to amenities as a happy medium. However, density does not suit every area or neighbourhood and community opposition has been reported by 79 percent of RCA members. It can also place a strain on existing infrastructure.

Derelict Housing

Around three-quarters of regional capitals report they have derelict housing stock which could be updated for social and affordable housing. It is estimated that refurbishment or renewal of stock could provide more than one hundred additional homes in some cities.

The majority of derelict housing is owned by state governments, with most of the remainder in private hands. Options for derelict housing include basic remediation to make houses habitable, which could be completed in as little as six months; or demolition and redevelopment of sites at greater density, which would take one to two years.

Advantages of utilising derelict stock include minimal planning requirements, leveraging of existing civil infrastructure reducing local government costs, and potential to deliver housing at a lower cost and shorter timeframe than new builds.

Recommendations



- The Continuation of housing enabling funds that local government can access to support the release of new land to support new developments in regional capital cities
- The establishment of a Housing Innovation Program to fast track innovative approaches to housing projects. This fund could improve supply and overcome supply chain and skills challenges currently in regional capitals.
- The removal of GST on council housing investments to increase the cost effectiveness of social and affordable housing;
- Addressing regional skills shortages to meet the housing needs in regional capital cities:
 - Increasing skilled migration;
 - Scholarships and subsidies for degrees and training in skills shortage areas;
 - Greater investment in technical education and apprenticeships; and
 - Investment in vocational education in more locations Investment as travel costs are a major barrier to completion.

Housing Case Studies

Adequate housing supply is foundational for enabling workforce mobility, attracting investment, and supporting population growth in regional capital cities. Without it, economic participation is constrained, businesses face labour shortages, and migration to the regions slows.

Regional capital cities are well-positioned to unlock land, deliver enabling infrastructure, and partner on innovative housing solutions; but require support to overcome cost, skills, and regulatory barriers. Targeted investment in housing is not only a liveability measure, it's a productivity strategy to build a skilled and adaptable regional workforce.

ASK: The continuation of the Housing Enabling Funds and development of Housing Innovation Program.

Case Study: **Broome**

Sanctuary Holiday Park and Key Worker Accommodation

The Sanctuary Holiday Park and Key Worker Accommodation project responds to Broome's dual pressures of housing shortage and surging tourism demand. Located within walking distance of Cable Beach, the project will deliver 280 new caravan and cabin sites to support tourism growth driven by the \$60 million Walymajun Cable Beach Foreshore Redevelopment.

Critically, one-third of the site is dedicated to 91 residential dwellings (227 beds), designed specifically to address Broome's key worker housing shortage and provide essential workforce stability.

The integrated development model ensures both immediate and long-term activation of the precinct, balancing economic return with social benefit. It will improve workforce retention, reduce housing pressure, and support the region's major tourism assets. \$7.6 million has been secured through the WA Infrastructure Development fund to support this project.

FUNDING REQUIRED: \$25 million

Case Study: **Geraldton**

Mahomets Flats Key Worker Accommodation

Mahomets Flats Key Worker Accommodation project is located at 165 Willcock Drive, Mahomets Flats, Geraldton Western Australia. It is prime real estate located close to the Central Business District, the State Hospital and the local Tafe. This 8.8Ha site provides an opportunity to create 150 lots to house key workers which is desperately needed in the Mid West. State Government Agencies and local businesses are unable to attract workers as there is insufficient housing opportunities in Geraldton to cater for the current growth in demand. The City is working with the State government and the development industry to try and unlock this opportunity.

The City is working with the State to have this crown land converted to freehold land vested with the city. The city has also applied for state funding to install the necessary headworks. A significant investment is now required from the Federal Government to fund the construction of the actual accommodation units.

FUNDING REQUIRED: \$100 million

Case Study: **Kimberley**

Kimberley Pipeline - McMahon Estate Headworks

McMahon Estate is part of a regional housing pipeline developed in response to Housing Australia's request to address critical housing shortages in the Kimberley. The project will deliver 115 subdivided lots and 75 residential dwellings over four years.

Subdivision and housing construction will occur in two stages, with 106 lots delivered in the first 18 months. The project requires essential headworks (enabling) infrastructure to unlock this land and support workforce and population growth in the Kimberley.

FUNDING REQUIRED: \$43.96 million

Case Study: **Broome**

Sanctuary Holiday Park and Key Worker Accommodation

Broome's ability to attract and retain essential workers is hindered by an undersupply of affordable housing and rentals. This project delivers 14 new key worker homes to accommodate critical key workers. It responds to clear evidence that housing access is the main barrier to employment uptake in regional WA.

