

PIRSA Regional Development Strategy – Discussion Paper

LGA Submission

July 2019

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1. Introduction

About the LGA

The Local Government Association of South Australia (LGA) welcomes the *PIRSA Regional Development Strategy, Discussion Paper*¹, and appreciates the opportunity to provide a response.

The LGA is the voice of local government in South Australia, representing all 68 individual councils across the state and the Anangu Pitjantjatjara Yankunytjatjara. We provide leadership, support, representation and advocacy on behalf of South Australian councils, for the benefit of the community.

The LGA is a strong advocate for policies that achieve better outcomes for councils and the communities they represent. Councils are a partner in government and, with appropriate funding and partnership opportunities, can be part of the solution in addressing the challenges regional South Australia faces in ensuring liveable, vibrant and prosperous communities.

Working together we can make our State an even better place to work, live and visit.

This submission is informed by consultation with our member councils and has been prepared by the LGA with its South Australian Region Organisation of Councils (SAROC) committee².

South Australian Region Organisation of Councils

The SAROC committee is formally established through the LGA's Constitution. It is an important committee of the LGA representing the collective voice of South Australia's 49 regional councils.

SAROC plays an important role in regional advocacy, policy initiation and review, leadership engagement and capacity building in the regions.

SAROC's *2019-2023 Strategic Plan*³ identifies four themes that it will progress on behalf of regional councils. We believe that these are the key themes that could guide our collective thinking when developing a *Regional Development Strategy*.

SAROC's key objectives are:

i. Economic Development

Enable advocacy and partnership opportunities that recognise the specific needs of the regions and support councils to drive sustainable economic development.

ii. Community Development

Support strong, vibrant and cohesive regional communities through advocacy and partnerships that unlock local government's potential to deliver quality community services and meaningful outcomes in public health and wellbeing.

iii. Natural and Built Environment

Influence, inform and advocate for the State Government to address policy and legislative barriers that hinder councils from undertaking their roles in maintaining and enhancing the natural and built environment in regional South Australia.

¹ https://www.pir.sa.gov.au/regions/regional_development_strategy

² <https://www.lga.sa.gov.au/SAROC>

³ https://www.lga.sa.gov.au/webdata/resources/files/ECM_671962_v7_SAROC%20Strategic%20Plan%202019-2023.pdf

iv. Financial Sustainability and Governance

Advocate to maximise contributions and investment from other tiers of government to contribute toward local government financial sustainability, and to assist councils to identify opportunities to support and strengthen governance arrangements.

SAROC recognises that to achieve these objectives it will need to work in close collaboration with Regional LGAs and regional councils, along with key stakeholders including the State and Federal Government, and Regional Development South Australia's RDAs.

This submission is part of SAROC's advocacy to the State Government to develop and implement initiatives that will assist with the growth and development of regional South Australia.

A key plank of SAROC's plans is to continue to advocate to the State and Commonwealth Governments for the decentralisation of South Australia's population to support regional South Australia.

During the 2018 South Australian State Election, SAROC set out its 'Growing Our Regions' strategy, which identified the following three long term goals to support regional South Australia:

- 30% of South Australia's population to be based outside Greater Adelaide
- 30% of the State Government public service to be based outside Greater Adelaide
- A Royalties for Regions program to support new, strategic and catalytic regional infrastructure.

The development of a *Regional Development Strategy* provides the State Government with a significant opportunity to address these issues and to progress a holistic approach to ensuring regional South Australia is productive, liveable and vibrant.

From a macro perspective, regional South Australia is all about connectedness through decision-making, transport infrastructure and digital connectivity. The tyranny of distance and the lack of scale work hand in hand to delay decisions, stymie growth, and add to costs whilst decreasing viability and service provision. It is these challenges in particular that a considered plan, involving all three spheres of government working together, should address.

LGA Policy Statements

The LGA has worked with our member councils to develop a series of policy statements and positions that represent the broad directions for leadership and advocacy for the local government sector as a whole. These are highlighted in our submission, where applicable. For example:

LGA Policy: Economic Development Statement

Local government acknowledges the significant role that regional economies play in the economic stability of South Australia. In recognition of the specific needs of the regions, councils shall continue to work with federal and state government, Regional Development Australia Boards and key regional stakeholders to support regional economies.

2. Service provision

1. *What are the essential services in your community?*

The LGA welcomes the government's intention to be strategic and transparent in how it provides services to regional South Australia, and to benchmark regional service provision to ensure that levels of services are appropriate for their size and population.

Without defining 'essential services', the Discussion Paper highlights key government services to include health care, schools, police and emergency services. It also states that *people in our regions acknowledge that there are some services they will always have to travel to a bigger town to access (page 9)*.

While the LGA appreciates that it is not feasible to deliver every service to every location across regional South Australia, all residents, visitors and businesses should have ready and reliable access to key infrastructure and services such as safe roads, public transport, reliable digital connectivity (mobile phone and broadband), primary health (e.g. general practitioners), allied health and disability services, and modern waste collection and management services.

