Local Government Sustainability

Yarra Ranges Council

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1 INTRODUCTION

Yarra Ranges Council is pleased to make a submission to the Inquiry into Local Government Sustainability (the Inquiry).

Yarra Ranges Council works closely with partners across the local government sector to advocate for reforms that provide for a more sustainable sector that can support communities into the future.

Council understands that several partners – including federal and state peak bodies, the Australian Local Government Association and the Municipal Association of Victoria – are preparing submissions to the Inquiry, which will focus on sector-wide issues.

Yarra Ranges Council makes this submission to complement those made by local government peak bodies, and to highlight Council's unique insights and challenges.

1.1 About Yarra Ranges: unique challenges and risks

Yarra Ranges is located on metropolitan Melbourne's eastern fringe and is home to a population of about 160,000 people.

As a Council, Yarra Ranges has immense potential to contribute to the Commonwealth's social, economic and environmental priorities. However, Yarra Ranges faces financial pressures that are above and beyond what is faced by other LGAs, including other interfacing LGAs, due to the municipality's size, complex terrain and natural disaster risk profile.

Key challenges are highlighted throughout this submission, including:

- **Service delivery across a significant land mass** - Yarra Ranges covers approximately 2,500 square kilometres. It is the largest area of any metropolitan council in Victoria, and one of Victoria's most varied municipalities. Fifty-five townships stretch across densely populated outer suburbs to foothills, agricultural valleys and forested areas of the Great Dividing Ranges. The needs of these communities are widely diverse.
- **Ageing asset portfolio** – with an expansive land mass comes an expansive portfolio of assets. Many of our critical assets – including our road network, drainage systems and community facilities – are ageing and no longer fit-for-purpose. They require significant upgrades to meet the needs of both the community and our changing climate.
- **Limited access to regional funding sources** – Yarra Ranges' metropolitan classification limits access to (competitive) regional funding sources that are required to support our outer townships and key industries, including our nationally significant agricultural and tourism sectors. Further, non-competitive funding provided to Councils – including for roads - should recognise the regional characteristics of Yarra Ranges, and make allocations accordingly.
- **'Destination' region, managing a growing visitor economy** – Council's rate base alone cannot provide for the needs of residents, local business and visitors – particularly with visitor numbers expected to double to 9 million per annum by 2033.
- **Natural disaster risk profile –** Yarra Ranges is rated as one of the highest-risk areas for bushfires in Australia, and is subject to flooding, storms and landslip events that are increasing in frequency and intensity. However, current funding models do not effectively support Council and community to prepare, respond and recover from these events.
- **Environmental significance and complexity** – several state forests and national parks are situated in Yarra Ranges, meaning the region plays an important role in protecting biodiversity and tree canopy, which are frequently threatened by disaster events and urban development.
- **Cost-shifting pressures** – a range of reforms and changes to services obligations have intensified pressure on Council resources. While state government reform is driving much of these challenges, there is a role for the Australian Government in alleviating pressure, particularly by opening up access to relevant regional funding sources, and maintaining, remodelling and/or expanding its funding of disaster resilience, roads and other community infrastructure.

2 Financial sustainability and funding

Yarra Ranges Council continues to experience significant challenges to deliver on all of its 120 services and infrastructure delivery to our community in a way that is financially sustainable. This includes but is not limited to: a complex geographic, community and disaster-risk profile; operating in a rate-capped environment; constrained revenue streams; increasing service compliance requirements and other fixed operational costs, for example, insurance costs soaring at 30 per cent annual increases to cover Council's unique risk profile.

Notably, Yarra Ranges Council covers a region that serves as a water catchment for the greater Melbourne area and has significant Green Wedge land to support agricultural and conservation purposes. This limits the potential for development and growth that metropolitan Councils typically rely upon to increase and/or sustain its revenue base, and maintain pace with growing cost pressures.

Issues relating to the Commonwealth Government are detailed below.

2.1 Financial Assistance Grants

Yarra Ranges supports the call from the Australian Local Government Association to restore Financial Assistance Grants to at least 1 percent of Commonwealth taxation revenue via a phased approach. The value of Financial Assistance Grants provided to local government has declined over the past three decades from around 1 percent of Commonwealth taxation revenue to around 0.55 percent. If funded, this could contribute more than $2.3 billion to annual GDP, create over 16,000 jobs and ensure Councils can continue delivering swimming pools, playgrounds, sports facilities, roads and much more for the community.

Alongside this call to the Commonwealth Government, Yarra Ranges' advocates to the Victorian Government for a review of the Victorian Local Government Grants Commission funding model to better recognise the needs of areas such as Yarra Ranges Council that sit at the interface of metropolitan and regional areas. This includes factors such as extensive road networks, including over 700km of unsealed roads, and the complexity of delivering services to diverse communities that are widely geographically dispersed, which further stretches Council's ability to maintain and upgrade facilities and assets.

The role of the Australian Government in addressing issues raised:

- Increase Financial Assistance Grants to at least 1 percent of Commonwealth taxation revenue via a phased approach.

2.2 Regional funding program eligibility

The Commonwealth Government's regional funding programs have historically provided a vital source of support for major projects that deliver benefits to both local communities and the national visitor economy. In the past, this has included programs such as the Building Better Regions Fund (BBRF) and the Regional Growth Fund (RGF), which have funded nationally significant projects in Yarra Ranges, such as the Warburton Mountain Bike Destination project (WMBD). Stage 1 of WMBD was originally costed at $11.3 million with $3 million and $2.3 million provided through the BBRF and RGF respectively. The project is set to inject $48 million into the local economy by 2031 and create 229 new jobs.

Council recognises that the BBRF and RGF programs have since been replaced by the Growing Regions Program (GRP), with more stringent eligibility criteria to ensure the fund is appropriately targeted to projects that legitimately service the regions. However, the GRP uses ABS-defined Greater Capital Cities Statistical Areas (GCCSA) to determine location eligibility, rather than the Urban Centre and Localities (UCL) boundaries used by BBRF and RGF. This change has resulted in the exclusion of regional townships in Yarra Ranges (including Warburton) and many other LGAs across Australia that are legitimately 'regional' in character and profile. Whilst these towns may be captured as eligible locations for other funding programs, such as the Thriving Suburbs Program, they are not likely to be competitive for those programs due to the regional characteristics of the townships (including population size) and the intent of proposed projects (often being to support a visitor economy and connectivity between metro and regional areas).

Across the states, eligible area reduction is as follows:

- Greater Adelaide: 46% reduction
- Greater Brisbane: 76% reduction
- Greater Darwin: 100% reduction (no eligibility)
- Greater Melbourne: 43% reduction
- Greater Perth: 85% reduction
- Greater Sydney: 75% reduction

There are alternative eligibility boundaries that may reduce the negative consequences for economic development. Yarra Ranges Council has commissioned a comparative assessment[1] that indicates the ABS-defined Remoteness Area (RA) criterion, with its historical precedence and alignment with rural characteristics, has the greatest potential for mitigating the exclusionary effects observed under the current GCCSA-defined GRP funding program.

The RA criterion could be utilised in future rounds of the GRP, with or without reinstating the criteria for proposals to demonstrate benefits that projects would deliver to regional and rural areas.

The role of the Australian Government in addressing issues raised:

- Re-define Growing Regions Program location eligibility to ABS-defined Remoteness Area boundaries.
- Allow Growing Regions Program submissions for projects that sit on the boundary and can demonstrate economic and social benefits delivered to regional and rural areas.

2.3 Disaster preparedness, response and recovery

Yarra Ranges is rated as one of the highest risk areas for natural disasters in Australia, and our critical infrastructure systems are extremely vulnerable. The region faces some of the highest bushfire risk ratings in the world, and is prone to frequent floods, storms and landslips. These events impact on the natural and built environment, community wellbeing, and much more.

Accordingly, Yarra Ranges has significant experience in preparing for, responding to and recovering from emergencies alongside our community. Much of this work relies upon collaboration, coordination and funding from the Commonwealth Government, as well as with the Victorian Government.

With disaster events increasing alongside climate change, there is an outstanding need for all levels of government to proactively work together to identify, mitigate and address the impact on homes and land value. For instance, insurance challenges and planning overlays can prohibit landowners from re-building or re-occupying homes affected by disaster events, meaning the cost of owning the land can become greater than the value of the land itself. This poses a significant risk to housing security, as well as to Council in terms of its rate base.

Further, agricultural industries are struggling to manage the increasing impacts of disaster events and climate change. The risk of losing these industries across interfacing areas like Yarra Ranges is significant and would have a detrimental impact on the local economy. In turn, this places further pressure on Councils in relation to the rate base and investments required to support the economy and community more broadly. In Yarra Ranges, agriculture as the fifth largest industry, generating $785.8 million in gross revenue, $493 million in regional exports and employs 2167 people.

Timeliness of Disaster Recovery Funding Arrangement (DRFA) payments has been a key issue, with Council still awaiting payment of $1 million in claims (as of January 2024) for the devastating storms that occurred in June 2021. The Commonwealth should work with state governments to strengthen

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[1] Appendix 2: 'Yarra Ranges – Analysis – Commonwealth Regional Funding Program Boundary Changes'

transparency for Councils, as to when claims must be lodged and the timeframe for assessments and payments. Where possible, the Commonwealth Government should also support the Victorian Government to ensure agencies are adequately resourced to process claims in a timely manner, to reduce the financial burden on Councils.

Further, Councils are only permitted to reinstate assets to their previous standard, which is often inadequate for dealing with the impacts of weather events that are increasing in frequency and ferocity. Drainage systems, in particular, should be upgraded to a standard that can withstand the modelled future impacts of climate change. The allowance of betterment works would be a more effective approach, in terms of both costs and risk mitigation. Works of this nature could also be supported through the expansion of the Disaster Ready Fund, as per advocacy from the Australian Local Government Association.

Councils play a significant role in building place-based resilience and facilitating community-led emergency responses and recovery efforts. These community-led and -driven approaches are both effective and cost-efficient. The Department of Foreign Affairs and Trading's own analysis shows that every additional dollar spent on mitigating the effects of climate-related natural disasters saves the government up to $8 in the long term.

Yarra Ranges Council was pleased to receive funding through the Commonwealth's Preparing Australian Communities (PAC) program in 2022 to deliver a wide-ranging program of work to strengthen the resilience of local communities and the built and natural environment. The PAC should be continued and expanded in future.

