



Senate Select Committee on Jobs for the Future in Regional Areas

LGASA Submission

September 2019



Introduction	2
About the LGA	2
South Australian Region Organisation of Councils	2
1. Community Infrastructure to attract investment and job creation	3
Local government infrastructure funding	3
Figure A.....	4
Federal Government funding community infrastructure priorities.....	5
Digital connectivity (mobile phone and broadband)	6
Connectivity – smart cities and regions.....	7
2. The need for a public authority to manage the transition	8
3. Meaningful community consultation to guide the transition.	9
4. The role of vocational education providers, including TAFE, in enabling reskilling and retraining ..	10
Regional apprentices and traineeships.....	10
Regional Youth Traineeship Program	10



Introduction

About the LGA

The Local Government Association of South Australia (LGASA) welcomes the opportunity to provide a response to the *Senate Select Committee on Jobs for the Future in Regional Areas*.

The LGASA 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 LGASA 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.

This submission is informed by consultation with our member councils and has been prepared by the LGASA with its South Australian Region Organisation of Councils (SAROC) committee¹.

South Australian Region Organisation of Councils

The SAROC committee is formally established through the LGA's Constitution. It is an important committee of the LGASA 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.

Our submission

The LGASA welcomes the Senate Select Committee's Inquiry into Jobs for the Future in Regional Areas. While giving general regard to the following terms of reference, this submission will address section 'e'.

The committee will inquire and report on the following matters:

- a. new industries and employment opportunities that can be created in the regions;
- b. the number of existing jobs in regional areas in clean energy technology and ecological services and their future significance;
- c. lessons learned from structural adjustments in the automotive, manufacturing and forestry industries and energy privatisation and their impact on labour markets and local economies;
- d. the importance of long-term planning to support the diversification of supply chain industries and local economies;
- e. **measures to guide the transition into new industries and employment, including:**
 - i. **community infrastructure to attract investment and job creation;**
 - ii. **the need for a public authority to manage the transition;**
 - iii. **meaningful community consultation to guide the transition; and**
 - iv. **the role of vocational education providers, including TAFE, in enabling reskilling and retraining;**

¹ <https://www.lga.sa.gov.au/SAROC>

- f. the use of renewable resources in Northern Australia to build a clean energy export industry to export into Asia; and
- g. any related matters.

1. Community Infrastructure to attract investment and job creation

South Australia's regions are major contributors to our economy, predominantly through tourism, energy, resources, defence and agricultural sectors. As the Australian economy continues to transition improving the attractiveness of regional Australia as a location for business is critical.

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 federal, state and local governments on infrastructure and land use planning, as well as the attraction of private investment, will maximise the potential of Australia's regions.

The Select Committee may like to consider practical strategies and tactics that the Commonwealth Government can support to create awareness of a town, city and region and attract business investment opportunities. These will provide an opportunity to convince prospective investors that the community infrastructure meets their needs better than any alternatives they may be considering.

Community infrastructure usually refers to universal facilities and services such as education and training, health, open space, recreation and sport, safety and emergency services, libraries, arts and cultural facilities and community meeting places. Community infrastructure can also include the provision of land, the development of programs, land use initiatives, policy objectives and capital works programs associated with the development of a comprehensive community facilities network. Clearly, there are roles and responsibilities across federal, state and local government.

In terms of considering priorities to drive government investment in infrastructure, the Senate Select Committee 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 directly 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.