The LGA provides some insights to some of these *essential services*:

Safe roads

South Australian councils and communities continue to be concerned about the poor condition of State Government owned main roads in regional areas. Adequate funding is needed to maintain the safe and high quality road infrastructure that is essential for improving Australia's standards of living.

The LGA welcomes the \$878 million of *new* funding for State-owned regional roads and related infrastructure confirmed in the 2019-20 State Budget. We understand that this new funding is intended to be allocated over the next eight years and that the timing of individual projects is not clear at this stage.

Roads provide essential linkages for many of South Australia's key industries, and improvements in the quality of South Australia's roads will increase productivity, international competitiveness, and deliver benefits directly to communities and businesses. Construction, repair and upgrade of local roads and bridges will play a key role in improving the safety on local roads, benefitting families, communities and businesses.

The *Regional Development Strategy* provides the State Government with an opportunity to measure and direct investment to address the backlog in state road maintenance. The State Government needs to lift its road resurfacing and re-sheeting targets, and bring forward investment in repairing and maintaining regional road infrastructure.

South Australia's local road network is disadvantaged by an unfair share of federal road funding. Our state has 11% of the nation's local roads, 7% of the population, yet only receives 5.5% of the Identified Local Roads component of FAGs.

The LGA and our member councils have welcomed the investment in the 2019-20 Federal Budget of \$40 million to continue supplementary road funding for two years (2019-20 and 2020-21). This two-year extension provides the Commonwealth with time to work collaboratively with state and local government in South Australia to find a permanent solution that will provide our sector with certainty in the long term. The State Government can help to address this inequity by supporting our advocacy to the Federal Government for ongoing supplementary road funding for South Australia.

There needs to be a spotlight on the safety of our major regional roads given that across Australia 66% of all road deaths occur in regional and remote areas, despite two thirds of Australians living in cities. The financial cost of road fatalities and injuries in Australia is approximately \$1 billion each year. We need to work together to address the road trauma that occurs on both state and local roads. South Australian councils manage 85 percent of the road network and approximately 35 percent of crashes are on South Australia's local roads.

In response to concerns across the local government sector about road safety, the LGA is preparing a *Guide to a Local Government Road Safety Strategy and Action Plan*. A final draft is with our members for input and we expect to launch the guide in August 2019.

Primary health services

Australia is experiencing an ongoing workforce shortage across a number of health professions, which is more pronounced in regional and remote communities.

While already significant, the shortage of General Practitioners, nurses and allied health professionals in regional Australia is likely to worsen as an ageing workforce begins to retire. This is ultimately having a detrimental impact on the physical and mental wellbeing of residents, and the long-term sustainability of regional communities.

Some regional areas have very limited access to even basic primary care services, which results in the disruption to employment, education and family life when regular travel or extended stays away from home are required. Similarly, the negative impact on economic growth and regional development resulting from the lack of essential medical services cannot be overstated.

Local government recognises that federal and state governments have a responsibility to provide quality health care. However, the ongoing lack of medical services in regional areas means that some councils are left with no other option than to take urgent action by providing the front line medical services at the cost to ratepayers. This also deters and distracts from councils' efforts to provide and maximise the benefits of community preventative health activities.

The LGA acknowledges the State Government's commitment of \$20 million over 4 years for the development of a Rural Health Workforce Strategy. However, much more needs to be done through a long-term partnership that engages all three spheres of government to achieve an integrated strategic plan.

Most recently, on 24 July 2019, following the tabling of the *SA Rural Workforce Agency, Health Workforce Needs Assessment Report*⁴, the Senate of the Parliament of Australia noted that:

- (i) *the Department of Health funds the Rural Doctors Workforce Agency (RDWA) to deliver Rural Health Workforce Support Activity in South Australia;*
- (ii) *the RDWA complete an annual Health Workforce Needs Assessment in consultation with a Health Workforce Stakeholder Group in South Australia;*
- (iii) *the town of Kimba has been without a resident doctor for more than one year, and*
- (iv) *the lack of a resident doctor in rural, regional and remote areas is a common problem across South Australia.*

⁴ https://parlinfo.aph.gov.au/parlInfo/download/publications/tailedpapers/f298e99e-635f-40ab-84b1-8b29a421e237/upload_pdf/OPD%20RDWA.pdf;fileType=application%2Fpdf#search=%22publications/tailedpapers/f298e99e-635f-40ab-84b1-8b29a421e237%22

Federal, state and local governments should work collaboratively to unlock the commitments given in the Australian Government's *Strong Rural Health Strategy*⁵ and the \$550 million investment that seeks to improve the health of people living in rural, regional and remote Australia. A coordinated strategy is needed to ensure our communities receive equitable access to these funds to improve the primary health services in our regions.

Digital connectivity (mobile phone and broadband)

Access to reliable mobile phone and internet connectivity are extremely important to individuals and communities in terms of every-day liveability and emergency services, and also for business operability, viability and sustainability.

