



Inquiry Into Federal Financial Support for State and Territory Infrastructure Projects

29 January 2026

Local people creating local opportunities

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Senate Finance and Public Administration Committees
PO Box 6100
Parliament House
Canberra ACT 2600

Via email to: fpa.sen@aph.gov.au

Dear Sir/Madam,

RE – Inquiry into federal financial support for state and territory infrastructure projects

Dear Sir/Madam,

Thank you for the opportunity to provide input to this inquiry. This submission is provided by Regional Development South Australia (RDSA), the state's peak body for regional development, with critical support from Regional Development Australia Adelaide (RDA Adelaide).

About SA RDAs, RDSA and RDA Adelaide

Whilst part of the Australian Government Regional Development Australia (RDA) network, South Australia operates a unique model in which the seven regional RDAs are funded by federal, state, and local governments. This is a highly valued and successful model that eliminates competition, maximises impact, and delivers a high return on investment for each of the three levels of government.

RDSA leads a network of seven regional RDAs and, with support from RDA Adelaide, drives economic growth and opportunity across South Australia's regions. By uniting data, policy insight, and partnerships, RDSA delivers research and advocacy to enable regional communities to thrive.

A core function of RDSA is to advocate for infrastructure and policy priorities that underpin prosperous, resilient regional communities. By providing evidence-based advice, RDSA informs government decisions and ensures regional priorities are recognised.

Coordinated infrastructure across governments, industry and communities is essential to unlock growth and investment in regional SA. Fit-for-purpose infrastructure (housing, water, energy, transport, digital) is critical for prosperity. RDSA champions regionally significant projects to support sustainable growth.

The need for equitable infrastructure investment in regional SA

This submission highlights the unique challenges regional South Australia faces in securing federal co-investment for economic-enabling infrastructure. South Australia's smaller economy and population make it difficult to compete for limited federal funding, particularly for projects in rural and remote areas.

Current fiscal constraints at both state and federal levels further limit regional SA's ability to secure funding, resulting in insufficient investment in smaller but critical projects for rural and remote communities.

While major new infrastructure projects may not be immediately feasible, there is a critical need and opportunity to fund smaller projects and support planning to ensure a pipeline of investment-ready regional initiatives.

Equitable, strategic co-investment is essential for regional SA to compete nationally and contribute to Australia's economic future.

South Australia's regional infrastructure planning landscape

Led by the South Australian State Planning Commission, the state's regional planning framework provides the tools to establish growth strategies and conduct infrastructure investigations to inform investment priorities. Each region in South Australia has a plan to guide development and fulfil the vision of the State Planning Policies. Regional plans set the direction for future planning and development of South Australia (<https://regional.plan.sa.gov.au/>).

As an integral next step in the planning process and aligned with the suite of regional plans, the SA Government has committed to developing regional infrastructure plans and regional-scale Infrastructure Schemes to ensure that catalytic infrastructure has agreed delivery timelines and funding arrangements from all relevant infrastructure providers.

Other planning processes in progress or planned, relevant to the implementation of the Regional Plans and the delivery of supporting infrastructure and growth include:

- SA Housing Roadmap
- State Development Coordination and Facilitation Bill 2025
- SA's Transport Strategy 2025
- South Australia's Public Transport Strategy

The regional SA investment pipeline: building the case for investment

Regional South Australia is central to driving the state's economic growth and competitiveness, particularly in value-added agriculture, minerals, renewable energy, and advanced manufacturing. The regions are also critical to national sovereignty and to Australia's ability to respond to emerging economic and geopolitical challenges. RDSA's evidence base—the Regional Investment Pipeline—supports the case for investment and helps governments and industry prioritise infrastructure that unlocks regional growth.

As of June 2025, the Regional Investment Pipeline tracks over \$98B in contemplated capital expenditure (public and private) across more than 1,000 regional projects, demonstrating strong investment appetite and opportunity.

RDAs are well-positioned to support the development of business cases for infrastructure investments, aligning with federal methodologies and assurance processes for project assessment and funding allocation. Both RDSA and its member RDAs possess strong local and strategic networks, as well as a deep understanding that can inform business case development, aggregate infrastructure needs to increase project viability, and foster relationships with state-level agencies to support joint advocacy for critical and catalytic projects.