The role of the Australian Government in addressing issues raised:

- Work with state and local governments to develop proactive long-term strategies for addressing and mitigating the impacts of disaster events on housing and Council rates base.
- Strengthen transparency of the DRFA payments process, including requirements for lodging claims, and timeframes for assessment and payment
- Support and resource state governments to process DRFA payments in a timely manner
- Allow for betterment works to be carried out as part of recovery works delivered using DRFA payments
- Continue and expand allocations to the Disaster Ready Fund
- Continue and expand allocations to the Preparing Australian Communities Fund.

3 Changing infrastructure and service delivery obligations

Shifting service obligations and growing compliance requirements have increased financial pressure on Council, alongside the longstanding challenge of providing infrastructure and services to a widely geographically dispersed population.

Through the process of amalgamation, Council has also inherited an extensive portfolio of assets, with many that are no longer fit-for-purpose and require renewal. This leads to decreased service levels and increased risk of failures. With limited asset data across portfolios, it is challenging to predict the timing and cost of upgrading these aging assets. There is a need to improve asset management maturity, working towards meeting international standards and developing risk registers to better plan for renewal. Asset management maturity and asset upgrades both require significant investment and cannot be achieved without ongoing external support.

The following service challenges are driven by, or relate to, Commonwealth Government policy and also have links to state government reforms.

- **Early Years reforms** – Council anticipates that at least 33 additional rooms and $64 million in new and upgraded infrastructure will be required to facilitate the early years service system over the next 10 years, due to state and federal reforms and population growth. This sits on top of requirements to maintain facilities over time.
- **Aged Care Services** – Yarra Ranges Council, like many other LGAs, have made the decision to exit aged care services due to federal reforms and availability of other services providers.

Services such as delivered meals, social support and transport and are critical for our community, particularly with many older people isolated in regional townships. It is imperative that the Commonwealth Government support the transition of services through transparent communication and facilitation of connection to new providers. This is critical for the retention of the services' dedicated workforce and continuity of service for residents – expanded on in point 5.2. More broadly, early communications allow Council to consider opportunities to lease Council facilities to new providers, which provides additional revenue.

The role of the Australian Government in addressing issues raised:

- Work with the Victorian Government to financially support Victorian Councils to upgrade early years infrastructure to accommodate demand and future service requirements
- Provide Councils with clear and timely information regarding service reforms, that allow for smooth transition of services to new providers, where required

4 Security for local government workers and infrastructure and service delivery

4.1 Funding commitments

Reliable funding streams are critical to maintaining security for local government workers and, in turn, the provision of services and infrastructure for communities.

Ahead of the 2019 federal election, Yarra Ranges was pleased to see a bipartisan commitment of $150 million to seal 150km roads across the municipality over nine years, rather than 70 years as was expected without the funding boost. The program allowed for the recruitment of a dedicated team for what become the *Roads for the Community Initiative* (RFCI).

The initiative was only three years along when two thirds of the committed funding was cut. This triggers a loss of employment opportunities and the ceasing of the service/program to community who were relying on funding support to seal their dangerous local roads.

Moving forward, Commonwealth funding remains a key source of funding for Yarra Ranges to maintain both sealed and unsealed roads. Council was pleased to see an increase to the *Roads to Recovery* program, and urges the Commonwealth to recognise the significant outstanding need and regional nature of Yarra Ranges' road network.

The role of the Australian Government in addressing issues raised:

- Restore funding to the Roads for the Community Initiative in line with the original commitment, to maintain security for workers on the program and fulfilment of promises to community.
- Ensure Yarra Ranges receives adequate allocations through the Roads to Recovery program, recognising regional nature of the local road network.
- Maintain funding support for all committed projects, particularly those that require Councils to recruit workers tied to specific projects.

5 Attraction and retention of a skilled workforce

5.1 Attraction

Yarra Ranges, alongside other Councils, experiences challenges in attracting suitably qualified professionals for a range of roles, particularly where changes in legislation and regulation result in increasing skills and experience requirements.

This includes:

- Planners
- Environmental and Public Health Officers (EHOs, PHOs)
- Maternal Child Health nurses

- School Crossing Supervisors

While most of these challenges require intervention from the Victorian Government, the Commonwealth Government may be able to assist by facilitating stronger connections between universities and local governments, where relevant e.g. through support for industry-based learning programs for Planners, EHOs and PHOs.

Further, housing availability and affordability continue to create barriers to attracting workers to Yarra Ranges and other key sectors that Council relies upon to deliver community services and grow local economies – including aged care, health, hospitality and tourism. Being a 'destination Council', Yarra Ranges experienced a steep increase in property prices through COVID and experiences ongoing challenges in relation to the availability of homes for longer-term rentals, that are increasingly being used for short-term stay accommodation. Action by state government is needed, however, the provision of funding and land by the Commonwealth will continue to play a key role in boosting supply.

The role of the Australian Government in addressing issues raised:

- Support industry-based learning opportunities that strengthen a pipeline of suitably qualified professionals to complete university and enter the local government workforce.
- Continue to support the provision of affordable housing, including through funding and provision of Commonwealth land for housing developments.

5.2 Retention

Further to point 5, the transition of Council's Aged Care Services to alternative providers was undertaken with careful consideration of the impact on older residents and the workforce that serves them. Specifically, the process and timing of Council's decision strongly considered the ability to transfer the workforce to new provider/s and thus retain them in their critical roles. However, lack of communications from the Commonwealth has put this at-risk, particularly given Fair Work reforms that limit Council's capacity to extend staff contracts and provide a 'safety net' through the transition process.

Further to point 4.1, reliable funding sources and maintenance of long-term funding commitments will allow Council to retain skilled and experienced workforces.

The role of the Australian Government in addressing issues raised:

- Provide clear and timely information that allows for the transfer of Aged Care Service workers to new service providers.
- Maintain funding support for all committed projects, particularly those that require Councils to recruit workers tied to specific projects.

6 CONCLUSION

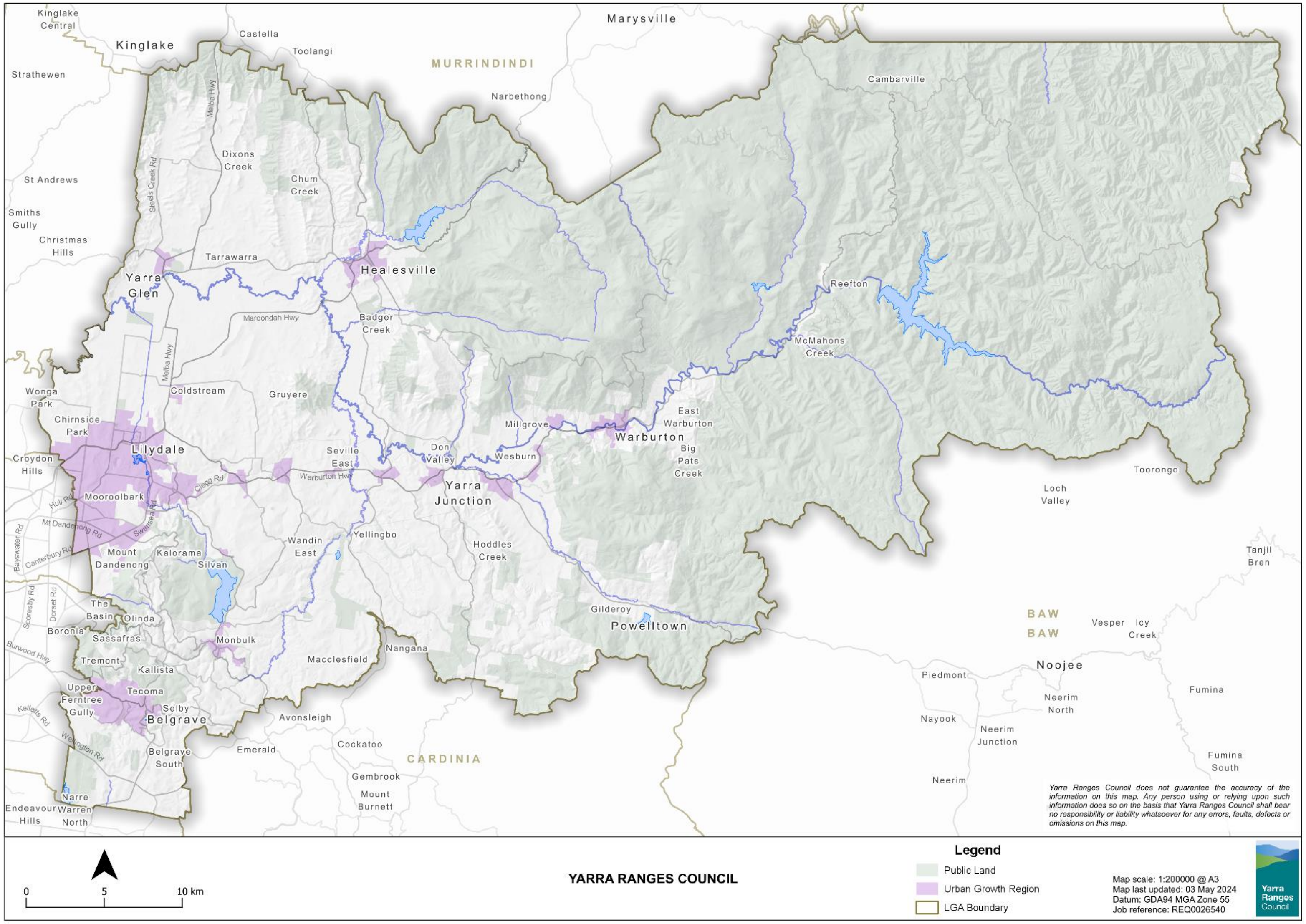
In conclusion, the role of the Australian Government in addressing the issues raised is to:

- Increase Financial Assistance Grants to at least 1 percent of Commonwealth taxation revenue via a phased approach.
- Re-define Growing Regions Program location eligibility to ABS-defined Remoteness Area boundaries.
- Allow Growing Regions Program submissions for projects that sit on the boundary and can demonstrate economic and social benefits delivered to regional and rural areas.
- Work with state and local governments to develop proactive long-term strategies for addressing and mitigating the impacts of disaster events on housing and Council rates base.
- Strengthen transparency of the DRFA payments process, including requirements for lodging claims, anticipated timeframes for assessment and payment.
- Support and resource state governments to process DRFA payments in a timely manner.
- Allow for betterment works to be carried out as part of recovery works delivered using DRFA payments.
- Continue and expand allocations to the Disaster Ready Fund.
- Continue and expand allocations to the Preparing Australian Communities Fund.