The LGA acknowledges the State Government's investment in the 2019-20 Budget of a further \$3 million towards mobile phone black spots. This investment has the potential to unlock federal and private funding in a bid to secure as many mobile towers as possible for South Australia under the Commonwealth's Mobile Black Spot Program.

The *Regional Development Strategy* provides the State Government with an opportunity to make South Australia the most "connected" state in Australia. Through high upload and download bandwidth linking cities, towns, businesses, individuals and regions to the world, regional South Australia can become the virtual second largest city in the state, not defined by geography but by connectivity.

This type of connectedness will allow, for example, highly technical medical procedures to be performed by local practitioners directed by specialists anywhere in the world. It will also allow our youth to study overseas from home or at a communal space for learning such as the Uni-Hub to be opened in Port Augusta or at a local Innovation Centre linked to Lot 14.

This plays into how we retain those people we already have and how we attract the skills that we need, as there will be less reasons to leave and more reasons to come to regional South Australia.

High bandwidth will assist councils to be more effective and efficient, use technology and data to good things better and put downward pressure on rates. Councils can use connectivity to plan and budget better for community services as it can use real-time data to make quicker and better decisions, allocating resources where they need to be and when they are most needed.

Smart Cities concepts can be regionalised to become Smart Communities principles and using a hub and spoke model, Lot 14 in Adelaide can be a driver and an enabler for greater innovation and entrepreneurialism as ideas can be exchanged globally with regional thinkers having access to mentors, programs and peers.

This issue is explored further in response to the *Regional Enablers* questions later in this submission.

Waste collection and management

South Australia is facing a waste management crisis as a result, at least in part, of China's National Sword Policy. While some action has already been taken, there is an urgent need for governments to work together for the benefit of our local communities to re-think waste management practices and the concept of sustainability in our economy more generally.

The LGA acknowledges that in 2018-19, the State Government provided a \$12.4 million support package (including a \$5 million loan scheme and a recycling transport subsidies program) for the recycling industry and local government in response to China's National Sword policy. In practice, the majority of this funding was provided to the recycling industry.

⁵ <https://www.health.gov.au/resources/publications/strong-rural-health-strategy>

The 2019-20 Budget includes a further waste management package of \$12 million over four years for the recycling industry and local government. This includes \$5.5 million to upgrade waste collection and recycling services and education programs, \$4 million towards infrastructure projects and \$0.5 million to help councils create new waste management strategies.

It is encouraging to see more opportunities for councils to apply for funding through the Green Industry Fund. However, even if all of these grants were provided to councils, it would only total around \$2.5 million per year, which is significantly less than the funding local government contributes through the solid waste levy annually.

The *Regional Development Strategy* provides an opportunity for the State Government to provide strategic and financial support to councils and industry to improve waste management and recycling facilities in regional areas, creating regional employment opportunities.

2. *How could they best be delivered?*

The Discussion Paper highlights that one way to deliver services to regional areas is through 'hub and spoke' models. These models already exist and can generally be regarded as the most effective and efficient mode for service provision. However, local nuances will need to be considered.

The decision-making processes and who the decision-makers are will be most important in any service provision model to ensure which locality is deemed a "hub" and which localities are deemed the "spokes". It is recommended that local government, regional LGAs and RDAs are consulted.

Ultimately service provision is important for the liveability of a city, town or region and to benchmark regional service provision would need to include an independent study into region-by-region liveability. That is, there is more to assessing liveability than government services.

Decentralisation of government services

SAROC's proposal is for 30% of the state government public service to be based outside Greater Adelaide.

The centralisation of the public service to Adelaide may directly contribute to loss of jobs and residents living and working in regional South Australia - a disconnect that is reflected in centralised policy and decision making. Put simply, the more the public service is centralised into Adelaide, the more policy decisions are formed through a 'city' lens and the more connection with regional communities is lost.

Pleasingly, there appears to be a strong focus by the state government on returning decision making to local communities, however it is unclear how this is proposed to be implemented and if there will be an emphasis on more Government decision making jobs/positions actually being located outside of Adelaide.

The *Regional Development Strategy* should contain a clear statement about the role of decentralisation and a pro-active commitment to a local decision-making component that includes the input from regionally-based senior government employees.

As the level of government closest to communities, local government has a unique understanding of the needs and aspirations of South Australian communities. Communities deserve the benefits of governments working in partnership towards common objectives. Strong partnerships will unlock our potential for meaningful outcomes, lower the costs for all governments, reduce wasteful duplication, and enable better use of resources.

Local government's vision is for effective partnerships with the state government that create productive, liveable and safe South Australian communities.

3. Investment in infrastructure

3. What priorities should drive government investment in infrastructure?

The LGA appreciates that there are different ways for the State Government to prioritise its infrastructure investments to support regional communities.

The example cited in the Discussion Paper, whereby the New South Wales government is directing investment to regional areas experiencing growth, certainly warrants further investigation. Infrastructure SA's recent Discussion Paper to inform the development of South Australia's 20-Year State Infrastructure Strategy provides a useful snapshot of the different infrastructure needs of each region⁶.

