



**The Victorian Nationals Plan for
Regional Development:
Growing Country Victoria**

Policy Paper – 2006

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THE NATIONALS' KEY INITIATIVES

Energy and Infrastructure

- Establish a Country First Fund to deliver \$1.5 billion of infrastructure programs to country Victoria over four years. As part of this program we will:
 - Allocate \$100 million over four years to assist the upgrade of power supplies to small rural businesses or bring power to new facilities required to expand existing operations.
 - Provide \$100 million over four years to rural local government to address backlogs in road and bridge infrastructure. This is in addition to the provision of a share of GST revenue to councils.
 - Provide \$500 million to address the accumulated backlog of maintenance and repairs on public assets across rural and regional Victoria.
- Require Government vehicle fleet to use 10% ethanol fuel, promoting the development of a biofuels industry in Victoria.

Business Development

- Reduce payroll tax for rural and regional businesses by 20%. The previous exemption of wages paid to apprentices and trainees from payroll tax will be re-introduced.
- Reduce red tape by 25% within the first four-year term of government. A minister within the cabinet will be appointed with specific responsibility to ensure this commitment is delivered.

Land Tax and Stamp Duty

- Ensure land tax rates are maintained at equitable levels and increase the tax free threshold to \$250,000. Maintain the land tax exemption for principal residence and farm land.
- Eliminate stamp duty for first home buyers in country Victoria for homes valued up to \$500,000.
- Abolish stamp duty on all purchases of farm land by farmers under the age of 35.

Small towns

- As part of the Country First Fund provide \$100 million over four years for small town sewerage systems.
- Assist councils improve community halls and community centres in country areas.

Housing

- Assist not-for-profit groups to implement a program of building and/or buying suitable rental accommodation in country towns targeted at young people and families moving to the country to take up employment.

Sporting, recreation and cultural facilities

- Allocate 30% of the Community Support Fund specifically to improving community-based arts, recreational and sporting facilities.

Tourism

- Provide additional \$10 million to promote country tourism. A calendar of major Victorian country events will be the centrepiece of this campaign.

THE NATIONALS' APPROACH

The Nationals are committed to supporting economic and social development and employment growth in country Victoria. Our approach to regional development is based on a number of principles:

- If country businesses are successful, country Victoria will grow and prosper. The Nationals will create an economic climate which supports country businesses, particularly small businesses.
- Agriculture, food processing, mining, forestry, retailing, manufacturing and tourism are the mainstay industries in country Victoria. The Nationals will place a priority on ensuring the continuing growth in these key industries. We will also support the establishment of new knowledge-based industries in country Victoria.
- Efficient transport, water and electricity infrastructure is critically important to growth. The Nationals will prioritise investment in infrastructure servicing regional Victoria.
- The Nationals will make country Victoria an even more attractive place to live. We will do this by implementing these principles and by improving health, sporting, educational and cultural facilities in country Victoria.

The Nationals represent the interests of one of the most important groups in the State of Victoria - the 25% of Victorians who live outside Melbourne. Our plan for the development of rural and regional Victoria will enable country people to realise their aspirations in a manner and by a means currently not available to them. Our policies will make doing business, living and working in country Victoria an attractive alternative for more Victorians.

Energy and infrastructure

The Nationals plan a substantial increase in investment in regional infrastructure. \$1.5 billion will be set aside over four years for a specific Country First Fund. Two-thirds of this fund will be allocated to new infrastructure investment and one-third to addressing the backlog in repair and maintenance of public assets in regional areas.

The specific intention of the new investment program is to develop those areas of rural and regional Victoria where we have a clear competitive edge, with particular focus on business development, jobs growth and community enhancement.

As part of the Country First Fund the Nationals will allocate \$100 million over four years to help small rural businesses expanding their operations to upgrade power supplies or bring power to new facilities. The Government has provided assistance to dairy farmers to upgrade so called SWER (or single wire earth return) lines but The Nationals will extend this program to assist all growing small businesses to upgrade power supplies and not limit the program to only upgrading SWER lines.

\$100 million will be allocated to rural bridges and roads. This is in addition to \$120 million in funding over four years to rural local government to address backlogs in road and bridge infrastructure coming from The Nationals' commitment to allocate at least 1% (growing to 3%) of the State's GST revenue to local government. (Refer to The Nationals' Local Government Policy).

In addition to the above the new investment component of the Fund will be applied in the following ways:

- \$150 million for natural gas extension.
- \$100 million for small towns sewerage schemes.
- \$150 million for water savings initiatives.
- \$100 million for water and waste water projects.
- \$100 million for rail upgrades.
- \$200 million for general programs.