- Work with the Victorian Government to financially support Victorian Councils to upgrade early years infrastructure to accommodate demand and future service requirements.
- Provide Councils with clear and timely information regarding service reforms. This allows for smooth transition of services to new providers, where required.
- Restore funding to the Roads for the Community Initiative in line with the original commitment, to maintain security for workers on the program and fulfilment of promises to community.
- Ensure Yarra Ranges receives adequate allocations through the Roads to Recovery program, recognising regional nature of the local road network.
- Maintain funding support for all committed projects, particularly those that require Councils to recruit workers tied to specific projects.
- Support industry-based learning opportunities that strengthen a pipeline of suitably qualified professionals to complete university and enter the local government workforce.
- Continue to support the provision of affordable housing, including through funding and provision of Commonwealth land for housing developments.
- Provide clear and timely information that allows for the transfer of Aged Care Service workers to new service providers.
- Maintain funding support for all committed projects, particularly those that require Councils to recruit workers tied to specific projects.

7 Appendix

Appendix 1. Geographic Boundary of the Yarra Ranges Council. Purple shaded area indicates urban growth region.



Appendix 2: ‘Yarra Ranges – Analysis – Commonwealth Regional Funding Program Boundary Changes’

Yarra Ranges Council

BRIEFING PAPER – BOUNDARY CHANGE IMPACT ANALYSIS

9 February 2024

Prepared by

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Prepared for

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1.0 Introduction

- The Commonwealth Government's regional and rural funding programs provide significant investment to realise regional Australia's full economic, social and environmental potential.
- Urban-rural geographical designations have largely determined eligibility for funding programs.
- This approach has, in some cases, extended regional funding eligibility to regional-characterised townships in local government areas (LGAs) classified Metropolitan, including through the **ongoing Peri-Urban Mobile Pump** (PUMP) and the discontinued Building Better Regions Fund (BBRF) and Regional Growth Fund (RGF).
- Programs like the RGF, BBRF and PUMP have opened significant funding opportunities to peri-regional Metropolitan municipalities.[1]
- Grant eligibility to the RGF and BBRF programs was predicated on the urban-rural geographical criteria. That is, if the project was outside the ABS-defined Urban Centre and Localities (UCL) boundaries[2] or could demonstrate a benefit to the regions outside of the UCL, it was deemed eligible for both RGF and BBRF.
- As a significant funding source for regionally important projects, Commonwealth funding was often enhanced by co-investment from state and local governments for major projects (see examples in Section 2.0).
- However, both the RGF and BBRF have been replaced by the new Growing Regions Program (GRP), with revised geographical eligibility criteria that shift from the UCL boundaries to the Greater Capital Cities Statistical Areas (GCCSA). **This has drastically curtailed funding opportunities to rural-characterised metropolitan regions.**
- While there are metropolitan funding opportunities for these regions (e.g., the Thriving Suburbs Programs and Urban Precincts and Partnership Program), these are mostly focused on urban infrastructure supporting suburban growth. Consequently, they have often conflicted with the objectives, needs and opportunities of regions on the metropolitan fringe that require protection of high amenity features, including agriculture and tourism industries.

[1] As outlined by the previous study *A Peri-Regional Approach* (Geografia, 2022).

[2] Specifically the 'UCL - 1 million or more' geographical boundaries.

- This significant loss of access to suitable regional funding opportunities has resulted in a notable risk to future economic growth, the livelihood of many regional areas, and projects of state and national significance.
- Given this risk, the eligibility criteria of the Growing Regions Program require interrogation and evaluation.
- This briefing paper evaluates and quantifies the impact of the change from UCL to GCCSA boundaries and analyses potential alternative geographical criteria that may mitigate the negative consequences of the recent shift.

2.0 Changing Geographical Eligibility

- Eligibility for the Building Better Regions Funds (BBRF) and Regional Growth Fund (Fund) programs were determined in rural-urban geographies, as defined by the ABS Urban Centre and Localities (UCL) boundary. Specifically, the RGF and BBRF grant guidelines outlined that:
    - *"The excluded areas for the purposes of the Program are the Urban Centre and Locality (UCL) cities over 1 million people for Sydney, Melbourne, Brisbane, Perth and Adelaide as defined by the Australian Bureau of Statistics' Australian Statistical Geography Standard."*
- The RGF and BBRF guidelines also provided for:
    - *"Activities at different sites, as long as they are in an eligible location or … can demonstrate the significant benefits and employment outcomes, which flow directly into an eligible location."*
- The geographical criteria effectively excluded the major urbanised areas of Metropolitan Australia while maintaining funding opportunities for projects in regional and rural locations, including those at the fringe of major cities.
- This study primarily focuses on the Growing Regional Program (GRP), the successor funding program to the BBRF and RGF.
- Under the GRP's criteria, ineligible areas have expanded using the Greater Capital Cities Statistical Areas (GCCSA), away from the previous UCL boundaries. Specifically, the program has outlined that:
    - *"Your project must be delivered in an eligible location. All eligible locations must be outside the Greater Capital City Statistical Areas (GCCSA) as defined by the Australian Bureau of Statistics."*
- The GRP has also removed the flexibility to include projects that can demonstrate benefits to eligible locations, which presents significant potential for unrealised economic opportunities, given that many of these build on existing infrastructure in the urban fringe and strengthen connections into regional Australia.
- Unlike the UCL, the GCCSA is not defined from underlying rural and urban characteristics but an aggregation of Statistical Area (SA)

boundaries that, in turn, were "designed to reflect labour markets." As such, the defined Metropolitan boundaries can sometimes incorporate both urban areas and "small towns and rural areas surrounding the city" tied together by the link of a shared labour market.[3]

- Consequently, this change in criteria has effectively excluded large portions of outer Metropolitan areas across Australia (characterised by rural landscape and regional industries) and even some regional areas bordering major cities.

Impact: Significant Missed Economic Opportunities

- An analysis of several projects has been undertaken to demonstrate the impact of this change and the risk of overlooking projects with significant economic opportunities for the regions.

- Figure 1 depicts four projects in Victoria on the urban fringes of Melbourne and the UCL boundaries that were eligible and successful under the BBRF and RGF programs:

    1. **Warburton Mountain Bike Destination** - over 100km of trails as part of an extended network through the Yarra Valley. With Stage 1 originally cost $11.3 million, the Commonwealth Government provided $3 million through BBRF and $2.3 million through RGF, alongside investment from Yarra Ranges Council, the local community and the Victorian Government (through a grant program that has since been reduced by 80%).

    2. Re-creation of **Philip Johnson's Chelsea Best in Show Australian Garden Exhibit** at the Dandenong Ranges Botanic Garden (non-Council project). With a final total project cost exceeding $6 million, BBRF provided $2.2 million towards the project alongside the Victorian Government and the People and Parks Foundation funding.

    3. **Merricks Station equestrian venue** and community reserve on the Mornington Peninsula, including upgraded horse facilities, fencing, community gathering space and picnic area. BBRF provided approximately $980,000 with one-to-one matched funding from Mornington Peninsula Shire Council.

    4. **Coldstream Station activation** at the Gateway to the Yarra Valley tourism region, including Coldstream Station Pump Track, car park with solar lighting, public toilet and shelter, landscaping and revegetation, outdoor furniture, interpretative signage, and a

[3] Greater Capital City Statistical Area Factsheet (ABS, 2012).

drinking fountain. BBRF provided $539,680 alongside $539,000 from a Victorian Government program that has since reduced its overall grant offering by 80%.

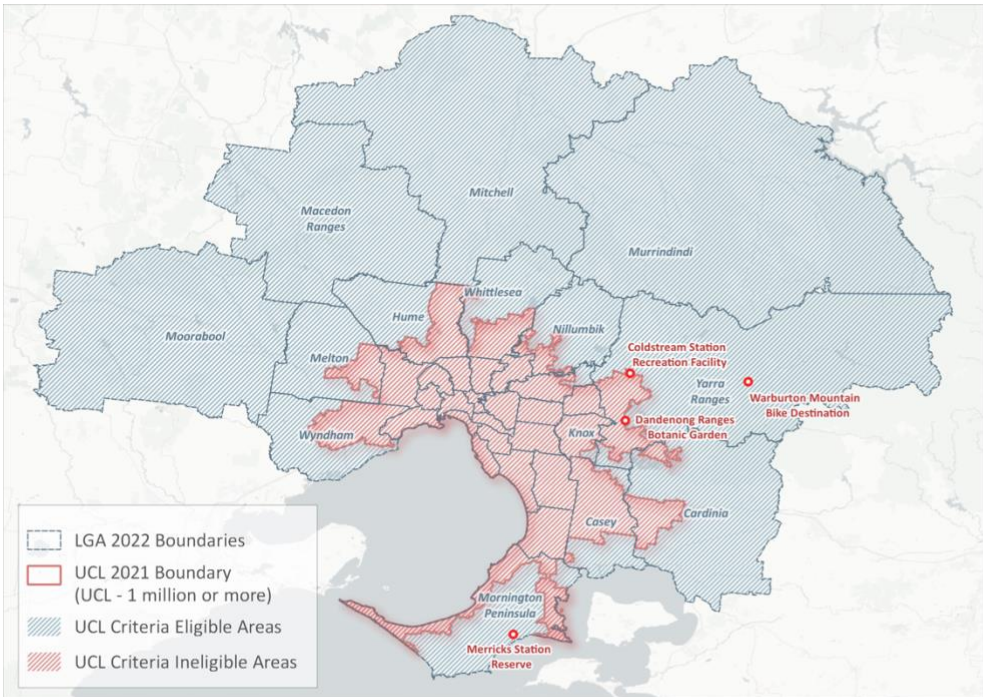

Figure 1: BBRF Eligible and Ineligible Regions in Metropolitan Melbourne
This shows four key projects eligible for funding programs due to their location just outside the ABS-defined major urban areas. Source: Geografia 2024.

- Under new funding criteria, the location of these projects within a reduced area of eligibility would have rendered them ineligible for forthcoming grants. As shown in Figure 2, these significant projects would be ineligible for funding under the new GRP program and its use of the GCCSA boundaries.
- Figure 2 also shows that, under the new criteria, other State-significant agri-tourism landscapes are excluded from funding eligibility. This includes wine regions and tourism experiences within the Yarra Ranges, Cardinia and Mornington Peninsula.
- Further, the GCCSA also expands beyond Metropolitan municipalities to exclude some portions of regional Victoria. Under the GRP program, portions of Macedon Ranges, Mitchell, Murrindindi, and Moorabool shires are ineligible for GRP funding opportunities.

