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REBUILDING REGIONAL AUSTRALIA

The Case of the Capital Region

**STATEMENT BY THE PRIME MINISTER
AND THE MINISTER FOR SPORT,
TERRITORIES & LOCAL GOVERNMENT**

Canberra, 13 December 1996

REBUILDING REGIONAL AUSTRALIA

The Case of the Capital Region

The Liberal-National Government is committed to rebuilding regional Australia. The Government's priorities of responsible economic management, microeconomic reform, small business and families will assist regions to maximise their potential and to contribute to a prosperous Australia.

The Coalition is committed to promoting growth, supporting small and medium sized enterprises and assisting families in the Australian Capital Region, which comprises south east New South Wales and the Australian Capital Territory.

The Coalition has identified three broad aspects of the region where it can, and will, provide strong and active support.

First, Canberra, as Australia's national capital, is the home of many of the institutions that define our national identity.

Second, it is the seat of government and centre of national administration which provides opportunities for business in the region to provide goods and services to departments and agencies.

Third, the Australian Capital Region is a centre of primary and tertiary production and it contains a major transport node which links the region with many other parts of Australia.

The region's competitive strengths include its active business community, its centres of higher learning and research, its well educated workforce, its proximity to the nation's centre of administration, its clean environment, its culturally diverse population and the quality of its rural production.

A Region in Transition

When the Coalition came to power in March this year our first task was to redress the spending and debt excesses of the former Labor government. We inherited a legacy of continuing high unemployment and low national savings. We have had to turn around the 1995-96 underlying deficit of \$10.3 billion.

We had to stop the rising tide of government debt. Commonwealth debt on issue has risen, in the last five years alone, from \$43 billion in June 1991 to a massive \$110 billion in June 1996. Stopping the debt spiral and restoring sound economic management has required some hard decisions, but decisions that could no longer be avoided. Our strong and fair budget aimed to reduce the underlying budget deficit by around \$7.2 billion over the next two years.

Fiscal consolidation is essential to increase national savings and thereby our growth potential and employment. The Australian Capital Region will maximise the benefits of fiscal consolidation if it develops a strong and vibrant mixed economy of private and public sector employment through enterprise, self-reliance and diversity.

The Coalition Government acknowledges that its ambitious economic reform agenda has implications for economic growth and development in the Australian Capital Region. Although the region is home to nearly half a million Australians, its growth rate has decreased significantly this decade, and now stands at around one percent per annum. Although some local government areas such as Queanbeyan and Eurobodalla are growing more strongly, we recognise that the generally low rate of growth is having an adverse effect on many businesses in the region.

The rate of unemployment is particularly high in Eurobodalla but it is also a major concern in Bega Valley, Snowy River, Young and elsewhere in the region. Timber mills have closed in Eden and Moruya, as have bank branches in many of the region's towns. Unless corrective measures are taken, this is likely to continue into the medium term.

The public sector will remain a substantial employer in the region as well as a purchaser of goods and services from the local private sector. The focus of regional activity and growth must, however, progressively shift to the private sector. The Australian Capital Region must be repositioned to take advantage of the opportunities which are emerging within new sectors of the Australian economy and the Asia-Pacific region.

The region already has a strong and active business sector. Canberra's private sector exceeded that of the public sector in 1989 and now accounts for 52 % of total employment. The expansion of the private sector in the region provides a sound base for future growth in servicing the needs of government. It is also a solid platform for exporting goods and services and rural produce to the rest of Australia and to the Asia Pacific Region.

The Government will play its part in encouraging growth and the recent budget will contribute towards this end. Many of our policies will directly benefit the region. For example, the high proportion of young families in the Region will benefit from the Government's budget initiative which provides a \$1 billion tax break for families. Approximately ninety percent of the region's businesses employ less than twenty people. Small businesses will benefit from the \$180 million per annum reduction in provisional tax, the provision of capital gains tax rollover relief for small business with assets up to \$5 million and from our commitment to do away with unnecessary regulation and other bureaucratic imposts.

The report of the Small Business Deregulation Task Force, which was chaired by Charlie Bell of McDonald's, recently reported on ways to reduce the burden of red tape on small business. It has made 62 recommendations covering tax, regulatory compliance and related issues. We will be responding positively to the report by mid February of next year.

Reduced interest rates benefit families and small businesses alike, and provide powerful incentives to invest and to create more employment. Since March, official interest rates have been reduced three times, reflecting progress in locking in low inflation and the fiscal consolidation strategy.