However, while population growth increases the demand for infrastructure, the projections for South Australia's future economic and population growth are significantly different to New South Wales. Adelaide's population is not forecast to reach 2 million until well beyond 2060⁷ and SA's regional population still sits at under 30% of the state total.

In setting the *Regional Development Strategy*, the State Government may like to consider how it can focus infrastructure investment in growth areas and those in economic transition, as well as ensuring that no region gets left behind.

Improving the competitiveness of regional South Australia as a location for business is also critical. The State's regions are major contributors to our economy predominantly through tourism, energy, resources, defence and agricultural sectors.

Regional communities underpin South Australia's economy and need higher levels of investment in infrastructure and public facilities to ensure they retain their attractiveness as places to invest, work and visit. Cooperative efforts by state and local governments on infrastructure and land use planning, as well as the attraction of private investment, will maximise the potential of South Australia's regions.

As local place makers, councils play an important role in supporting economic growth, social wellbeing and sustainable environmental management. South Australian councils recognise the value of working together and have formed metropolitan partnerships and Regional LGAs that assist coordination across regions on local infrastructure and economic planning.

In terms of setting priorities to drive government investment in infrastructure, the *Regional Development Strategy* could be guided by the various ways infrastructure can support economic growth, build social wellbeing and ensure sound environmental management. For example:

- i. **Productivity** - Infrastructure that supports the jobs (economic infrastructure) includes state and local roads, bridges, airports, and digital connectivity.
- ii. **Liveability** - Infrastructure that supports community development and wellbeing (social infrastructure), includes schools, hospitals, general practitioners, libraries, jetties, sport and recreation facilities, street lighting, footpaths, parks and playgrounds, bike tracks.
- iii. **Environment sustainability** - Infrastructure that protects the environment (green infrastructure) includes tree canopy, coastal protection and adaptation, stormwater management, and waste management.

⁶ https://www.infrastructure.sa.gov.au/_data/assets/pdf_file/0019/98101/Discussion-Paper-WEB.pdf

⁷ https://www.infrastructureaustralia.gov.au/policy-publications/publications/files/Australian_Infrastructure_Plan.pdf - page 32

4. How should regional infrastructure priorities be supported and funded? Is there a role for government here?

State Government funding infrastructure priorities

The State Government should play a lead role, and work in partnership with local government and the private sector to deliver the economic growth and community development that is needed to improve the attractiveness and liveability of South Australia, for residents, businesses and visitors alike.

Stronger infrastructure partnerships between all spheres of government (and the private sector where appropriate) are required to meet existing and future regional infrastructure needs. Federal, state and local government support is needed for cooperative approaches to upgrade large scale infrastructure and facilities.

Strong regions are dependent on an efficient and financially sustainable local government sector, with councils that are able to provide the high quality infrastructure and services expected by communities and future generations. There is a need for resources to ensure that local community infrastructure across a range of activities can be appropriately maintained and brought up to a standard that allows equitable access for all.

Small grant programs to upgrade or build infrastructure can achieve significant improvements. However, stop-start and ad hoc funding programs may create uncertainty councils, as well as private developers/investors. With long-term certainty and leadership from federal and state governments, councils are incentivised to provide funding to ongoing programs by accepting responsibility for maintenance of any new facilities that are built, with council approval, on council land. However, councils should not be expected to take on new responsibilities without secure ongoing funding support.

These issues are reflected in the 2018 *Productivity Commission, Transitioning Regional Economies, Study Report*⁸, which acknowledged that central responsibility for regional development resides with State and Territory governments, supported by local governments, and they should direct discretionary funding to priorities identified in regional strategic plans. The Report found that:

Improvements to the way proposals for regions are identified and prioritised (and then linked to expenditure decisions) are essential for ensuring that funding to regions is directed in ways that achieve the greatest net benefit for the community (Overview page 27); and

It is important that any discretionary government expenditure for the development of regions is clearly linked to the priorities of regions as identified in a regional strategic plan, underpinned by rigorous public assessment, selection and evaluation processes. This includes expenditure from grant programs, such as regional growth funds, which are often administered on an ad hoc basis by the State or Territory government department or agency responsible for regional development. This would better align regional development expenditure by State and Territory governments with the priorities that deliver the highest benefit to regional communities.

Funding decisions by governments should be open and transparent, including prior publication of detailed cost–benefit assessments and explanation of the selection of projects across regions, as well as public evaluations of alternative proposals for achieving the same objectives.

It is also essential that local councils are aware of and have the capacity to fund any commitments to ongoing maintenance and operating costs associated with the project. (Overview, page 29)

⁸ <https://www.pc.gov.au/inquiries/completed/transitioning-regions/report>

The LGA appreciates that the Regional Growth Fund (\$150 million over 10 years) is intended to unlock new economic activity in regions, to deliver critical economic infrastructure to create direct benefit across regional industries, and to strengthen regional communities.