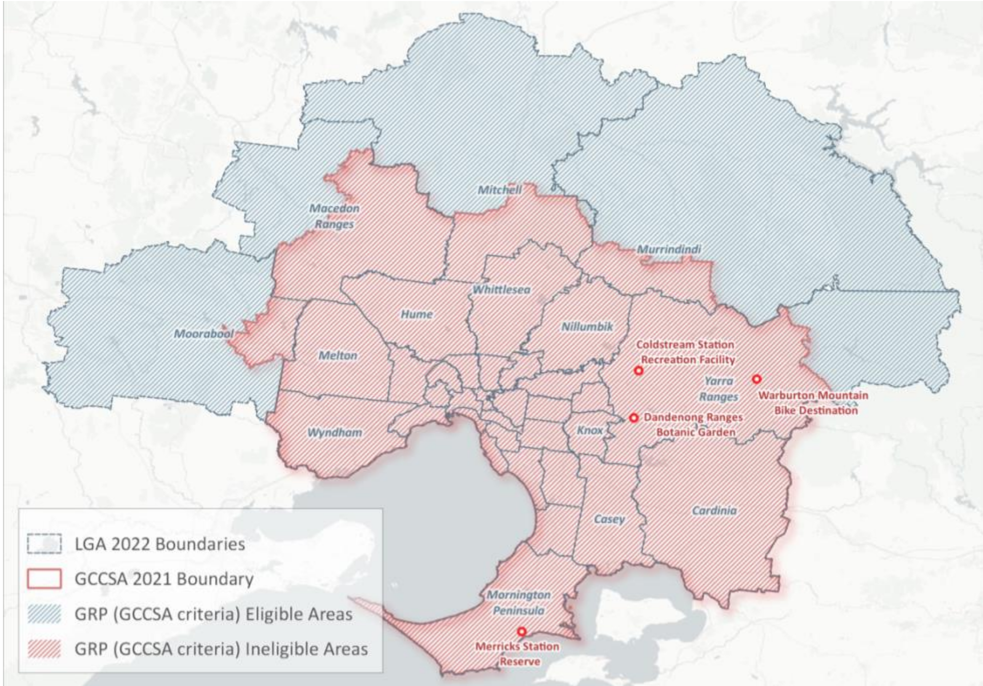

Figure 2: GRP Eligible and Ineligible Regions
This shows in the current eligibility/ineligibility for Metropolitan Melbourne under GCCSA-defined boundaries. Source: Geografia, 2024.

3.0 Spatial Impact on Capital City Areas of Australia

- Estimating the total change in eligibility across capital cities and Australian LGAs is considered a reasonable proxy for change in economic opportunity.
- Table 1 provides an overview of the total area of eligibility under the previous BBRF and RGF funding schemes, the current GRP regime, and the net change in area of eligibility between those two sets of programs by major Capital Cities in Australia.

	BBRF and RGF Total Eligibility Area - UCL Boundaries	GRP Total Eligibility Area – GCCSA Boundaries	*Total Change in Eligible Area*	*% Change in Eligible Area*
Greater Adelaide	5,243	2,837	*-2,406*	***-46%***
Greater Brisbane	18,086	4,271	*-13,815*	***-76%***
Greater Darwin	3,084	0	*-3,084*	***-100%***
Greater Hobart	6,160	4,471	*-1,689*	***-27%***
Greater Melbourne	16,553	9,441	*-7,112*	***-43%***
Greater Perth	5,538	842	*-4,696*	***-85%***
Greater Sydney	13,567	3,396	*-10,170*	***-75%***

Table 1: Change in Total Area Eligible (sqkm), Metropolitan Region
Source: Geografia, 2024. For this analysis, ACT is excluded from the assessment.

- The assessment shows that:

  - Greater Brisbane experienced the greatest impact by total eligible land area. Under previous funding regimes, over 18,086 sqkm of the region was eligible. This has dropped to 4,271 sqkm under the new GCCSA criteria. This is a loss of 13,816 sqkm, or a 76% reduction in eligible land area.

  - Greater Sydney also saw comparatively large losses to funding opportunities. Under the previous regime, 13,567 sqkm was eligible. However, under new GCCSA criteria, this declines to 3,396 sqkm. This is a net loss of -10,170 sqkm, or a 75% reduction in eligible area.

  - In Greater Melbourne, the region saw a loss of 7,112 sqkm of eligible land area, representing a reduction of 43%.

  - Lastly, Darwin represented the largest percentage decline in eligible areas for an Australian capital city. The new GCCSA criteria effectively exclude the entire capital city from access to GRP funding.

- Table 2 shows the top 20 LGAs across Australia by total loss in eligible land area. In line with Table 1, the analysis finds that:[4]

  - Queensland LGAs saw the greatest reduction in total eligible area. This includes Somerset (which saw a loss of 5,373 sqkm, effectively excluding the entire municipality). This is followed by Scenic Rim (a prominent agri-tourism LGA), then Moreton Bay and Ipswich.

  - Several NSW municipalities also saw a significant reduction in eligible land areas. These include Hawkesbury (-2,716 sqkm) and Wollondilly (-2,392 sqkm). These are followed by Central Coast (-1,681 sqkm) and Blue Mountains (-1,289 sqkm). The latter two are State-significant tourism regions.

  - In Victoria, the municipalities most impacted by the change in criteria include Yarra Ranges (-1,427 sqkm), Cardinia (-1,142 sqkm) and Macedon Ranges (-992 sqkm).

  - Respective LGAs in NT, TAS and WA are also listed in Table 2. These include some State-significant tourism regions like Adelaide Hills in South Australia (-876 sqkm) and Sorell in

[4] Graphical depictions of change by area of eligibility for Metropolitan Sydney, Adelaide, Brisbane, Perth, Darwin and Hobart are provided in the Appendix.

Tasmania (-584 sqkm) and emerging agri-tourism regions like Swan (-917 sqkm) in Perth.

	BBRF and RGF Total Eligibility Area - UCL Boundaries	GRP Total Eligibility Area – GCCSA Boundaries	*Total Change in Eligible Area*	*% Change in Eligible Area*
Somerset (QLD)	5,373	0	-5,373	*-100%*
Scenic Rim (QLD)	4,243	524	-3,719	*-88%*
Litchfield (NT)	2,903	0	-2,903	*-100%*
Hawkesbury (NSW)	2,716	0	-2,716	*-100%*
Wollondilly (NSW)	2,555	162	-2,392	*-94%*
Central Coast (NSW)	1,681	0	-1,681	*-100%*
Moreton Bay (QLD)	1,564	0	-1,564	*-100%*
Yarra Ranges (VIC)	2,283	856	-1,427	*-63%*
Blue Mountains (NSW)	1,332	43	-1,289	*-97%*
Cardinia (VIC)	1,142	0	-1,142	*-100%*
Macedon Ranges (VIC)	1,748	756	-992	*-57%*
Swan (WA)	917	0	-917	*-100%*
Serpentine-Jarrahdale (WA)	867	0	-867	*-100%*
Ipswich (QLD)	839	0	-839	*-100%*

	BBRF and RGF Total Eligibility Area - UCL Boundaries	GRP Total Eligibility Area – GCCSA Boundaries	*Total Change in Eligible Area*	*% Change in Eligible Area*
Murray (WA)	1,671	842	-829	*-50%*
Adelaide Hills (SA)	786	0	-786	*-100%*
Lockyer Valley (QLD)	2,269	1,530	-739	*-33%*
Logan (QLD)	605	0	-605	*-100%*
Mount Barker (QLD)	595	0	-595	*-100%*
Sorell (TAS)	584	0	-584	*-100%*

Table 2: Top 20 LGAS in Australia - Change in Ineligible Area
Source: Geografia, 2024.

4.0 Alternative Geographies to Determine Funding Eligibility

- The analysis identifies that the change in eligibility criteria has resulted in significant declines in economic opportunity across all Australian Capital Cities.

- Unlike the previously adopted ABS-defined UCL boundaries, the current ABS-defined GCCSA excludes legitimate rural and regional areas from funding eligibility.[5]

- Along with previous research,[6] this report identifies a need to maintain funding opportunities for rural and regional-characterised areas, particularly those at the fringes of Metropolitan defined boundaries.

- The following five geographies are proposed as alternative options for geographically defined regional funding criteria:

    1. ABS-defined 2021 Section of the State (SOS), specifically excluding any area that is defined as "major urban."

        - The definition captures eligible rural areas in regional Australia while maintaining funding accessibility for legitimate agricultural and rural industries at the fringes of Metropolitan regions. However, the definition renders major regional cities that lie within the "major urban" defined geography (e.g. Geelong) as ineligible for funding.

    2. ABS-defined 2021 Significant Urban Area (SUA), excluding any area that is defined as "Melbourne", "Sydney", "Adelaide", "Perth", "Darwin", "Brisbane" and "Hobart".

        - This defined geography captures rural, regional and peri-regional areas within the area of eligibility. However, a major limitation to these defined boundaries is their close alignment to previously defined geographical criteria under the BBRF and RGF programs.

    3. ABS-defined 2021 Remoteness Area (RA), excluding any area defined as "Major Cities of Australia".

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[5] As defined by the ABS, the GCCSA-defined Metropolitan boundaries incorporates both urban areas, as well as "small towns and rural areas surrounding the city".
[6] As identified in *A Peri-Regional Approach* (Geografia, 2022).

- The definition captures eligible rural areas in regional Australia while maintaining funding accessibility to agricultural, rural areas, rural industries in metropolitan fringes, and regional cities in Australia (through a separately defined "Inner Regional" geography). Further, this geography has the historical precedence of determining eligibility for a select number of Federal funding programs.[7]

4. 2021 Tourism Region (TR) – exclude any area that is defined as Melbourne, Sydney, Adelaide, Destination Perth, Darwin, Brisbane Hobart and the South.

    - The definition captures many eligible regional and outer Metropolitan tourism regions in Australia (including, for example, Mornington Peninsula, Yarra Ranges, Blue Mountains, etc.). However, the boundaries result in a larger portion of Perth and Hobart being ineligible for funding, including Sorrell (TAS) and Swan (WA) tourism regions.

5. The current GCCSA Boundary, as defined under the current GRP funding regime.

    - The last geography represents a "business-as-usual" scenario, with no changes to the current GRP funding regime. This scenario provides a benchmark for assessing relative changes compared to the above alternative geographies.

Key Findings of Spatial Analysis

- Table 3 lists the total area of eligibility under the five geographical eligibility options.