These homes will be delivered over 18 months, and complemented by the release of seven additional homes into public housing supply through the sale of existing Shire properties.

FUNDING REQUIRED: \$8.6 million

Case Study: **Albury** Thurgoona Link Road

The Thurgoona Link Road is a transformative housing-enabling infrastructure project critical to unlocking one of regional Australia's largest growth corridors. Identified in 2008 and formalised under the Thurgoona-Wirlinga Precinct Structure Plan (2013), the area is projected to deliver up to 16,000 new dwellings and support population growth of approximately 40,000 people over the next 40 years.

The project comprises a five-stage, two-lane dual-direction road network that will support new residential development, reduce congestion, and provide capacity for Albury's expanding water and wastewater infrastructure. It connects key arterial roads; including Kerr Road, Table Top Road, and the Hume Highway, enhancing east-west mobility and diverting traffic from suburban areas.

This project will unlock zoned development areas and support housing supply, workforce mobility, and economic resilience across the border region.

FUNDING REQUIRED: \$10.2 million

Case Study: **Ballarat** Ballarat West Growth Area – Housing Infrastructure Package

Ballarat West is one of Victoria's largest greenfield development fronts, with capacity for 8,800 new homes. However, delivery is being delayed by the lack of enabling infrastructure, putting pressure on housing affordability and limiting the region's ability to meet population and workforce growth targets.

This shovel-ready project will deliver coordinated road, water, and sewer upgrades, as well as land acquisition for drainage, roads, and future community facilities including libraries and open space. The works will unlock multiple precincts and accelerate housing delivery for both private and affordable housing sectors.

FUNDING REQUIRED: \$13.27 million

Case Study: **Broome** Dyson Drive Duplication

Dyson Drive is a critical east-west connector for Ballarat's West Growth Area—home to 8,800 new homes; and the Ballarat West Employment Zone, a key regional hub for freight, logistics, and advanced manufacturing. Current road capacity, congestion, and safety limitations are a barrier to growth, delaying housing delivery and limiting access to jobs.

This \$88.3 million project will duplicate Dyson Drive between Remembrance Drive and Ballarat-Carngham Road, creating a dual carriageway with two service lanes. It forms the next vital stage of the Ballarat Link Road and will future-proof access to both employment and residential areas.

At full construction, Ballarat Link Road will create a 12-kilometre arterial link in Ballarat's west, providing a regional freight connection between the Ballarat West Employment Zone, four major highways to western, northwest and central Victoria, and to the port of Geelong.

FUNDING REQUIRED: \$4.56 million for detailed planning and design.

Case Study: **Geraldton** Olive Street Government Housing Partnership

The City of Greater Geraldton has delivered a locally-led government housing project through the development of 18 residential lots adjacent to the Olive Street Nature Reserve. Most of the lots were sold on the open market. Seven of these lots were retained for a partnership with the Western Australian Government to construct four-bedroom homes for high-level public servants.

Construction is now commencing, with capital primarily provided by the council with a contribution from the State.

This project highlights the importance of cross-government collaboration in addressing regional housing needs, demonstrating that when all levels of government work together, practical and scalable housing solutions can be delivered.

Regional Water Security

Water security is a critical issue in regional Australia, where communities rely heavily on consistent water supply for agriculture, industry, and daily living.

However, challenges such as flooding and drought, population growth, ageing water infrastructure and difficulties in directly accessing Federal water funding programs are placing increasing strain on regional capitals and our ability to meet demand.

The 2019 Australian Infrastructure Audit found that the 'urban water sector faces challenges, including the impacts of climate change, population growth, ageing assets, and changing needs and expectations from users. Failure to adequately address these challenges could lead to rising water bills, as well as exposing users to risks of declining service quality and reliability'.

In regional areas, water utilities often rely on a single supply source, with no physical link to an alternative bulk water supply. The lack of supply diversification creates further water security risks for these communities.

The 2021 Australian Infrastructure Plan identified that the security of water resources is under increasing pressure from climate change, weather extremes, population growth, changing user expectations, changing land use and ageing infrastructure.



Fast Facts

- Water underpins Australia's agricultural and primary industry sector and supports more than 220,000 jobs across regional Australia.²⁹
- In a survey conducted of RCA members:
 - 44% noted they are experiencing "significant water shortage issues" on an annual rate of occurrence;
 - 77% identified upgrades to local water infrastructure as the key policy and funding priority to improve local water security and quality in their city;
 - 55% noted they require water infrastructure upgrades today with an additional 11% noting new water infrastructure upgrades will be required in the next 5-10 years; and
- Agriculture and primary industry sectors account for more than half of Australia's annual demand for water.³⁰

The Need

In October 2024, RCA undertook a survey of our members to understand the impacts and drivers of federal investment and support regarding regional security and related investment, the results from this survey helped inform this submission.