While councils are eligible for the competitive grant rounds and the strategic pool, only two council projects were supported by the Regional Growth Fund in 2018-19 (the amount of project funding is not readily available on the Department's website⁹).

The LGA believes that the *Regional Development Strategy* provides an opportunity for the State Government to clearly articulate its strategic intention for the allocation of the funding and to support councils to make the most of this opportunity. The State Government has a leadership role to play in unlocking this funding, and the potential for leveraging federal funding, to support regional communities.

Through the Australian Local Government Association (ALGA), councils across Australia have identified almost 1,000 community infrastructure projects with a value of more than \$1.5 billion that are ready to commence when additional funding support becomes available. Many of these are in South Australia and may be subject to future applications to the Regional Growth Fund.

Local government infrastructure funding

Investment in maintenance and renewal of local government infrastructure will enhance the attractiveness of regional South Australia as a place to work, invest and visit. A significant part of the annual spend by councils is devoted to the repair, maintenance and upgrade of public assets. This investment supports businesses and creates jobs.

The Commonwealth Government's funding to local government through Financial Assistance Grants (FAGs) is critically important. Untied in the hands of councils, FAGs enable councils to provide a mix of services and infrastructure appropriate to their local circumstances and maintain the wellbeing of their communities. They help equalise the level of services across local governments nationally – particularly in rural, regional and remote areas – and they help fund the growth in demand for local government infrastructure and services in line with population growth.

FAGs were equal to around 1 per cent of Commonwealth taxation revenue in 1996. However, despite an annual growth rate in Australia's Gross Domestic Product of an average 3.47% from 1960 until 2017, FAGs have declined by around 43% in relative terms over the past 20 years, and now amount to approximately 0.55% (2018) of Commonwealth tax revenue.

South Australia's councils are the custodians of infrastructure on behalf of their communities. They are responsible for round \$24 billion worth of public assets and infrastructure and have a combined annual budget of over \$2 billion to manage these assets and provide local services.

Figure A below provides detail of the average operating expenditure across the major council functions. In 2017-18, over 37% of council expenditure was on traditional infrastructure (transport and recreation), 25% was on community support (libraries, community centres, community transport, street lighting) and 21% was on environmental services (waste management, coastal adaptation, stormwater management).

Additional investment through local government is essential to help maintain the living standards of all Australians by fostering the equitable provision of local government services and infrastructure and maintaining local economic growth.

While state and federal governments also invest in public infrastructure, the ongoing management of infrastructure remains a significant expenditure challenge for local government. Asset management is

⁹ https://www.pir.sa.gov.au/regions/regional_growth_fund/regional_growth_fund_projects

a critical responsibility of councils - one which requires fair and equitable access to funding. Relative to annual income, the local government sector is significantly more asset intensive (i.e. value of assets/income) than either the state or federal Government.

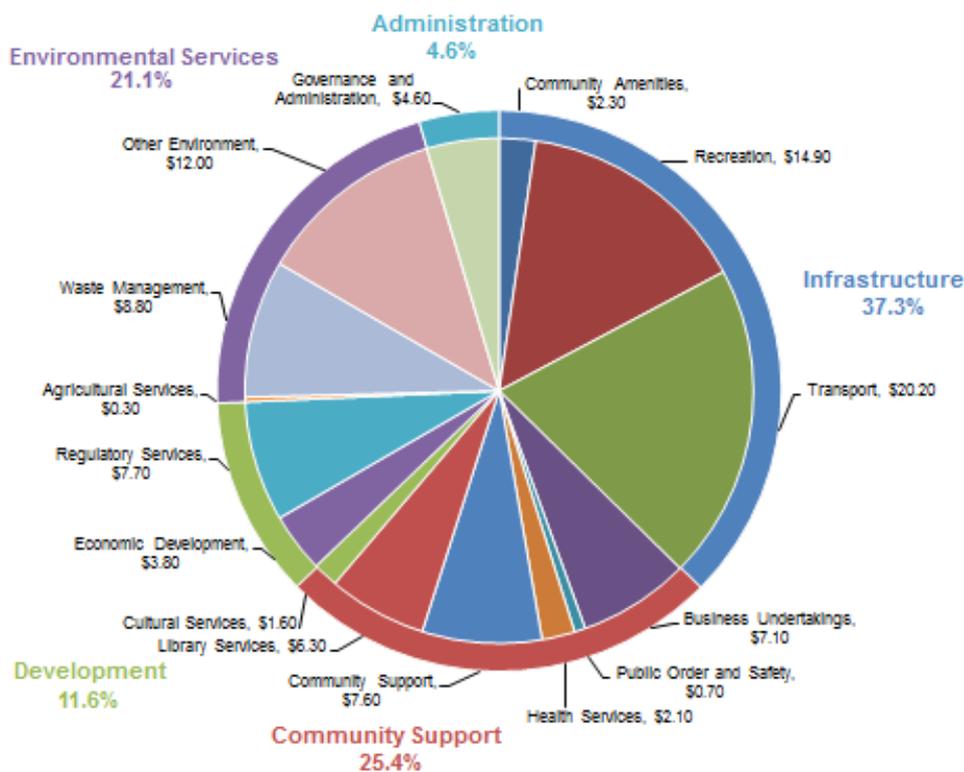
Local government welcomes the support it receives from federal and state governments. However, Australia is moving into a major asset renewal phase over the next 20 years and community expectations of quality services and upgrades continue to grow. This is putting the level of investment required to renew and replace today's infrastructure beyond the capacity of councils and their rate payers. Councils are aware of the enormity of this challenge.

