

15 February 2017

Transitioning Regional Economies Inquiry
Productivity Commission
GPO Box 1428
Canberra ACT 2601

Dear Sir / Madam

RCV PRODUCTIVITY COMMISSION SUBMISSION: TRANSITIONING REGIONAL ECONOMIES

I am pleased to provide you with the RCV submission to the Productivity Commission's study, *Transitioning Regional Economies*.

Recent data shows that Victoria's regional economy contracted by 1 per cent in 2015-16 – the only regional economy in Australia to go backwards. It is the fourth consecutive year that the economy of regional Victoria has shown a decline, and is in direct contrast to Melbourne which grew by 4.4 percent over the same period.¹

Conversely, the latest jobs statistics show that regional unemployment dropped to 5 per cent in the December quarter, the lowest level since November 2014.²

Just last year many challenges arose in our regional economies, including businesses such as Hazelwood in the Latrobe Valley, Alcoa just outside Warrnambool, the impacts of the Murray Darling Basin Plan in northern Victoria, and SPC in Shepparton.

This highlights the fact that regional Victoria is experiencing a period of significant economic transition. Investment from federal and state governments is key to ensuring regional Victoria can facilitate growth, adapt to current and future economic challenges, and bridge the divide that currently exists between Melbourne and the rest of the state.

ABOUT RCV

Regional Cities Victoria (RCV) is a regional leadership group dedicated to building a sustainable Victoria by providing strategic advice, coordination and advocacy to State and Federal Governments. RCV supports policies which enable Victoria's regional centres to grow and develop by attracting further investment and encouraging the presence of a skilled workforce.

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

¹ SGS Economics & Planning. 2016. *Australian Cities Accounts 2015-16*. Available at: https://www.sgsep.com.au/application/files/9914/8106/1313/GDP_by_major_capital_city_201516_-_high_res.pdf. [Accessed 3 February 2017].

² ABS. 2016. *Labour Force, Australia, Dec 2016*. Available at: <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6202.0>. [Accessed 3 February 2017].

RCV is now widely recognised as a pre-eminent advocacy body for regional Victoria. It works closely with both federal and state governments, and with other bodies such as Rural Councils Victoria, the Municipal Association of Victoria, RACV, VECI and the Victorian Farmers Federation.

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

RCV PROPOSALS TO ASSIST TRANSITIONING REGIONAL ECONOMIES

RCV specifically seeks to submit feedback to point 6 listed in the study's terms of reference:

Examine the prospects for change to the structure of each region's economy and factors that may inhibit this or otherwise prevent a broad sharing of opportunity, consistent with the national growth outlook.³

RCV has identified four key policy areas that – pending government investment – would drive economic growth and jobs in our regional economies.

1. Building world-class transport infrastructure in our cities

The development of high quality transport corridors such as roads, passenger and freight rail – and a comprehensive regional airport network – are vital to encouraging investment and increasing opportunities across regional and rural Victoria.

The liveability of regional centres can only be improved by further developing connectedness between regional cities as well as to and from Melbourne through an improved passenger rail system.

The Victorian Government estimates the Federal Government allocates only 9% of national infrastructure spending to Victoria. RCV is therefore calling for a larger share of infrastructure spending to Victoria's regional cities and surrounding catchments.

2. Improving digital connectivity

According to the Regional Australia Institute, in 2015 68.1 per cent of regional Australian households had an internet connection. This contrasts with 80.7 per cent of households in major capital cities.⁴ This disconnect in availability and take up of services is a severe barrier to regional growth, both at home and in business.

The roll out of digital technologies must be prioritised in regional areas, particularly where industries are closing or contemplating leaving the area. The availability of such services, as is the case with more normally identified utilities, will attract business to our regions where other costs of operation are lower.

3. Creating a national further education framework

RCV is committed to working with the Victorian Government to develop a cohesive regional further education framework which focusses on;

³ Productivity Commission. 2017. *Transitioning Regional Economies - Terms of reference*. Available at: <http://www.pc.gov.au/inquiries/current/transitioning-regions/terms-of-reference>. [Accessed 21 February 2017].

⁴ Regional Australia Institute. 2015. *[IN]sight: Australia's regional competitiveness index*. Available at <http://www.regionalaustralia.org.au/home/tools-and-products/insight/> [Accessed 21 February 2017]



- i) pathways from further education to work;
- ii) meeting local industry needs by partnering with local businesses; and
- iii) growing the regional education market by promoting regional further education as an export product.

A national framework with input from all levels of government is needed to ensure regional communities keep pace with metropolitan centres.

4. Ensuring regional cities are a centerpiece in Australia's tourism offering

Victoria's regional cities are home to some of Australia's most popular and recognisable landmarks, such as Sovereign Hill, the Shipwreck Coast and the Bendigo Art Gallery. The Victorian tourism sector currently contributes over \$11.5 billion to the regional economy and generates over 114,000 jobs annually – a significant contributor to the growth of our regions.⁵

Investing in tourism attractions and related infrastructure is vital to growing our cities and their surrounding regions. Our regional cities have each identified and costed numerous world-class tourism opportunities – supporting these investments will create local jobs and drive economy activity.

Federal, state and local governments must work closely together, and in conjunction with local business and community groups, to address the challenges arising from transitioning economies. RCV believes focusing on these four key areas is an important step to ensuring regional communities and their economies flourish.

If you have any questions regarding this submission, please contact the RCV Secretariat

Yours sincerely

Cr Anna Speedie
Chair – Regional Cities Victoria

⁵ Minister for Regional Development. 2016. *Backing Regional Victoria's Tourism Potential*. Available at: <http://www.premier.vic.gov.au/backing-regional-victorias-tourism-potential/>. [Accessed 3 February 2017].