- Analysis of the five geographical options shows that:

    - The Tourism Region (TR) boundary results in a net loss in eligible areas compared to the current GCCSA classification for NSW, WA, TAS, and NT. As such, geography is unlikely to be a suitable alternative to the existing GCCSA-defined criteria.

    - While the SUA boundary results in a net gain in eligible areas, it is also closely aligned to the defunct UCL boundary used in the previous BBRF and RGF funding regimes. Given its close

[7] For example, the RA-geographical criteria were applied under the 2022 Australian Small Business Advisory Services Grant Program (specifically Digital Solutions Round 2) and several other incentives and support for GPS and Health Professionals as funded by the Department of Health and Aged Care. To note, the latter uses the Modified Monash Model (MMM) classification, a slight a variation to the ABS Remoteness Area (map) boundaries.

approximation to previous criteria, the geography is unlikely to be re-applied.

- The analysis identifies that RA and the SOS-defined geographies result in a net gain in eligible area for all States and Territories in Australia.
- However, it is important to note that under these two geographies, several regional cities would see a reduction in eligibility areas. For example, as major urban sections of Geelong and Gold Coast are defined in the "major city geography", these would see a reduction in area of eligibility under the RA and SUA-defined geographies.
- Nevertheless, at least for rural and regional-focussed funding projects, there is a historical precedent for using RA-defined geographies as a criterion for funding eligibility. For example, the recently established 2022 Australian Small Business Advisory Services Grant Program uses the RA boundaries as an eligibility criterion.
- The RA-defined criterion is proposed as a viable alternative to the existing GCCSA-defined GRP funding program based on policy precedence.
- Further, given its potential impacts on regional cities, consideration could be applied to minimise the exclusion of these areas from an RA-funding criterion. For example:
    - An exception clause for non-metropolitan regional cities or restricting ineligible areas to the Metropolitan "major city" geographies or
    - Retain the RA eligibility criteria for funding programs that focus on agricultural and rural-based tourism project opportunities (typically not located within regional city locations).

- Table 4 lists the total area of eligibility under the five geographical eligibility options for Yarra Ranges Shire. It identifies that all alternative geographies yield an increase in the area of eligibility compared to the GCCSA boundary. However, given historical policy precedence and its alignment with regional characteristics, the RA-geographical criteria is the most viable alternative to GCCSA-defined funding programs for Yarra Ranges Shire.

	UCL Boundary	SOS Boundary	SUA Boundary	RA Boundary	TR Boundary	GCCSA Boundary
New South Wales	29,328 (⇑)	28,378 (⇑)	27,326 (⇑)	26,001 (⇑)	24,238 (⇑)	19,158
Victoria	28,799 (⇑)	28,339 (⇑)	24,580 (⇑)	26,625 (⇑)	27,877 (⇑)	21,687
Queensland	33,246 (⇑)	32,205 (⇑)	28,811 (⇑)	30,419 (⇑)	19,648 (⇑)	19,431
South Australia	5,243 (⇑)	5,243 (⇑)	3,851 (⇑)	4,564 (⇑)	4,842 (⇑)	2,837
Western Australia	24,601 (⇑)	24,601 (⇑)	22,428 (⇑)	23,460 (⇑)	0 (⇓)	19,904
Tasmania	22,926 (⇑)	22,689	21,780 (⇑)	22,926 (⇑)	0 (⇓)	21,234
Northern Territory	3,084 (⇑)	2,874 (⇑)	2,736 (⇑)	3,084 (⇑)	0	0

Table 3: Total Area of Eligibility (sqkm) by State
Source: Geografia, 2024. Analysis excludes ACT. Arrows indicate a positive or negative change in the area of eligibility compared to the GCCSA boundary.

	UCL Boundary	SOS Boundary	SUA Boundary	RA Boundary	TR Boundary	GCCSA Boundary
Yarra Ranges (S)	2,283 (⇑)	2,283 (⇑)	1,226 (⇑)	2,058 (⇑)	2,462 (⇑)	856

Table 4: Total Area of Eligibility (sqkm) Yarra Ranges (S)
Source: Geografia, 2024. Analysis excludes ACT. Arrows indicate a positive or negative change in the area of eligibility compared to the GCCSA boundary.

5.0 Summary of Findings

- The change in funding eligibility criteria has significantly altered grant accessibility, particularly in Metropolitan fringe areas and important Metropolitan-adjacent regional municipalities. This change has curtailed economic opportunities, affecting projects that leverage rural and regional characteristics on the fringes of major cities.

- This analysis reveals substantial reductions in the total area of eligibility under the new Growing Regions Program (GRP) across major Capital Cities and some regional municipalities. These are expected to exclude legitimate economic opportunities for accessing much-needed funding support, particularly tourism and agricultural projects.

- An analysis identified the top 20 Local Government Areas (LGAs) with the greatest losses in eligible land area. The list includes many State and nationally significant tourism and agricultural regions, such as Blue Mountains (NSW), Scenic Rim (QLD), Adelaide Hills (SA) and Mornington Peninsula and Yarra Ranges (Victoria). This highlights the far-reaching consequences of the altered eligibility criteria across many Australian regions.

- There are alternative eligibility geographies that may reduce the negative consequences for economic development. This includes ABS-defined Section of the State (SOS), Significant Urban Area (SUA), Remoteness Area (RA), and Tourism Region (TR).

- A comparative assessment indicates the RA-defined criterion, with its historical precedence and alignment with rural characteristics, has the greatest potential for mitigating the exclusionary effects observed under the current GCCSA-defined GRP funding program.

6.0 Appendix

UCL to GCCSA Changes in Area of Eligibility by Metropolitan Region

The following maps depict the extent of changes in eligible and ineligible areas under the UCL-defined and GCCSA-defined criteria for Sydney, Brisbane, Adelaide, Perth, Hobart and Darwin.

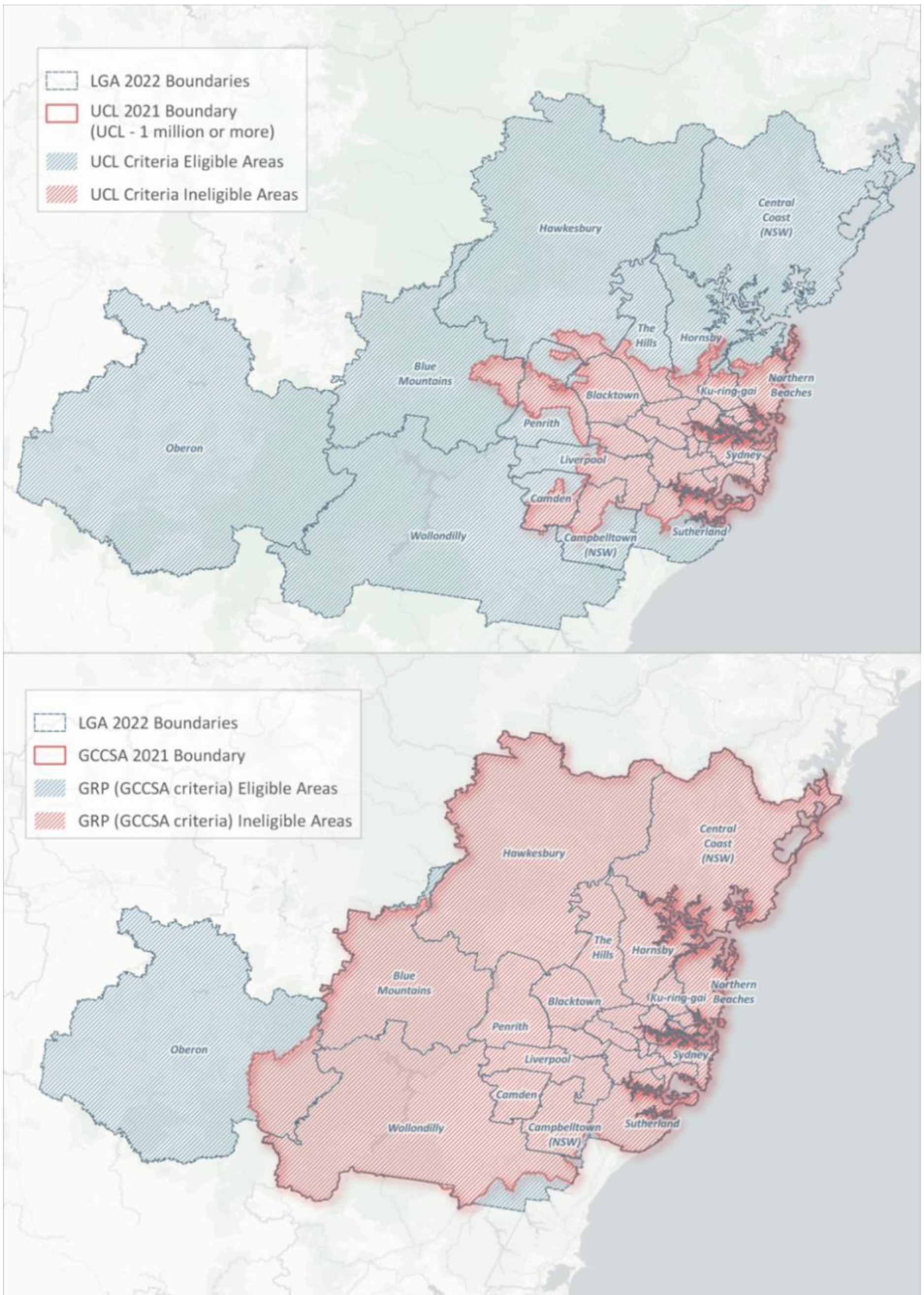

Figure 3: Impact of Change in Eligibility Criteria – Metropolitan Sydney
Source: Geografia 2024.