Local government infrastructure funding

For councils, a significant part of the annual spend is devoted to the repair, maintenance and upgrade of public assets and community infrastructure. This investment supports businesses, creates jobs and underpins the liveability that is key to retaining "who we have and attracting the skills we need".²

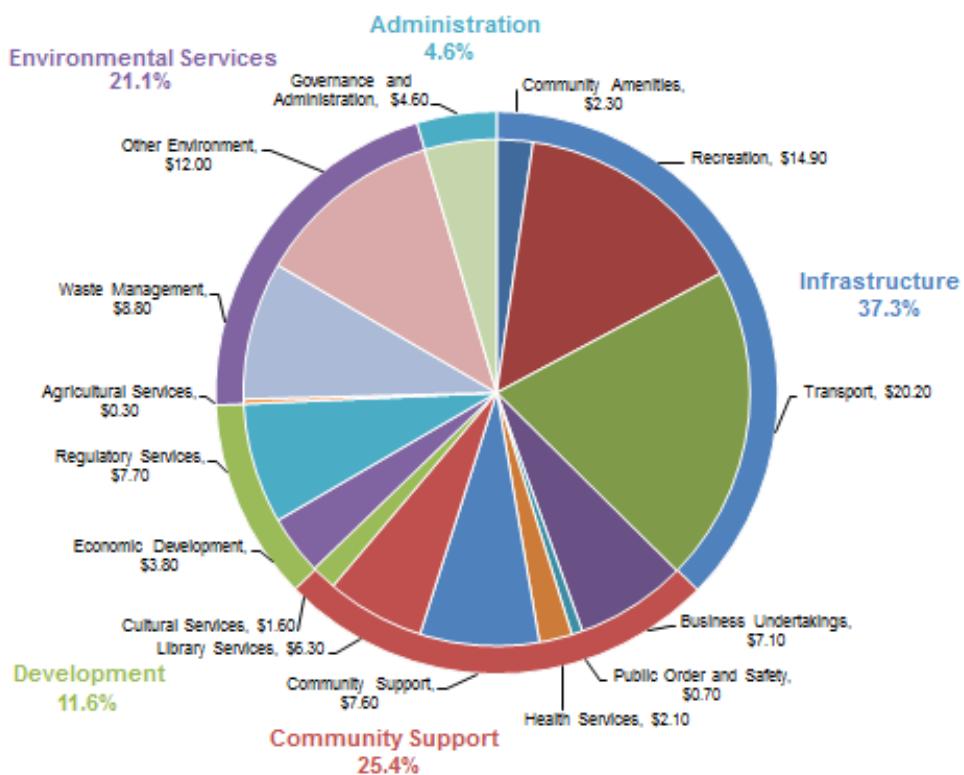
² The LGA Secretariat commissioned the South Australian Centre for Economic Studies (SACES) of the University of Adelaide to undertake the research project "*Evidence to inform LG Advocacy for a Strategic Population Policy*" addressing "How do we retain who we have and how do we attract the skills that we need".

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 of South Australian councils across major council functions.

Figure A

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



In 2017-18, 37% of council expenditure was on traditional infrastructure (transport and recreation), 25% on community support (libraries, community centres, community transport) and 21% on environmental services (waste management, coastal adaptation, stormwater management and street lighting).

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.

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.

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.

The financial sustainability of councils and their ability to provide essential services and community infrastructure in their communities is impacted by the relative decline in core federal funding in the form of Financial Assistance Grants (FAGs).

LGASA Recommendation:

That the Select Committee recommends that the Australian Government restore the quantum of Financial Assistance Grants to at least 1 per cent of Commonwealth taxation revenue, recognising that increased investment in maintenance and renewal of local government infrastructure will enhance the attractiveness of regional Australia as a place to work, invest and visit.

Federal Government funding community infrastructure priorities

The Federal 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 can 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*³, 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.

³ <https://www.pc.gov.au/inquiries/completed/transitioning-regions/report>



The LGASA welcomes the increased funding for the Commonwealth's 'Building Better Regions Fund' Program and its two streams Infrastructure Projects and Community Investments provides funding of \$641.6 million over a six-year period ending in 2021-22. The Program is designed to support priority community infrastructure investment and employment generating projects in regional communities. The LGASA would like to see a greater share of the monies to go to local government and South Australian councils.