The Nationals are very conscious of the deterioration of public infrastructure assets across regional Victoria under the Bracks Government and as part of the Country First Fund will allocate \$500 million over four years to a regional public asset renewal and maintenance program. This program will be specifically aimed at addressing the maintenance backlog.

Government data shows one in five piers and jetties have a life expectancy of less than 5 years. Railway stations and other public buildings across rural Victoria are in poor condition and more often than not they are dirty, covered with graffiti and in desperate need of a coat of paint. The Nationals will reverse Melbourne Labor's neglect of the community's assets.

Funds from this program will be available for repair and maintenance of both state and local government assets. All government instrumentalities will be required to implement a comprehensive asset maintenance program to ensure public buildings and other government assets are properly and efficiently maintained.

The Nationals will also:

- Promote the development of a biofuels industry in Victoria. The Nationals' proposal (part of our Environment Policy) requires all government vehicles to use 10% ethanol fuel, and this will kick start the development of this industry in Victoria.
- Support the placement and expansion of tertiary education facilities in regional Victoria, including additional medical schools. (Refer to the Nationals' Health Policy).
- Halve the cost of country rail travel so that it is affordable for country families to travel to and from Melbourne from centres like Swan Hill, Horsham, Warrnambool and Bairnsdale. Reducing the cost of rail travel will also boost country tourism making it more affordable for Melbourne people to travel to the country to holiday, visit family and friends or attend sporting and cultural events. (Refer to the Nationals' Transport Policy).

Business Development

The Nationals will create an economic environment in which large and small businesses can prosper by:

- Establishing a cabinet subcommittee of three Ministers with special responsibility for co-ordinating service delivery and promoting economic growth in country Victoria. Each subcommittee member will have special responsibility for a region based on the North, East and West Upper House regions.
- Reducing the burden of payroll tax for country businesses. A 20% payroll tax differential will be established between metropolitan and country-based businesses so that there is an incentive for companies, large and small, to relocate to country Victoria. Under this approach payroll tax in regional areas will be 4.12% compared to the metropolitan rate of 5.15%. Economic modelling commissioned by

The Nationals indicates this policy will lead to the creation of approximately 10,000 jobs in regional Victoria. For the purpose of this scheme regional Victoria will be defined as the 48 councils eligible for grants from the Regional Infrastructure Development Fund. Detailed eligibility criteria will be developed by the State Revenue Office. This initiative is estimated to cost \$140 million a year.

- Cutting the regulatory burden on business by 25% within four years. Victoria has more than 70 regulatory authorities administering 22,791 pages of legislation and 7,744 pages of regulations. Under Labor, the regulatory burden on individuals and businesses increases year by year¹. Under The Nationals' *Red Tape Buster* initiative this burden will be slashed. A Minister will be appointed by The Nationals with direct responsibility for delivering on this promise.
- Ensuring that WorkCover remains financially viable and that premiums are kept at or near the lowest in the nation. The Nationals will amend the WorkCover system so that payments for injured workers include the cost of superannuation. Currently, premiums are calculated on total salaries inclusive of superannuation but payments to injured employees do not include the cost of superannuation which must be borne directly by employers.
- Ensuring that planning applications for investments by industry are fast tracked and not held to ransom by unreasonable environmental inquiries. There is a serious shortage of skilled planners in rural local government. In conjunction with local government, the Nationals will establish a program to encourage graduate planners to seek employment with regional councils.
- Developing effective systems of communication between small business and the education sector to encourage student exposure to the work environment at the earliest possible time in their career path. The Nationals will encourage representatives from the business sector to regularly visit secondary schools.
- Giving high priority to infrastructure investment in road and rail, water supply and waste water treatment.

Land Tax and Stamp Duty

- The Nationals will reduce the onerous burden of land tax. The tax-free threshold for land tax will be increased from \$199,000 to \$250,000. Unlike Labor, The Nationals will not use land tax as a milking cow. We will regularly review the land tax rate schedule in the light of increases in general property values. The Nationals will also abolish the land tax trust surcharge for land held in legitimate family trusts. We will also maintain the land tax exemption for the primary place of residence and farm land.
- The Nationals will exempt first homeowners in county Victoria from stamp duty on properties valued up to \$500,000. This will result in very substantial savings for young families buying their first home in country Victoria. For example, the savings on the purchase of a home valued at \$200,000 is \$7,660. This policy will encourage young families to seriously consider buying their first home in country Victoria.
- The existing family-farm stamp duty exemption will be extended by abolishing all stamp duty on the purchase of agricultural land by farmers under 35. Family farms frequently purchase additional land when young adult children return home or when a son or daughter partner in the business start a family of their own. Punitive rates of stamp duty constitute a major impediment to this farm adjustment process².