As such it is essential that the *Regional Development Strategy* and the forthcoming *20-Year State Infrastructure Strategy*:

- supports ongoing investment by the State Government in local infrastructure;
- advances the state's partnership with local government through collaboration towards shared objectives; and
- supports joint advocacy to the federal government that unlocks fair and equitable funding opportunities for South Australia.

Figure A

2017-18 average operating expenditure for every \$100 spent



Source: South Australian Local Government Grants Commission - Report 9 - Operating Expenses Summary for 2017-18 Financial Year

4. Regional Enablers

Regional Population

5. *How can regional South Australia retain its existing young and working age people?*
6. *What is required to encourage greater overseas and city-to-regional migration to regional South Australia?*

South Australia's economic underperformance, as compared to other states and territories, is in part linked to its demographic trends in terms of persistently slower population growth and an older population. These issues reinforce one another, as a lack of education and job opportunities encourages young people to leave and also discourages people from moving to South Australia.

These issues are more pronounced in regional areas that also experience the challenges outlined earlier, such as lack of medical services and poorer digital infrastructure. The advantages of South Australia's liveability (in both Adelaide and in regional South Australia) will not be utilised unless the State Government takes proactive steps to drive population growth.

The LGA and our member councils are also ready to work with the State Government to advocate for Australian Government policy changes that allow for tailored migration policies to support population growth and economic activity where it is needed most. The Commonwealth Government has a role in supporting state and local government migrant settlement services, and undertaking national strategic population planning to support population plans and invest appropriately in infrastructure required by growing communities.

The *Regional Development Strategy* provides an opportunity for the State Government to make a commitment to preparing a South Australian Strategic Population Plan, which includes support for South Australian councils to maintain and grow their population by providing adequate infrastructure and effective public services.

Capability Development

7. *How can we build a pool of the next generation of business and community leaders?*
8. *What skills do our future regional leaders require?*
9. *What capability development would be beneficial for regional business leaders so that South Australia's regional businesses are successful in the modern economy?*
10. *Are the capability development needs of regional business leaders different from those in metropolitan areas?*
11. *How can we ensure future regional workforce skills are identified and invested in?*
12. *How can we upskill or reskill the existing regional workforce so that they can transition into the jobs of tomorrow?*

The issues already explored in this submission, such as lack of education and job opportunities resulting in young people leaving regional areas, reduces the future business and community leadership pool. There is no doubt that regional South Australia has experienced a hollowing-out of a leadership pool as part of the general drift from the country to the city.

In addition to addressing those issues at the core of the *Regional Development Strategy*, the State Government may also like to engage with the LGA to develop an understanding of the policy, programs and practices already being delivered through the leadership of councils and their partners in engaging and growing regional communities. For example, communities that have experienced a major natural disaster/emergency in recent times have a good understanding of the leadership role councils may play in recovery and community resilience.

Local leadership will grow if local leaders are listened to. Regional communities feel every policy bump and are well-across many policy issues as they are invariably directly affected by funding and service delivery cuts for example. Empowering and supporting local communities to develop locally based solutions is an important part of building regional leadership capacity.

Decentralisation of public service is the cornerstone of local decision-making. If the public service has senior officers from and/or residing in communities outside of Adelaide, it would start to arrest the 'brain-drain' and rebuild the pool of the next generation community leaders.

SAROC is calling for 30% of the State Government public service to be based outside Greater Adelaide and for this to be linked with the 'Royalties for Regions' program. Enabling regional local leaders to contribute meaningfully to inform the distribution of the collected funds in terms of prioritisation of spend would go some way to building, retaining and attracting local leaders.

LGA Policy - Skilled Workforce

Local government acknowledges the importance of ensuring its participation in employment programs is targeted at areas of occupational demand, and shall continue to collaborate with federal/ state government, RDA Boards, industry, schools and registered training providers, to assist in addressing skill shortages in the local community.

A productive, educated and skilled workforce is essential for a prosperous local economy and will contribute to increasing the participation of the local population in economic growth. Councils can work with RDAs and business representative organisations such as Business SA and RTOs to develop the skilled workforce required to drive local industry.

Our future leaders will require a high level of digital literacy, training in leadership and management, physical and remote access to Lot 14 and other innovation precincts and the ability to "learn from home". The Uni-Hub in Port Pirie is a great example of this.

Regionalisation of the Industry Skills Council via greater representation and communication mechanisms would offer considerable local knowledge to the industry sector approach that currently exists.