Regional Australia faces significant water infrastructure challenges, driven by a combination of climate variability, population growth and ageing water infrastructure. Many regional capitals experience frequent droughts and floods, which strain already limited water resources and necessitate improved water storage and distribution systems.

Regional areas often rely on small, ageing pipelines and treatment facilities that are ill equipped to handle fluctuating demand and increasingly severe weather events.

Population growth is also putting pressure on water infrastructure. Although migration to regional Australia has slowed since reaching its peak during the COVID pandemic lockdowns, regional migration continues to grow.

During the period 2022-2023, combined regional areas population growth, grew at 1.4%, the fastest growth since 2008-2009, primarily driven by net overseas migration. This growth is placing further strain on regional water infrastructure and supply.

Without direct Federal funding investment, these infrastructure limitations hinder water security, affecting not only households, commercial industry and vital agriculture industries – critical to Australia's economic security.

²⁹ [Funding | National Water Grid Authority](#)

³⁰ [Funding | National Water Grid Authority](#)



Existing ageing infrastructure also leads to inefficiencies and higher maintenance costs which are an increasing financial burden for local councils with limited budgets.

A survey of RCA members found 77% of respondents noted upgrades to water infrastructure needs to be prioritised to improve water security in their city. However, accessing Australian Government water security funding programs such as the National Water Grid Investment Framework remains extremely difficult due to funds only being available to State and Territory Governments.

The Opportunity

RCA welcomed the Australian Government's changes to the National Water Grid Investment Framework in October 2022 which delivers nationally important water infrastructure projects.

These changes better align the policy and regulatory challenges first identified in the 2004 National Water Initiative, while broadening the scope and range of projects to be considered for funding including for regional Australia.

The National Grid Investment Framework's 2022 recognition of the need to include essential town water supplies in regional and remote communities funding as an area of need has opened the path for much needed federal water funding reform.

However, RCA believes that this recognition has not gone far enough. Further reform is needed to provide a path for direct access funding from the Fund for regional capitals in order to meet local water security needs.

This issue was identified by Infrastructure Australia in the 2019 Audit, it was highlighted that a national approach was needed to consider town and city water security at a Local, State or Territory level.

RCA members have highlighted that National Water Grid Investment Framework does not allow local councils to directly access funding which is seeing local issues ignored in the face of growing population

As one RCA member city noted,

'Funding programs such as the National Water Grid are not open to local government and there are no clear administrative pathways as to how councils can have their project considered.'

Accordingly, RCA contends that, due to our water needs and consumption rates, especially for local industry and agriculture, councils should have pathways to access funding from the National Water Grid Authority Framework. This funding is essential to improve water supply access and upgrade our regional existing water treatment and delivery infrastructure.

Recommendations



- The Government recognises the critical role water plays in regional Australia – especially to support population growth, agriculture and primary industry sectors.
- The Government seeks to amend access arrangements to the National Water Grid Investment Framework Fund in order for local councils to directly access funding based on local need.

Regional Arts and Culture

Regional Capitals Australia (RCA) is seeking a greater share of Australia’s public funding for arts and culture for regional Australia to support our growing communities. Funding for arts and culture in Australia needs to move beyond a capital city-centric approach and better align with contemporary population distribution.

Currently, Federal Government funding arrangements reflect population distributions of two decades ago and over represent arts and cultural institutions in Sydney and Melbourne. Funding needs to not only fairly recognise the almost eight million residents of regional Australia, but also take account of the COVID-19 driven growth that is seeing people moving away from the metro capitals to regional capital cities.

In October 2024, RCA undertook a survey of our members to understand the impacts and drivers of federal arts and culture investment and outcome in our cities, the results from this survey helped inform this submission.

Fast Facts:

- According to the Australia Government’s Office of the Arts, 22% of total national Government spending on the arts and culture in Australia is funded primarily from Local Councils - who operate from limited rate-based income streams.³¹
- In a member survey conducted by RCA, only 10% of regional city councils currently access federal arts and culture funding assistance - due to burdensome federal development and implementation strategy requirements.
- In a member survey conducted by RCA, only 20% of our members are currently seeking federal funding for the arts, due to onerous, overly competitive and lack of secure round funding.
- In a member survey conducted by RCA, 100% of members are contributing to arts and culture in their regional city - through a combination of state and council funding.
- In a member survey conducted by RCA, 75% of respondents stated cost of living pressures impact their community’s ability to attend arts and culture opportunities in their city.