¹ Melbourne Labor launched an initiative in the 2006/07 Budget to reduce red tape by 15% over three years. The Labor Government has made grandparents get a permit to employ their grandchildren and cannot be trusted to deliver on its promise to cut the regulatory burden.

² The stamp duty payable on a \$750,000 purchase of additional land is \$40,660.

Abolishing the stamp duty on farmland purchases by family members under 35, will provide meaningful assistance to farming families when they need it most. This policy will also assist the orderly transfer of farm assets from one generation to the next.

Small Towns

Small towns are the heart and soul of country Victoria. While our services, entertainment and infrastructure are increasingly located in larger rural towns and cities, small towns provide the crucial social and economic links between farming and lifestyle communities and the larger population centres. Without small towns, life on the land in more isolated parts of the state would be untenable.

The Nationals will:

- As part of the Country First Fund allocate \$100 million over four years for small town sewerage systems.
- Provide grants of up to \$15,000 to assist with the organisation and promotion of major festivals and events in small towns.
- Assist councils to improve community halls and community centres in country areas. Over four years, \$20 million will be provided to this program as part of The National's commitment to provide at least 1% (growing to 3%) of the State's GST revenue to local government.

Housing Support

One of the problems rural communities face in attracting people to fill skill shortages is the lack of appropriate rental accommodation. Doctors, nurses, teachers, engineers, skilled tradespeople and others are reluctant to accept a position in a country town if they cannot get decent rental accommodation. Often they don't want to buy a home until they are confident they are suited to the job and a rural lifestyle. The Nationals will assist not-for-profit groups to implement a program of building and/or buying suitable rental accommodation in country towns targeted at young people and families moving to the country to take up employment.

- The program will target singles and families moving to the country to fill recognised skill shortages.
- Tenants would be charged commercial rents.
- Leases will normally be for up to three years. After three years, tenants will be expected to find alternative accommodation or they will have the option to buy the property at commercial valuation.

Sporting, Recreation and Cultural Facilities

The Nationals place a high priority on improving sporting, cultural and recreational facilities across country Victoria. Thirty per cent (about \$40 million a year) of the Community Support Fund will be committed to improving community based sporting and recreational facilities.

Recreational and sporting facilities are important for regional development. Sporting and recreation clubs are the glue that holds many small country communities together. Young people and families will not be attracted to small communities if the available recreational facilities are not comparable to those in Melbourne.

The Nationals will ensure Melbourne-based arts companies like the Melbourne Symphony Orchestra, The Australian Ballet and Melbourne Theatre Company are financially supported but this support will be conditional on them undertaking to deliver performances in regional venues.

Tourism

The Nationals will provide \$10 million additional funding for a promotion campaign to encourage domestic tourists to travel within Victoria and to attract interstate and international tourists to holiday in country Victoria.

A centrepiece of this program will be a calendar of country major events to attract people living in Melbourne to experience the great sporting and community festivals staged across county Victoria throughout the year. The calendar of country major events will include:

- major events, such as Warrnambool and Winton race weeks;
- country football matches including grand finals of the major country leagues;
- music and art festivals; and
- community cultural celebrations.

The Nationals will also promote the development of more wine and food tourism in regional Victoria. The Nationals' proposal to cut country rail and bus fares by 50% will complement this tourism policy. City people will be much more likely to attend country sporting events and cultural festivals if rail travel is affordable for families.

Research

The Bracks Government has focused almost all of its investment in science and R&D in Melbourne. Country Victoria is not getting a fair share of this investment. Large government science projects such as the synchrotron, Bio 21, and the Biotechnology Centre at Bundoora are exclusively Melbourne-based projects. The Nationals will ensure regional Victoria receives an appropriate share of the Government's investment in science. The development of strong research universities in regional Victoria is an important part of this strategy as is the establishment of a research institute devoted to improving our understanding of the management of native forests and bushland.

We will also enhance the Department of Primary Industries existing research centres across Victoria including developing centres of excellence in:

- Dryland agriculture based on VIDA at Horsham.
- Dairy production research based at Ellinbank and Kyabram.
- Irrigated agriculture and horticulture at Tatura and Irymple.
- Extensive grazing industries based at Hamilton in Western Victoria.

Timber Industry

The timber industry in regional Victoria has been decimated by the Bracks Government. The Nationals will strengthen the industry in regional Victoria by guaranteeing minimum quantities of available sawlogs for periods up to 20 years.

The Nationals acknowledge the significant concerns of local communities arising from plantation timber developments on previously agricultural land. We will introduce a range of measures to address these concerns including providing local government with planning powers to enable them to consider the cumulative impact of a large number of small plantation properties on their communities.

Authorised By Luke O'Sullivan, Level 7, 24 Collins Street Melbourne 3000