Human capital is the single most important factor in enhancing economic development and growth, with reducing the proportion of people with low skills more important than increasing the proportion of people with high skills.

LGA Policy - Decline of Traditional Industries

Local government recognises that a number of traditional industries are no longer viable in the modern economy, and this has severe socioeconomic impacts on communities. Councils should continue to work with federal and state governments to identify means of diversifying the industrial sector and re-skilling local workforces.

A major role exists for the RDA framework, backed-up by resources within the state government, to assist regions identify and develop diversification strategies to unlock the industries and jobs of the future.

Regional apprentices and traineeships

Local government is a major employer in the regions and is ideally placed to act as an incubator for growing apprenticeships and traineeships at the local level.

South Australian apprenticeship and traineeship levels, and their completion rates, are very low. At the same time councils are saying they do not have enough apprentices to meet future demand. The level of decline in apprenticeship numbers in local government over 2012-2017 was 88% compared to the decline (36%) across All-industry in South Australia¹⁰.

LGA Policy - Education & Training

Local government acknowledges that education is a major contributing factor of skills shortages and recognises the wider scope federal/ state governments have to influence education/ training. Councils and the LGA shall continue to lobby governments for increases in funding where deficits exist, while also considering future skills requirements.

Regional Youth Traineeship Program

In previous years, the State Government has contributed \$4m to two rounds of the Regional Youth Traineeship Program which was managed by the LGA and provided a wage subsidy per trainee for up to two years, filling in excess of 114 positions across SA regional councils. The Program has provided unemployed young people in regional areas with training and employment opportunities in local government.

According to data from the National Centre for Vocational Education and Training Research, South Australian apprentices and trainees (undertaking non-trade occupation qualifications) have a completion rate of around 56%. In comparison for the Regional Youth Traineeship Program, 80% of participants in round one, completed at least one qualification. Employment outcomes have also been strong. Since completing the program, 83% of participants in round one gained employment, either within or outside the local government sector.

Collaboration between the LGA and PIRSA representatives has recently secured non-expended funding from the first round for regional leadership programs aimed at current and past program participants.

Programs such as this support employment, career progression and retention of young people in South Australia. When developing the *Regional Development Strategy*, the State Government may like to consider how it can adapt this model to support its priorities. It is a clear example of what can be achieved when governments work together in partnership.

Attracting investment, innovators and entrepreneurs

13. What needs to happen to encourage investment in regional South Australia?

14. What factors would encourage innovators and entrepreneurs to remain or locate in regional South Australia?

The identification and promotion of investment opportunities in regional South Australia is the starting point. Greater synergy between RDAs, the Industry Capability Network and state government departments to clearly map the opportunities and to match investors with investment product is next.

The investment attraction function within the state government could work more closely with Immigration SA with an emphasis on attracting more skilled migrants, business migrants and

¹⁰ https://cdn.alga.asn.au/wp-content/uploads/Skills-Plan_ALGA.pdf

international students to assist regional investment attraction. For example, business migrants (Business Innovation and Investment sub-class 188) could satisfy their visa requirements by investing their \$1.5m in regional projects or firms, but they need to be aware of where these opportunities exist. International students could be encouraged to seek work experience and internships with regional councils and local business to not only gain valuable skills but also to drive population strategies to attract skilled workers to our regions.

There needs to be a greater emphasis on export ready programs, business start-up assistance and outlets for entrepreneurs of any background to develop their ideas in a safe, encouraging way. This could be developed via an innovation hub such as Lot 14, for example, adopting a hub-and-spoke model linked to the regions.

Significant public infrastructure investment is also required to encourage private investment. This includes roads, rail, ports, water, electricity and gas infrastructure and also affordable land, skilled local labour-force and strong and stable local leadership.

As outlined previously in the submission, regional South Australia also needs greater internet and communication connectivity.

LGA Policy - Private Sector Liaison

Local government plays a crucial leadership role in attracting new investment from the private sector by creating the right circumstances for private development. Councils shall continue to work with businesses, local, regional and multinational companies to attract and maintain investment in their local areas to create the right conditions for investment.

The re-establishment of the State Local Government Red Tape Reduction Taskforce would assist state and local government make it easier for firms to do business. Local Government is continuously seeking to be more effective and efficient.

LGA Policy - Red Tape Reduction

Local government acknowledges that regulatory processes are in place to protect the public interest, but recognises that they can be a barrier to economic development and a source of friction. Local government will continue to work with federal/ state government to simplify decision-making, planning and administration policies and practices.

The LGA partners with the Office of the Small Business Commissioner to implement and develop the *Business Friendly Council initiative* which brings business closer to councils to address opportunities such as local procurement, invoice payment times and could be used as a way to identify red tape issues and as a conduit for discussion and reform.

Thirty South Australian councils are participating in this initiative.

LGA Policy - Business Support

Local government recognises that it is in a unique position to facilitate business support information and services through council offices, libraries and community services. Councils shall continue to identify opportunities for business support through the delivery of its functions and services, either autonomously or in partnership with others.