The Government also expects the ACT and NSW Governments and regional local governments to be competitive, to minimise their taxes on industry and the community, to ensure that their services are efficient and keenly priced and that they impose the minimum of regulation and red tape on businesses.

The Nation's Capital

At the heart of the region is the nation's capital. Canberra has achieved its national and international standing as Australia's capital largely through the foresight and commitment of Prime Minister Sir Robert Menzies. His government established the National Capital Development Commission and transferred many departments from Melbourne to Canberra. The Menzies Government was instrumental in establishing such national institutions as the Australian War Memorial and the Defence headquarters at Russell. Lake Burley Griffin was developed during his time and the Australian National University was a major beneficiary of his government.

More recently, Malcolm Fraser's government added to the cultural and heritage infrastructure of the nation by commencing the New Parliament House competition, the Australian Institute of Sport, the Australian Defence Force Academy, the High Court of Australia and the National Gallery of Australia.

There is now a substantial investment in national institutions of culture, heritage and learning in Canberra. Already, over 1.3 million visitors come to Parliament House each year, over 800,000 visit the Australian War Memorial and nearly half a million come to each of the National Gallery of Australia and Telstra Tower on Black Mountain.

The Commonwealth Government, through the National Capital Authority (NCA), has an integral role in the planning and development of Canberra as Australia's National Capital.

In addition to its significant responsibilities in the preparation and administration of the National Capital Plan, the NCA has important capital works and asset management responsibilities for areas of national significance - principally the Central National Area which includes Lake Burley Griffin, national parklands and the Parliamentary Triangle.

Only this week, Territories Minister Warwick Smith announced the appointment of Air Marshal David Evans as the new chairman of the NCA. Air Marshal Evans is a long term resident of Canberra, whose leadership qualities will be of great assistance to the NCA in its future activities.

A recent study of Australian's views about their National Capital delivered a very strong message that people are willing to attend events and activities that reflect our national identity. They also value the ideals of the National Capital, quality national precincts and national institutions.

In response we have broadened the responsibilities of the former National Capital Planning Authority which we have renamed the NCA to provide for a greater focus on strategic development and raising the awareness of the nation's capital. A priority of the Government is to ensure that the marketing and promotion of the national institutions, culture and heritage are properly co-ordinated.

Equally, the Government is committed to ensuring that the newly structured NCA and other Commonwealth authorities work closely with the ACT and regional local governments and the tourist industry to develop an annual calendar of events that has a broad-based appeal to the Australian community and to international tourists. The Federal Government stands behind a focussed and practical tourist development strategy.

In the financial circumstances which the Government inherited from Labor, there is limited capacity to undertake new building programs. However, within the resources available, the refurbishment of Old Parliament House is continuing and there is funding for refurbishment of the Australian War Memorial and an extension for the National Gallery of Australia.

Consideration will be given to ways in which the parliamentary zone foreshore area can be enlivened and enriched to reinforce the national institutions already present and to provide a community focal point for national innovation and enterprise events.

Funding has been provided for site and scoping studies for the National Museum of Australia including the Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS) and the Government appointed leading Canberra businessman, Mr Jim Service, as the new Chairman. The Board has now completed its studies. I am delighted to announce that the Commonwealth accepts the committee's recommendation that the Museum will be located on the Acton Peninsula. Funding details will be announced in the 1997-98 budget context. As a downpayment on further work, the Commonwealth will allocate \$750,000 for a development brief to commence in January 1997.

We are also continuing the refurbishment of the Old Parliament House and the Australian War Memorial as well as an extension for the National Gallery.

We must maintain our efforts to make Canberra and the region even more attractive for Australian families to visit. The museum will add an important new element to their appreciation of their country's culture and heritage.

These initiatives will increase economic activity during their construction and operating phases and will also have a wider multiplier effect through the increase in interstate and international tourism.

The Seat of Government and National Administration

Canberra plays a significant role in Australian life as the seat of government and the centre of national administration. It is an important meeting place for Parliamentarians, public servants, and the many national associations that represent the interests of businesses, and community groups.

The Government is committed to reducing the cost of administration and to purchasing from the most efficient providers of effective goods and services. These policies improve the effectiveness of service delivery and will provide strong incentives for employment growth in the private sector.

The region's business community has the capacity and drive to undertake the necessary transition from a public service centre to a broad based region of growth. The Coalition will be providing many of the opportunities. The Minister for Administrative Services estimates that in his portfolio alone, there will be up to 2,500 jobs created in the private sector to largely offset any job losses stemming from the 1996 Budget.