Well-located, well-designed and properly maintained community infrastructure enhances the quality of life and enriches the experience of community members every day. Community infrastructure underpins community wellbeing, fosters social interaction and participation in sport, recreation and cultural endeavours, education, and employment. While some of these facilities are relatively new, many were built decades ago and require significant maintenance and upgrades to ensure they continue to meet the needs of the community.

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.

As outlined in the ALGA 2019-20 Budget Submission, ALGA proposes a Local Government Community Infrastructure Program of \$300 million per annum over four years⁴. This initiative could generate cumulative Gross Domestic Product benefit of \$1.41 billion by the third year and create up to 3,600 new jobs.

LGASA Recommendation:

That the Select Committee recommends that the Australian Government supports local government's proposal for a Local Government Community Infrastructure Program of \$300 million per annum over four years for councils to manage and operate a community led neighbourhood infrastructure renewal program in South Australia.

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 for business operability, viability and sustainability.

The LGASA acknowledges the state and federal government investment towards mobile phone black spots. The Federal Government has an opportunity to assist regions through high upload and download bandwidth linking cities, towns, businesses, individuals and regions to the world, regional Australia can become defined not 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.

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 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.

⁴ <https://cdn.alga.asn.au/wp-content/uploads/ALGA-Budget-Submission-2019-20.pdf>



Connectivity – smart cities and regions

A key enabler that will attract investment, innovators and entrepreneurs is *connectivity*. The three main challenges for business growth in regional 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 regional 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 Federal and State Government would provide an opportunity to regionalise 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.

The ALGA 2019-20 Budget Submission 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.

LGASA Recommendation

That the Select Committee recommends that the Commonwealth Government supports 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.***



2. The need for a public authority to manage the transition

The LGASA encourages the Select Committee to consider how to make best use of the frameworks already in place, rather than the need for creating a new public authority. For example, the Regional Development Australia framework already in place may be the instrument to manage the transition into new industries and employment, something they already do.

Unique to South Australia is the tripartite resourcing arrangement South Australia has with its Regional Development Australia Board framework. That is, the seven regional RDA's in South Australia are funded by councils, the state government and the Federal Government. In effect, the RDA's perform the economic development functions that a council might ordinarily do itself. The RDA's with the Regional LGA's, who represent clusters of councils, work together on common economic development challenges and opportunities.

For almost thirty years the RDAs in South Australia have evolved into key economic development agencies within their specific regions. They are well regarded and are a key source of regional intelligence on matters of economic development, investment, business and employment opportunities.

RDA's are chartered to pro-actively target, seek and negotiate with private companies, not-for-profits and governments of all levels to bring jobs and investment to regions.

The South Australian RDA's have a bricks and mortar presence in a major regional city or town within their individual area of influence, for example RDA Whyalla & Eyre Peninsula is headquartered in Port Lincoln with an office also in Whyalla. Each RDA has a Chief Executive Officer and on average seven staff and answerable to a Board of Directors. The Board members are derived democratically from the community and include local elected members and business people.

Annually each RDA produces a Regional Road Map or economic development strategic plan that captures comparative advantage opportunities and contains both high level and granular detail as to the twelve-month plan to attract investment and grow jobs.

These plans have input from the RDA Board members, staff, key stakeholders such as constituent councils and businesses with the general public invited to contribute as well.

Operationally the RDA's follow the standard method of identifying investment attraction opportunities:

1. Identify the competitive advantage of the communities/region
2. Retail sector gap analysis
3. Identify and analyse potential target industries and businesses
4. Develop a shortlist of investment attraction opportunities
5. Identify existing and future investment-ready sites
6. Identify objectives for investment attraction
7. Determine investment attraction strategies and tactics
8. Implement, monitor, evaluate and adjust accordingly.

LGASA Recommendation

That the Select Committee considers how to make best use of the frameworks already in place, rather than the need for creating a new public authority.