A main-street and place making outreach service supported by the three spheres of government could be funded to deliver tailored, practical and intensive advice and support to regional main-streets.

This program could involve Mainstreet SA providing mainstreet experts, tourism, smart communities, retail, and planning experts to a regional community to run an intensive program addressing issues that are relevant to that particular mainstreet and providing a report to the councils and RDAs for their consideration.

LGA Policy - Small and Medium Enterprises

Local government recognises that small businesses are vital to achieving social cohesion and identity, and shall continue to provide support to small business start-ups and successes through planning and infrastructure provision, networking and promotion of locally produced products.

Tourism is ostensibly about small business capability to develop and deliver sustainable and commercial visitor products and services. The visitor economy brings new money into the state, the region and the council area.

Tourism is the second biggest industry in South Australia worth almost \$7 billion a year for the state. Councils spend \$22m a year on visitor information centres alone and the industry employs 33,000 people. The visitor economy is the focus of the SATC in 2019 and much of the destination and product marketing will require significant private and public spending on infrastructure. The LGA is advocating for a local government place on the South Australian Tourism Commission board.

Given the importance of the tourism industry to the state, the South Australian Regional Visitor Strategy is in fact a capture of what local government and small businesses in the visitor economy are doing, what they can and need to do and how the state government can help.

5. Other Enablers

15. Are there other key enablers that will drive regional development and support our regional communities to thrive?

Connectivity

A key enabler that will attract investment, innovators and entrepreneurs is *connectivity*. The three main challenges for business growth in regional South Australia are the tyranny of distance, the lack of scale, and the right skills at the right time to do the right job by the right person. A connected South Australia would address distance and scale, grow markets, allow locals to be global businesses.

South Australian councils, particularly in metropolitan Adelaide, have been early and willing adopters of 'smart cities', simply defined as using technology and data to do things better.

With support from the LGA, local government in South Australia has developed the networks and frameworks to work strategically to use technology and information to improve the quality and efficiency of council infrastructure and services, and to start to connect the buildings, roads, transport and utilities in our cities for a future that is smart, efficient and improves the lives of citizens.

Councils are using smart cities technologies to collect, communicate and analyse information. The analysis part can create a picture of what is happening now, and what is likely to happen. Support from the State Government would provide an opportunity to regionalize this work for regional communities.

To achieve a connected South Australia considerable planning would be required and real commitment from all levels of government and the private sector, businesses and communities.

ALGA has identified that the Smart Communities Program could have a cumulative Gross Domestic Product benefit of \$242.3 million by the third year and create up to 700 new jobs. The Digital Local Government and Rural / Regional Telecommunications Program could have a cumulative Gross Domestic Product benefit of \$98.1 million by the third year and create up to 300 new jobs.

The *Regional Development Strategy* provides an opportunity for the State Government to offer its support of our advocacy (via ALGA) to the Commonwealth Government to support communities on their digital transformation journeys by:

- Building on the Smart Cities and Suburbs Program approach by providing a Smart Communities Program of \$100 million per annum; and
- Establishing a Digital Local Government and Rural / Regional Telecommunications Program of \$100 million over four years to increase the community benefits of improved technology, connectedness and innovation.

Community wellbeing

Happier, healthier communities are more resilient and productive. At the local level, there are opportunities for the State Government to work with councils to improve the public health and community wellbeing of regional South Australia.

Regional communities face significant challenges including youth unemployment, drug use, obesity, mental health and isolation. Councils can be part of the solution as they have local knowledge or service gaps and experience in delivering vital communities services.

The LGA is currently partnering with regional councils through the Southern & Hills LGA and the Murraylands & Riverland LGA to trial our Community Wellbeing Alliance proposal.

The Community Wellbeing Alliance will see skilled staff working directly with councils at the regional-level to advance and implement Regional Public Health Plans, respond to emerging public health issues, and further build and promote community wellbeing. The trials will:

- contribute to the improvement of community wellbeing in South Australia through planning and development processes under the provisions of the *South Australian Public Health Act 2011*;
- establishment of a Community Wellbeing Alliance through local government structures and processes;
- development and maintenance a state-wide network of Community Wellbeing Officers deployed throughout the State;
- improved Local Councils regional public health planning and implementation processes; and
- establishment of a comprehensive delivery platform for other initiatives (including federal, state and local government, and non-government initiatives) which are relevant to the improvement of community wellbeing.

LGA Policy Statement – Public Health and Wellbeing

Local government acknowledges that protecting the health and wellbeing of its communities is a shared responsibility of all tiers of government and recognises the significant contributions that councils make in this area. Councils should contribute equitably to providing preventative and on-going health services, notwithstanding the significant responsibilities of federal and state government.

The LGA believes that the *Regional Development Strategy* could articulate the State Government's strategy for addressing public health and community wellbeing issues in regional South Australia. On behalf of South Australia's regional councils, we extend an open invitation for the State Government to partner with us in a full roll-out the Community Wellbeing Alliance to respond to emerging public health issues and build meaningful outcomes in community wellbeing.



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