The Need

There is growing recognition of the role that social infrastructure, such as arts and culture, plays in enhancing the liveability of our communities. As population policy encourages businesses and families to move to the regions, there must be recognition that the ‘liveability’ value of arts and culture not only drives population growth but also assists in retaining people in regional capitals and emphasizes a sense of local community pride.

As our member survey illustrated, 87% of respondents indicated that funding for arts and culture impacts community identity and provides a sense of equitable artistic and cultural inclusion more often found in capital cities, with the top three areas of demand for cultural and arts programs in order of priority as: the performing arts, visual arts and cultural festivals (76%, 65% and 55% respectively).

In regional Australia, arts and culture helps shape the character of our communities and enable our people to express themselves and represent regional life on their own terms. Providing a sense of local and community cultural and artistic pride is critically important - though access to federal funding remains a key barrier to greater artistic endeavour.

As Cr George Seymour, Mayor of the Fraser Coast Regional Council noted in November 2024:

“(The) Hervey Bay Regional Gallery experienced a major upgrade allowing us to act as a true ‘regional gallery’. This year, the gallery was able to curate an exhibition that featured works from the NGA alongside works by local artists. Recently, a public sculpture created in concert with Uncle Glen Miller, ‘Butchulla Memorial’ was recognized by the QLD Government as the State’s most outstanding reconciliation project”.



³¹ Cultural Funding by Government—2021–22—Australian Government | Office for the Arts



According to the Cultural Funding by Government - Australia - 2021-2022 Report undertaken by the Office for the Arts, Department of Infrastructure, Transport, Regional Development and Communications, the estimated total expenditure funded by the three tiers of government was \$8,317.5 million for cultural activities in FY 2021-2022.

Local Government funding accounted for \$1,826.72m (or 22% of total national spending on the arts and culture) - funded primarily from Council's limited rate-based income stream.

Addressing the need for arts and culture imbalance between the capital cities and the regions is however more than an adjustment of funding and supporting population growth - it is also about recognising, valuing, and enabling the creative capacity of regional Australians and regional institutions on equal terms with those of capital cities.

Policy Settings

RCA endorsed the recommendation by the 2021 Australian Infrastructure Plan to capture, measure and assess the quadruple-bottom-line benefits of social infrastructure including arts and culture, and use the framework to collaboratively plan, develop and invest in arts, cultural and other infrastructure which enhances unique regional identities and brands.

Policy and funding need to reflect that regional and remote Australia should not simply be a passive recipient of arts and culture flowing from capital cities. Rather, the real and potential contribution of regional and remote Australia to the nation's broader cultural life should be fully supported.

Additionally, RCA contends that a disproportionate burden of regional arts and culture financial support and burdensome application processes falls on regional local governments. This is particularly the case when compared with those in capital cities and accessing federal funding streams remains difficult, prolonged and burdensome.

As one RCA member noted in our October 2024 survey:

"Council is now falling behind in meeting community need in the space of Arts and Culture.

As priorities shift to maintaining other assets and services within the region to the significant backlog of maintenance and repair for critical infrastructure such as roads, water, waste and sewerage there has been a negative impact and a decline in funds available for Arts and Culture, again, programming, operations and infrastructure.

This does not look to be something that is set to change, with ongoing financial pressures of Local Government not forecast to ease."

Our survey further indicated that major impediments remain in the uptake of available federal funding for arts and culture with concept development and implementation strategy requirements and co-funding creating barriers for access to existing funding access arrangements.

Recommendations



- Continue to recognise and enhance the role of arts, culture and creative activity in strengthening local identity, contributing to liveability and fortifying population growth in regional Australia;
- Simplify response grants which initiate and enable a multi-staged process for developing major initiatives, such as large-scale exhibitions, public art commissions, or the development of new and vital cultural infrastructure;
- Develop funding streams specific for regional capitals to work in collaboration with regional based arts organisations in order to distribute funding and delivery outcomes via collaborative projects; and
- Ensure an equitable distribution of arts and cultural funding for regional Australia to better reflect existing population distribution and anticipated ongoing population growth.