Reforms within the Department of Administrative Services, particularly the outsourcing of commercial activities, will greatly expand opportunities for the private sector to compete for Government business.

I understand that the Canberra business community has expressed some concern that the packaging of these outsourcing tenders will effectively freeze out small business.

This Government is strongly committed to increasing opportunities for the private sector and our outsourcing programme reflects our commitment to both large and small to medium enterprises.

When we examine how best to manage our outsourcing programme, it is clear that our highest priority will be to maximise both efficiency and savings for the Commonwealth.

On occasion, this may lead to the packaging of tenders in large bundles more suited to the capacity of large business. The small business sector should not, however, feel overlooked, for such contracts include a wealth of subcontracting opportunities ideally tailored to that sector.

Nevertheless, the Government has heard your concerns and I will ensure that all outsourcing proposals are closely examined with a view to maximising opportunities for small to medium enterprises.

As a first step, just yesterday, a roundtable discussion took place between the Canberra business community and government officials in relation to outsourcing. It was agreed that the business community would be consulted in the preparation and development of outsourcing guidelines.

The Government has also reaffirmed its commitment to Canberra's role as the centre of national administration through the continuation of the major Defence and Australian Geological Survey Organisation projects and through the development of a new headquarters for the Patents Office. Other national administration projects will be considered in future budgets according to their relative priority and the prevailing fiscal outlook.

The Capital Region - a Centre of Economic Growth

The Commonwealth's economic reform agenda will assist regions to maximise their potential. Equally, renewed growth in regional Australia will contribute significantly to national micro-economic reform and will reduce pressure on infrastructure in Sydney and Melbourne. The Government recognises the role that the Australian Capital Region can play in this regard.

The region is already undertaking the transition from a heavy reliance on the public service to becoming an important economic and transport centre. Canberra provides high order commerce and other services for the entire south east of NSW, but further reductions in transport costs will directly benefit primary producers and other businesses in the region. The region is also well placed to take some of the pressure off Sydney's airport and arterial roads through improved rail services and providing direct air access to the Asia Pacific Region.

Very Fast Train

The initiative of the private sector to propose the funding and operation of a high speed rail service between Sydney and Canberra is a major demonstration of confidence in this region and in the nation. The Coalition believes that a viable very fast train project, with its potential to extend to Melbourne, Brisbane and Adelaide, could potentially have a major impact on the nation as a whole.

If the project's viability is established, it will result in a substantial investment of private sector funds. It would generate major new construction and operational employment and markedly reduce travel times and costs for both the business sector and the community in the Australian Capital Region. It could potentially remove more than five percent of the current load on Sydney Airport and reduce vehicle traffic on Sydney's arterial road system. The environmental benefits are of a similar scale.

As I announced on 4 December 1996 the Commonwealth Government has decided to proceed with a joint Commonwealth/New South Wales/ACT approach to the investigation of options to provide a commercially viable high speed train service.

We will establish a competitive tender process and seek expressions of interest from interested parties. The Commonwealth will participate in a joint project control group with New South Wales and the ACT to oversight the tender process.

For twenty years, governments have been closing outdated railways. The Coalition welcomes private sector interest in the construction of new, efficient and competitive rail systems that can make a significant contribution to competition in the transport sector and to national economic reform.

Canberra Airport

Through Canberra's airport, the region now has direct access to many cities in Australia, with benefits for regional economic efficiency and reduced congestion at Sydney Airport.

The ACT and regional local governments and industries have the challenge to generate a demand for charter and scheduled international air services that will, by their very nature, establish the viability of a Canberra International Airport. The Commonwealth will actively play its part through marketing the region's attractions to the Asia Pacific Region and New Zealand. This includes the many world class exhibitions at the National Gallery of Australia and events at the Australian War Memorial, the National Science and Technology Centre, the National Library of Australia and elsewhere.

Direct overseas exports of rural produce from the Australian Capital Region will also generate additional local employment growth. The region is an extremely efficient centre of agriculture and has an extremely clean environment. Such initiatives are integral to the Supermarket to Asia Strategy which I announced recently.

The demand for international travel by the growing service sector and higher education and research institutions in the region will also contribute passenger and freight loads to a Canberra International Airport and would reduce the number of movements through Sydney Airport. Indeed, if the Canberra-Sydney high speed train eventuates, Canberra Airport could occasionally take pressure off Sydney Airport.

For our part, the Government undertakes that services such as customs will be available as and when required to support international services.