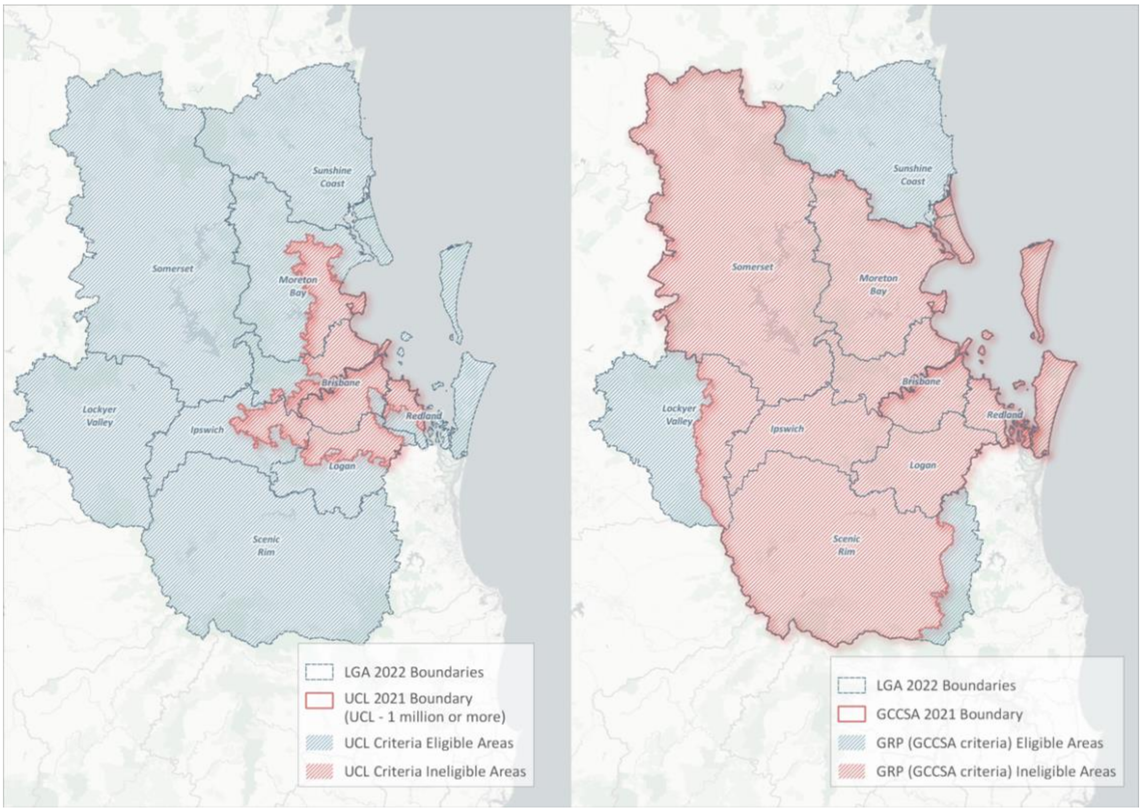

Figure 4: Change in Impact from UCL to GCCSA Criteria - Brisbane
Source: Geografia 2024.

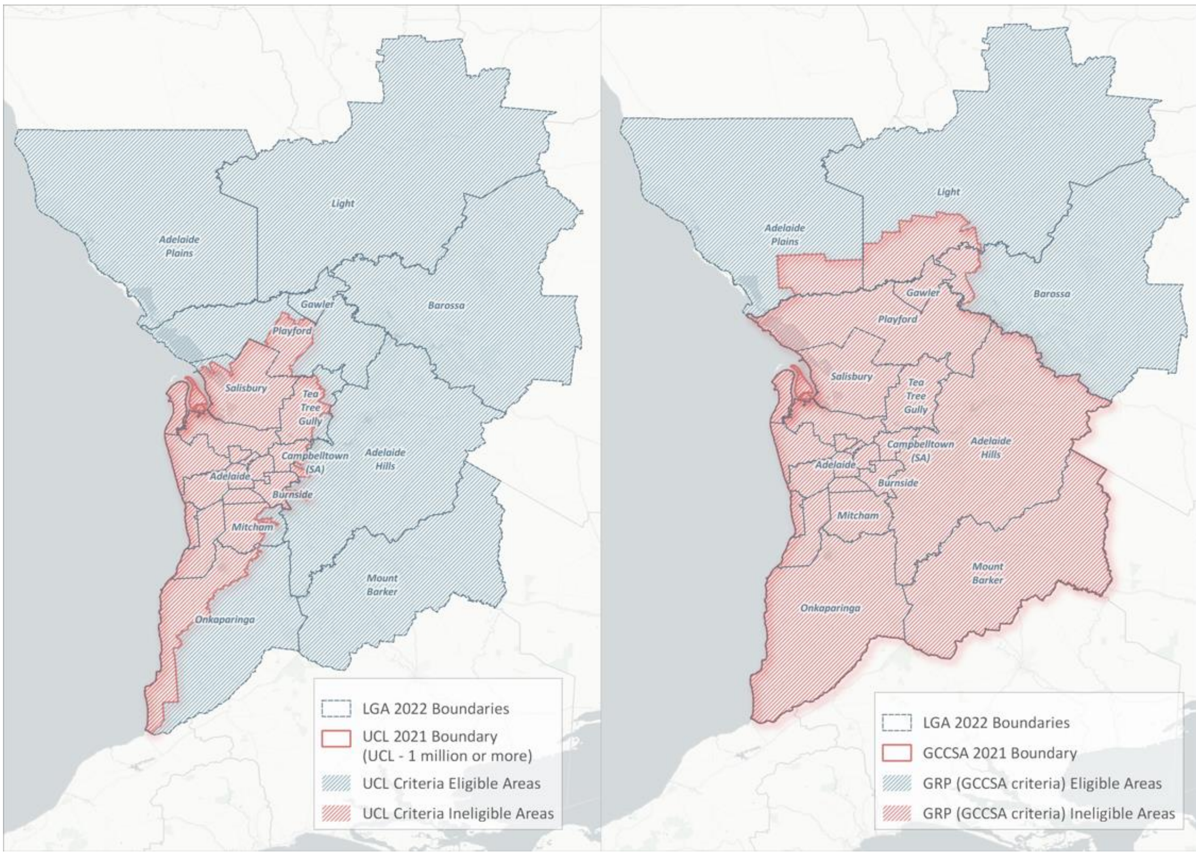

Figure 5: Change in Impact from UCL to GCCSA Criteria - Adelaide
Source: Geografia 2024.

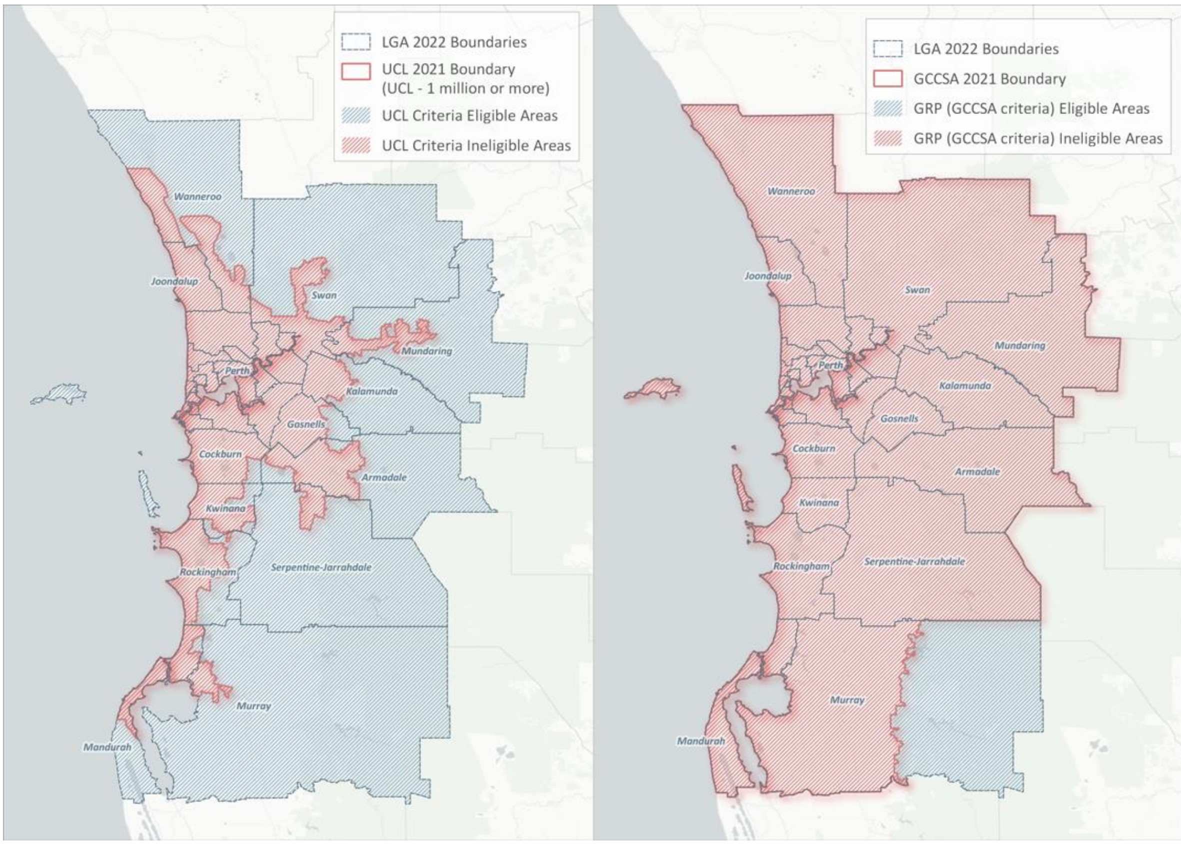

Figure 6: Change in Impact from UCL to GCCSA Criteria - Perth
Source: Geografia 2024.