Table of Recommendations

Policy Area	Recommendation
Population	Develop a population policy to encourage businesses and families to move to the regions, and that RCA be consulted during the development of this policy.
	Reform the Designated Area Migration Agreement (DAMA) program to reduce complexity and facilitate uptake by regional authorities, regional employers and potential migrants. This reform needs to ensure that regional capital city leaders still have a seat at the decision-making table to allow the local needs to be accurately reflected in DAMAs.
	Create a formal mechanism and funding for State and Territory Governments to support regional authorities to establish Designated Area Migration Agreements.
	Maintain the specified work component of the Working Holiday Maker program and expand the approved industries to include tourism, hospitality and health across regional Australia (not restricted to Northern or Remote and Very Remote areas).
	Refine the definition of 'regional' to exclude category 2 cities such as Adelaide, Canberra and Perth. This will ensure that immigration policy and programs more effectively target non-metropolitan regional areas.
	Commit to increased funding for settlement services and supports, as well as social and cultural infrastructure.
Regional Infrastructure	An allocation of \$1 billion over 4 years for regional infrastructure.
	<ul style="list-style-type: none"> • There should be two streams within the program: <ul style="list-style-type: none"> o Up to \$50 million grants for large scale investments that can assist with dynamic change in regional capitals; and o Up to \$15 million for mid-scale investments that can build the liveability of regional capitals.
	<ul style="list-style-type: none"> • Reliable and consistency of funding that includes: <ul style="list-style-type: none"> • A commitment to annual rounds of funding; • Applications are sought at a specific time every year; • Consistent program guidelines so projects can be planned for that will meet these guidelines and co-contributions can be secured; • A two-step process (Expression of Interest, then Full Application) to ensure resources are not wasted on projects that will not fit the focus of the fund; • The success or otherwise of a funding application should be known prior to Local Government budgets being finalised (May); and • Support for business cases.
Community Infrastructure	Establish a Community Infrastructure Program with an allocation of \$2 billion over 4 years effective from 1 July 2025.
	Funding to be delivered via annual allocation to each Council.
Regional Airports and Aviation	Increase funding for the Regional Airports Program to \$200 million over four years.
	Clarify funding for regional airports to establish Financial Management Frameworks.
	Resolve funding support and or the requirement for security screening at regional airports to ensure security arrangements required reflect the security risk and present an equitable cost regional Australians.
	Undertake all efforts to ensure the viability of regional aviation throughout the Rex Voluntary Administration period and beyond.

Table of Recommendations

Policy Area	Recommendation
Local Roads	Maintain Roads to Recovery Funding at \$1 billion per annum.
	Maintain Black spots Funding at \$150 million per annum.
	The majority of the Roads to Recovery funding increase be directed to non-urban councils.
	Councils receive rolling notice of the Roads to Recovery funding allocation.
	The scope for Black Spot Program projects be widened in cost, time and nature.
	The simplification of competitive grant application processes.
	Provision of greater flexibility for project timeframes to allow councils to manage staff and supply constraints and cost variations.
	Reconsideration of the disaster recovery funding requirement of “like for like” replacement to allow councils to build back better in the face of climate change pressure.
Regional Housing	The Government adopt a flexible approach to road infrastructure funding to allow councils to deal with local demands and constraints.
	The Continuation of housing enabling funds that local government can access to support the release of new land to support new developments in regional capital cities.
	The establishment of a Housing Innovation Program to fast track innovative approaches to housing projects. This fund could improve supply and overcome supply chain and skills challenges currently in regional capitals.
Regional Water Security	Addressing regional skills shortages to meet the housing needs in regional capital cities: <ul style="list-style-type: none"> o Increasing skilled migration; o Scholarships and subsidies for degrees and training in skills shortage areas; o Greater investment in technical education and apprenticeships; o Investment in vocational education in more locations; and o Investment as travel costs are a major barrier to completion.
	The Government recognises the critical role water plays in regional Australia – especially to support population growth, agriculture and primary industry sectors.
Regional Arts and Culture	The Government seeks to amend access arrangements to the National Water Grid Investment Framework Fund in order for local councils to directly access funding based on local need.
	Continue to recognise and enhance the role of arts, culture and creative activity in strengthening local identity, contributing to liveability and fortifying population growth in regional Australia.
	Simplify response grants which initiate and enable a multi-staged process for developing major initiatives, such as large-scale exhibitions, public art commissions, or the development of new and vital cultural infrastructure.
	Develop funding streams specific for regional capitals to work in collaboration with regional based arts organisations in order to distribute funding and delivery outcomes via collaborative projects.
	Ensure an equitable distribution of arts and cultural funding for regional Australia to better reflect existing population distribution and anticipated ongoing population growth.



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