3. Meaningful community consultation to guide the transition.

Regional South Australia is undergoing significant transition due to issues such as climate change, waste management, lack of population growth and in places like Port Augusta in the Upper Spencer Gulf significant change as it transforms from a coal-fired power station fuelled local economy to a renewable energy hub with new skills and suppliers required.

This transition process has been years in the making with state and Federal Government involvement at many levels working with the City of Port Augusta, the RDA Far North and the business community.

The Commonwealth may wish to consider developing a *Local Economic Diversification, Industry Transition and Jobs Program* and committing extra funds to the RDA's to employ an officer to drive it. This person would be housed with the RDA and would not duplicate what is already being achieved but would add significant value by concentrating on the coordination across the three levels of government, businesses, business groups, job and employment agencies and Registered Training Organisations such as TAFE.

This program and new role would include community engagement and consultation plugging into existing advisory groups and mechanisms and creating others where applicable. The key deliverable would be bringing industry closer to TAFE in terms of the identification of what qualifications and skills sets are and will be required and what jobs are and will be needed to be filled.

Meaningful outcomes will occur if locals are involved at the beginning and all the way through the process.

LGASA Recommendation

That the Select Committee recommends that the Commonwealth Government investigate establishing a Local Economic Diversification, Industry Transition and Jobs Program in partnership with Regional Development Australia.

Attracting investment, innovators and entrepreneurs

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

The Federal and state governments could work more closely on joint investment attraction initiatives with an emphasis on attracting more skilled migrants, business migrants and 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.

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 affordable land, skilled local labour-force and strong and stable local leadership.



Attracting investment to a community requires careful planning, promotion and follow-up. Having an economic development plan and investment attraction strategy in place provides the framework to target investment attraction and assessment efforts. Understanding what can be done to promote a community, including location and unique assets, will assist investment attraction efforts.

4. The role of vocational education providers, including TAFE, in enabling reskilling and retraining

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.

TAFE's are more than bricks and mortar seats of learning they are a community asset that does and can have community utility beyond training. The TAFE system has its comparative advantages over competitors, and it is this that TAFE should focus on to remain competitive. As TAFE's lose their buildings so goes training opportunities for locals as often other RTO's deem training in those localities not cost effective. It is commonly held that communities that have TAFE's and/or Universities stand a much better chance of retaining their youth and up-skilling locals for local industries in transition. The Uni-Hub in Port Pirie demonstrates this.

Human capital is the single most important factor in enhancing economic development and growth, and a concentration on skills sets, not just qualifications, key to assisting small business with short to mid-term labour needs to increase productivity, increase capacity and capability to tender and grow to employ yet more people. Given small business is overwhelmingly the largest employer in regional South Australia training providers training provision needs to be as local as possible to harness local the labour pool and reduce the gap between skills attainment and actual productivity in the workplace. Lag time, cost of training, quality of training and low return on investment in terms of productivity is a disincentive for small business to enter into formal training agreements.

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 Australia⁵.

⁵ https://cdn.alga.asn.au/wp-content/uploads/Skills-Plan_ALGA.pdf



Local government acknowledges its role in providing work experience, training and employment and will continue to work with the state and Federal government on initiatives that foster local employment for locals, particularly our youth.

Regional Youth Traineeship Program

In previous years, the South Australian State Government has contributed \$4 million to two rounds of the Regional Youth Traineeship Program which was managed by the LGASA 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.

Programs such as this support employment, career progression and retention of young people in South Australia. It is a clear example of what can be achieved when governments work together in partnership.

LGASA Recommendation

That the Select Committee recommends that the Commonwealth Government investigate opportunities to work with state and local governments fund and manage regional youth traineeship programs.



148 Frome St
Adelaide SA 5000

GPO Box 2693
Adelaide SA 5001

T (08) 8224 2000

F (08) 8232 6336

E lgas@lga.sa.gov.au

www.lga.sa.gov.au