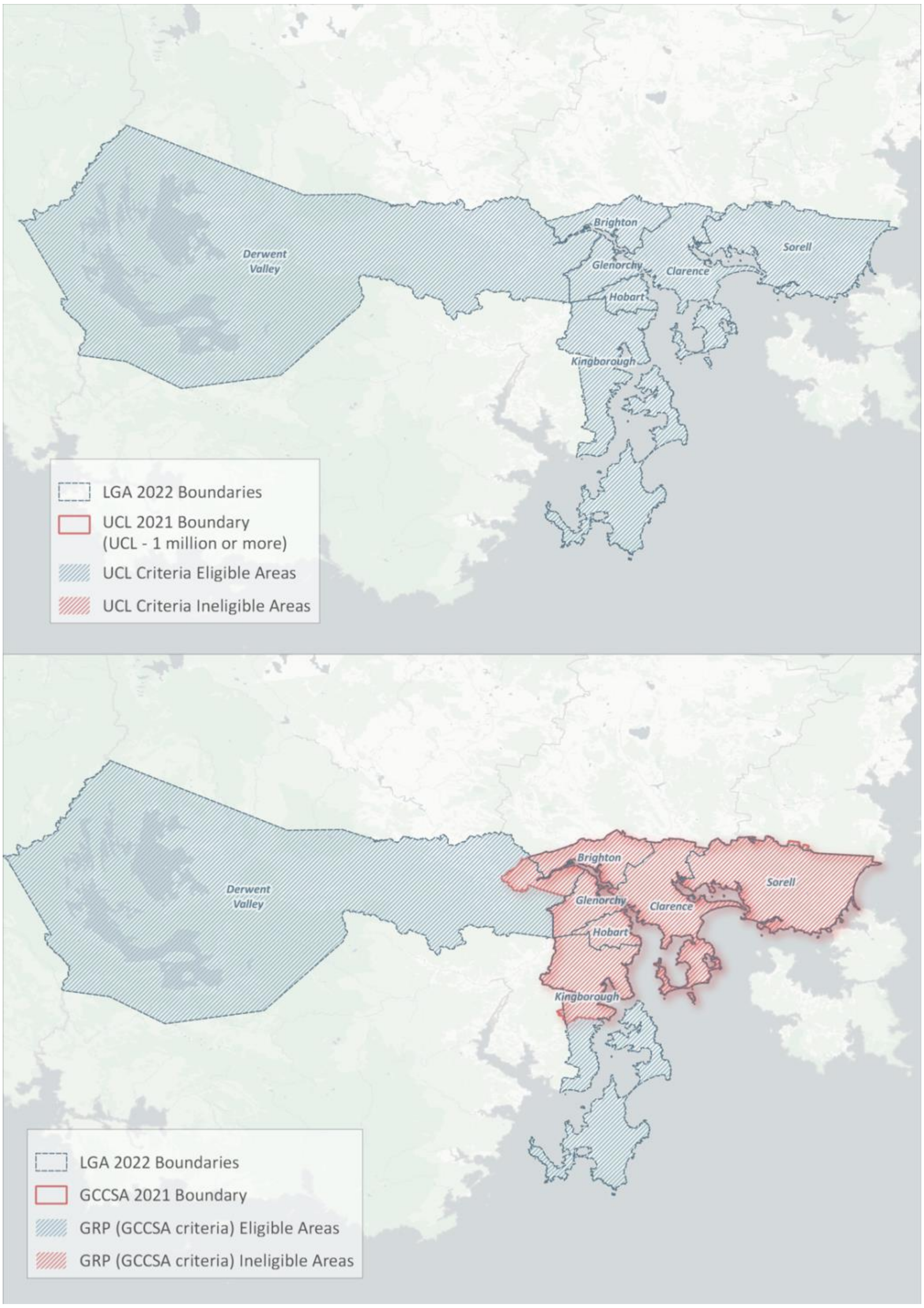

Figure 7: Change in Impact from UCL to GCCSA Criteria - Hobart
Source: Geografia 2024.

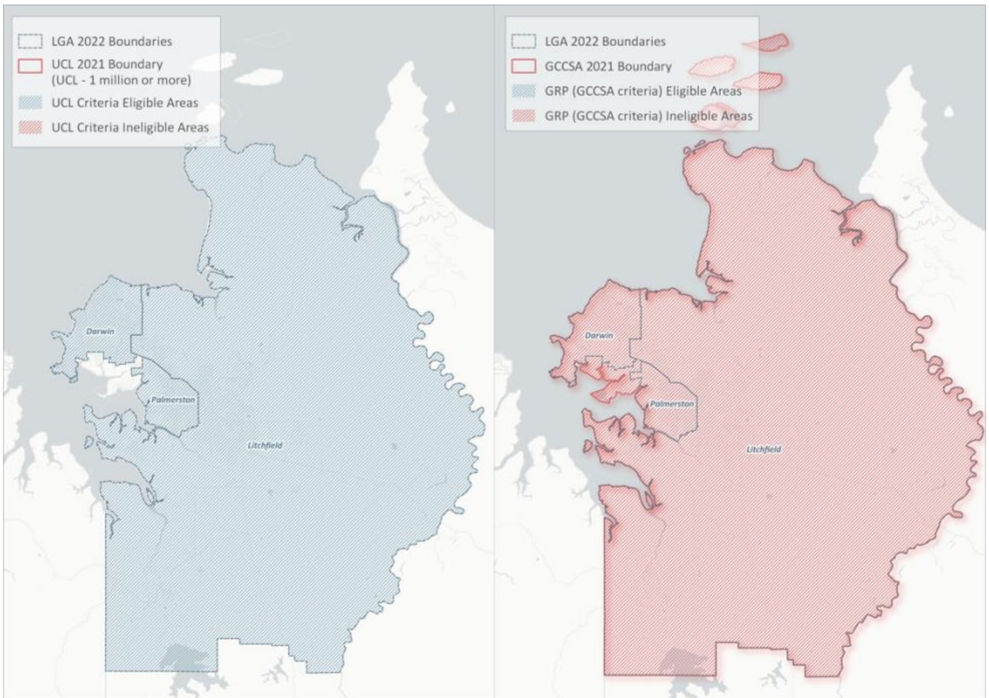

Figure 8: Change in Impact from UCL to GCCSA Criteria - Darwin
Source: Geografia 2024.

Alternative Boundary Maps for Metropolitan Melbourne

The following maps provide comparisons of areas of eligibility for the RA, SOS, SUA, RA and TR geographical criteria, assessed against the GCCSA-defined criteria for Metropolitan Melbourne. Note that Figure 1 and Figure 2 provide these comparisons for the UCL- and GCCSA-defined criteria.

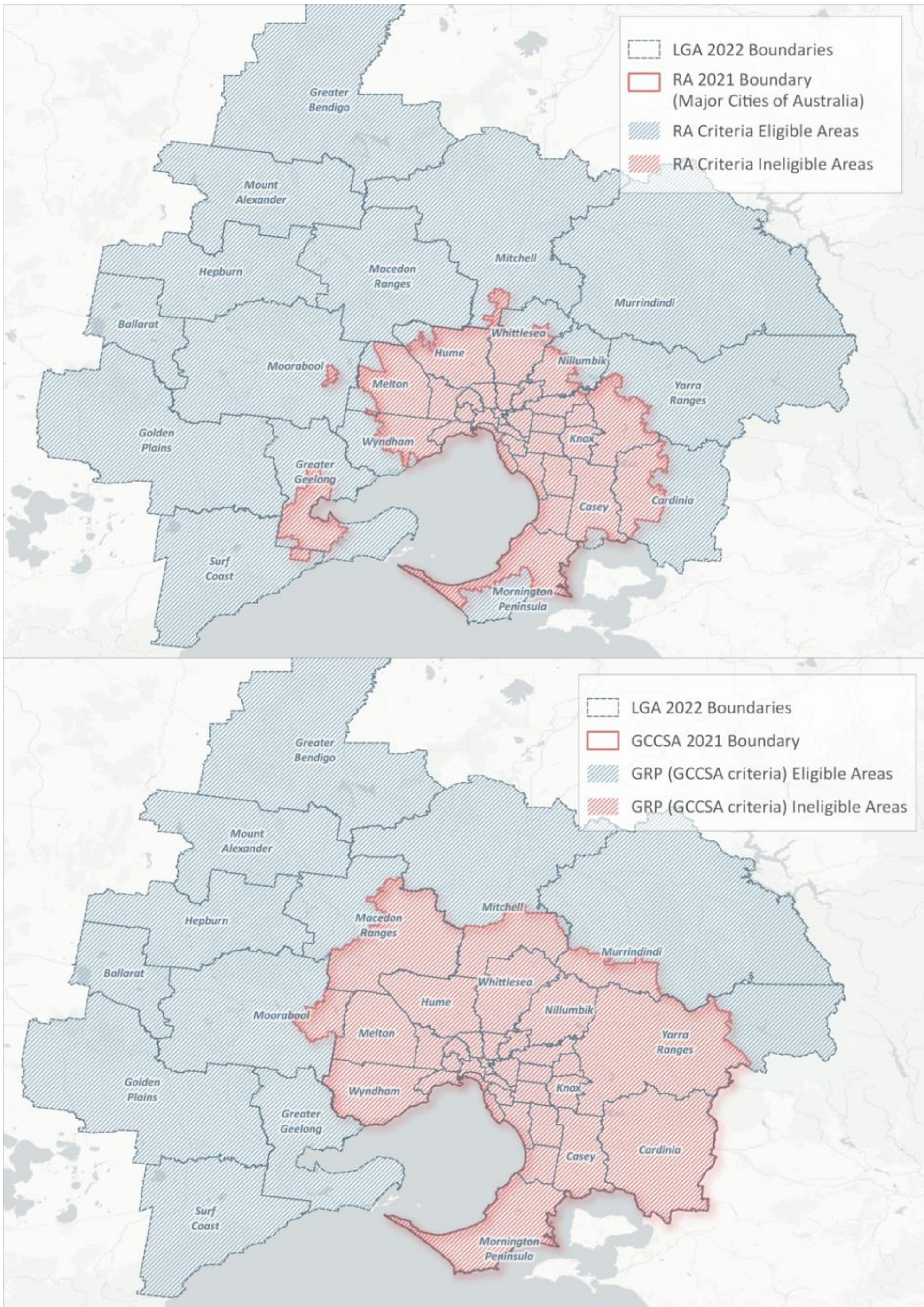

Figure 9: Comparison Map of RA and GCCSA, Metropolitan Melbourne
Source: Geografia 2024.