As a tangible demonstration of our commitment, the Minister for Transport and Regional Development recently announced that the Federal Airports Corporation will undertake a feasibility study on the upgrade of the airport to handle international flights. This study is now underway.

The Federal and Barton Highways

Improvements to the Australian Capital Region's road infrastructure will enhance the growth of local industry and improve road safety. Increased accessibility within the region will build on the benefits of improved rail and airport facilities. It will encourage the establishment of important economic activity such as wholesale markets for the region's produce and major freight distribution complexes, adding to those already at Goulburn.

The Commonwealth is already investing heavily in the completion of the dual carriageway for the Federal Highway. The project is targetted for completion in 1998/9.

The Government recognises that an upgrading of the Barton Highway to a dual carriageway will greatly increase access to the major producer areas that form part of a wide sweep to the north of Yass. Planning studies for some sections are already underway as part of that upgrade.

Liaison with the Community

The Coalition has a policy of actively liaising with local communities. In a positive demonstration of this commitment, I have established a forum in which the Commonwealth Government is liaising regularly with the Canberra business community and the ACT Government. The Forum is chaired by the Minister for Territories, the Hon Warwick Smith and the Forum has met twice. The Forum has been briefed by representatives from the offices of the Minister for Transport, the Minister for Communication and the Arts and the Minister for Administrative Services. The prime objective of this very high level group is the promotion of private sector job growth in the region.

At the local level, bodies such as the Australian Capital Region Development Council, the Canberra Business Council and the Regional Leaders Forum are also actively promoting regional growth.

Pulp and Paper Mill

One major opportunity for the region is the development of a pulp and paper mill, drawing on the considerable and underutilised softwood pulp resources of Bombala, Tumut and the ACT. The Government stands ready to give its approval when the project meets the necessary requirements. An upgrade of the Tumut to Canberra road link would not only enhance the economics of this project but would improve regional access to the west and increase tourism potential. The new category of road funding introduced in the last budget "Roads of National Importance" enables the Federal Government to fund such projects.

Bombala Bridges

The Forum is also being briefed on the benefits of upgrading the bridges near Bombala. This would allow B_Double heavy transport vehicles to operate between Gippsland and the Australian Capital Region and beyond. A further important initiative is the three stage feasibility study into a multi-purpose export wharf in the Eden area. Such a facility would considerably enhance the opportunity to process and export the region's softwood timber and other resources.

Other Regional Opportunities

In another regional initiative near Goulburn, the Bredalbane Industry Park feasibility study is examining the potential for increasing the value of regional primary production by co-locating industries with specific environmental management needs on the one site.

Canberra, as the region's commercial and administrative centre, is the natural location for a number of government regional offices. However, there has been a trend in recent years for some of these offices to be closed down or scaled back and relocated to other centres outside of the region. I have asked my Ministers to ensure that any such future rationalisation of central or regional offices is properly assessed in the light of administrative efficiency and the Government's regional policies. Discussions will be held with relevant groups as each proposal is considered.

I would also like to extend an invitation to the Canberra Business Council to co-ordinate a submission, on behalf of the Australian Capital Region business community, to the Government on its budgetary policies and priorities as part of the annual Budget process.

The region has already developed a recognised reputation for its research and higher learning. It is home to four significant Universities, many Divisions of the CSIRO, and the Canberra Institute of Technology. A number of private companies are also heavily involved in research and development. The region stands to benefit further from the Government's increased investment in higher education research infrastructure, joint industry-university research and increased post-graduate scholarships, as well as from the major increase in base funding for the CSIRO.

Canberra is also a centre for sporting excellence through the Australian Institute of Sport which attracts top overseas athletes and provides world-class competition and facilities for local athletes.

Conclusion

The Australian Capital Region is a region in transition. The region's business community is well placed to take on many of the roles previously performed by government.

The Liberal-National Government is committed to enhancing the promotion of Canberra as the nation's capital. The Government will also encourage the many exciting opportunities that will markedly upgrade the region's transport and communication infrastructure and development projects. The region can expand its growing transport hub in Canberra to provide a first class link between the region and the rest of Australia and Asia Pacific. It will also have a significant benefit on Sydney infrastructure.

The Government is committed to rebuilding Australia, to pursuing economic reform and to assisting families. The Australian Capital Region is an important part of the Government's vision for a prosperous nation. I believe that our policies will see Canberra and the region emerge as a more vibrant and diverse reflection of Australia while remaining a focus of national pride and achievement.