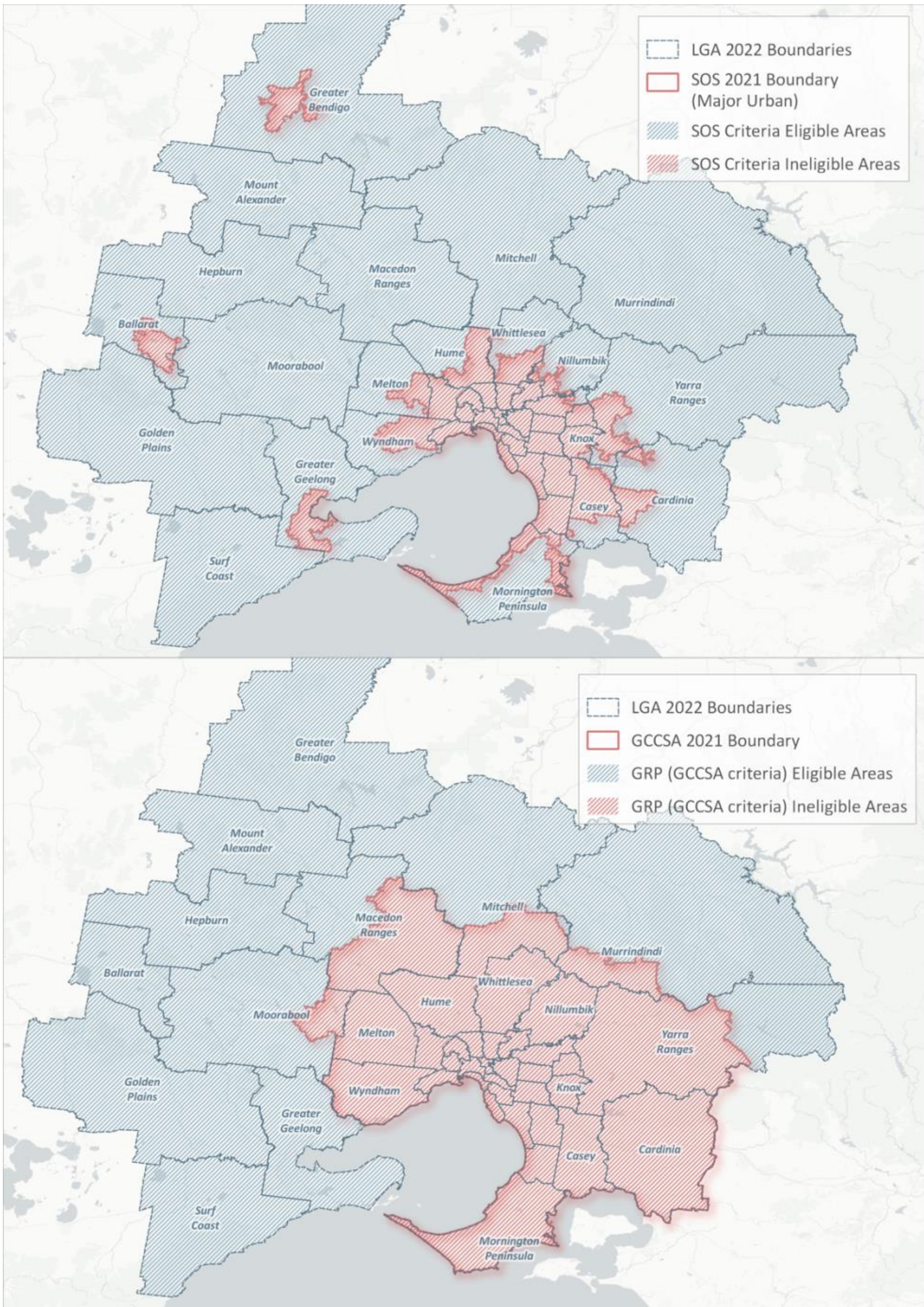

Figure 10: Comparison Map of SOS and GCCSA, Metropolitan Melbourne
Source: Geografia 2024.

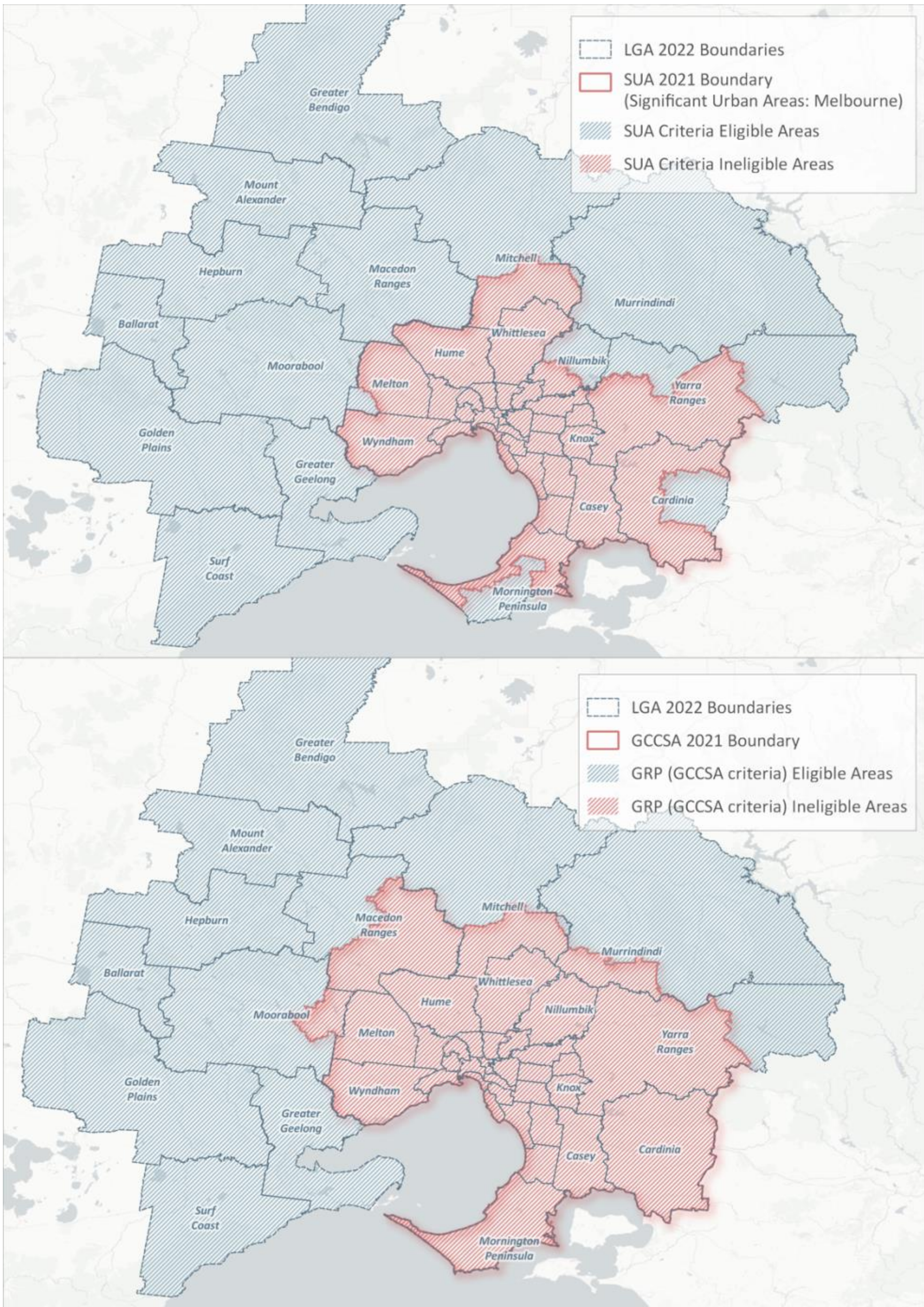

Figure 11: Comparison Map of SUA and GCCSA, Metropolitan Melbourne
Source: Geografia 2024.

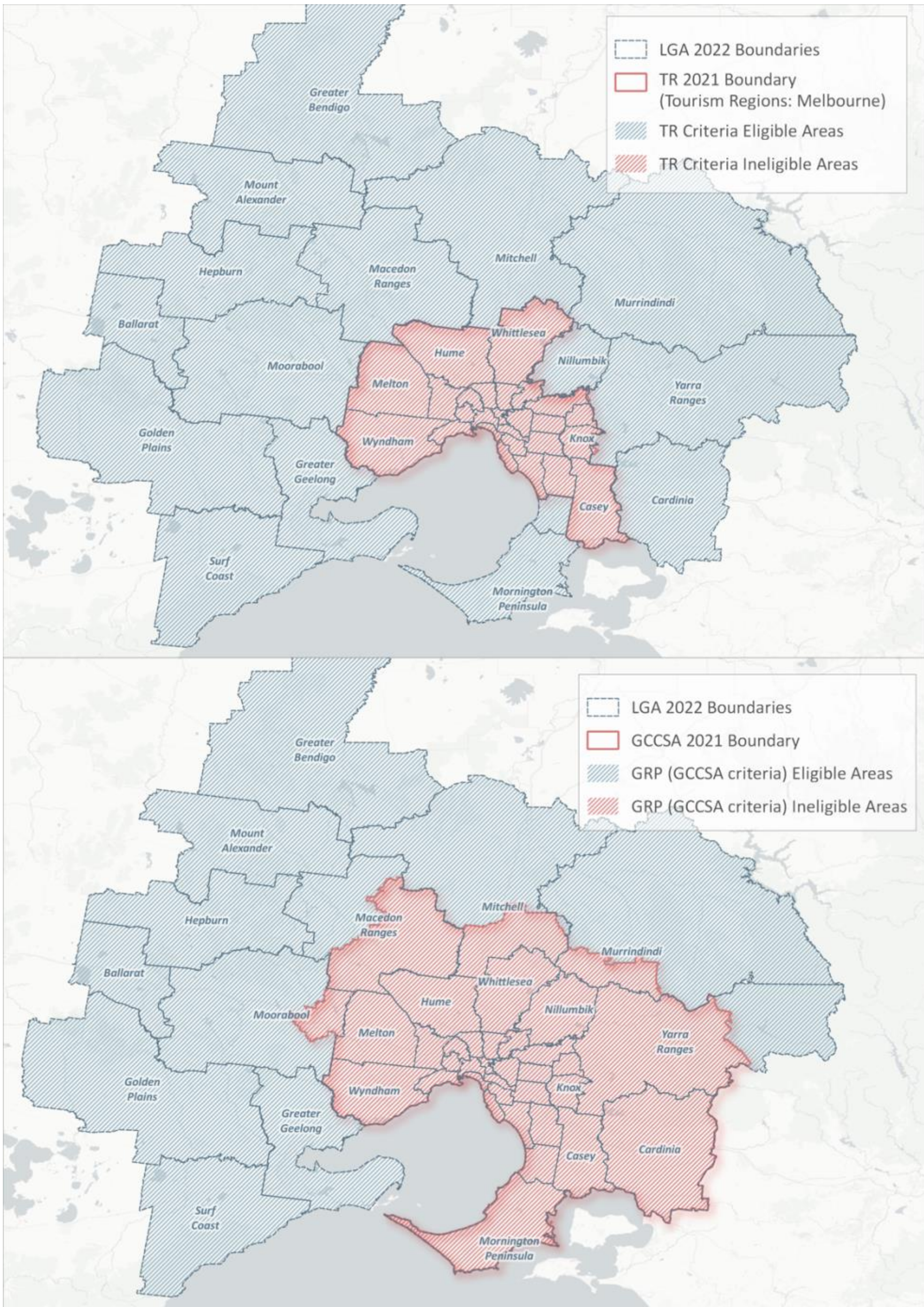

Figure 12: Comparison Map of TR and GCCSA, Metropolitan Melbourne
Source: Geografia 2024.