RDSA Infrastructure Prioritisation 2023 – Status Update

In December 2023, RDSA released its third Infrastructure Prioritisation Report. In late 2025, RDSA released an update, annexed to the 2023 report, that summarises progress on each region's top-priority infrastructure projects ([Resources - Regional Development South Australia](#)). RDSA's 2023 Infrastructure Prioritisation Report also identified program-level challenges—such as housing, childcare, digital, and jetty infrastructure—that require cross-regional, coordinated solutions.

RDSA Regional Priorities Statement: *Strong Regions, Smart Growth*

As the peak body for regional development, RDSA is committed to shaping a bold and proactive narrative for the future of our regions. Our vision is to transform perceptions, shift mindsets, and remove barriers to unlock the full growth potential of regional South Australia.

In June 2025, RDSA released its inaugural RDSA Regional Priorities Statement, *Strong Regions, Smart Growth* ([Resources - Regional Development South Australia](#)). The statement was developed to inform and guide statewide regional advocacy, engagement, and policy development.

This landmark document calls on governments, industry, and communities to collaborate on a bold new approach to regional development across South Australia.

The statement identifies the need to address key regional infrastructure challenges that hinder regional growth. It further recognises the need to create a long-term plan to address these issues, best supporting regional sustainability and development, and to reduce the cost of doing business.

RDSA advocates for regional infrastructure plans that enable economic and population growth and supports innovative funding models, such as public-private partnerships, to deliver transformative projects.

Challenges in attracting infrastructure investment to regional SA

Many rural and remote communities struggle to access funding for small but vital projects that underpin local economies and liveability.

SA Government fiscal capacity constraints

The *Infrastructure South Australia (ISA) 2025 Capital Intentions Statement*¹ (CIS) confirms these challenges, noting that no new major infrastructure investments are proposed for 2025, reflecting significant budget constraints and the high cost of existing planned project delivery.

While the CIS prioritises planning for investment-ready projects, regional stakeholders face challenges in funding essential investigations and business cases, particularly for smaller projects. Increased support for planning is vital to unlock regional economic potential.

RDSA acknowledges that the South Australian government places substantial emphasis on regional infrastructure development.

Significant priorities identified in the 2025 CIS include:

1. Enabling infrastructure to support the Housing Roadmap (<https://www.dhud.sa.gov.au/housing-roadmap>) and growth areas – including, but not limited to, transport, health, education, water, and other essential services
2. The pending Final Investment Decision for the Northern Water project
3. AUKUS enabling infrastructure
4. Whyalla Steelworks Transformation infrastructure

Whilst these projects, upon delivery, will have significant positive outcomes for regional SA, the impact on the state budget and the diminished capacity to support projects outside the Upper Spencer Gulf and Greater Adelaide are also significant.

The CIS notes: ‘a broader trend toward prioritising high-impact, high need and financially sustainable infrastructure within constrained fiscal environments’. The CIS also references Ernst & Young’s report *Structural deficits and debt threaten Australia’s long-term fiscal sustainability*², which warns that infrastructure spending across Australia is projected to approach \$400 billion over the next four years. The report urges governments to adopt value-for-money investment principles, realistic forecasting, and structural reform to avoid unsustainable debt accumulation.

Sustained underinvestment and funding pressures threaten the sustainability and growth of regional SA, underscoring the need for continued advocacy and strategic engagement.

State and national competitive grant funds

Regional SA faces not only the challenge of having projects prioritised by the state government for advocacy for major project funding (state and federal), but also the challenge of small regional and

¹ Infrastructure South Australia (ISA) 2025 Capital Intentions Statement: <https://www.infrastructure.sa.gov.au/capital-intentions>

² Ernst & Young’s report *Structural deficits and debt threaten Australia’s long-term fiscal sustainability*: https://www.ey.com/en_au/insights/economics/fy26-state-budget-publication

remote communities, developers, businesses, and councils competing in state and national infrastructure grant rounds.

Many towns in peri-urban South Australia are experiencing high population growth, and while the state government's focus is on Greater Adelaide, infrastructure capacity development in those areas is not keeping pace with residential growth.

SA currently has no satellite cities of comparable size to those in other Australian states (we currently have no regional centres of more than 30,000 people), resulting in fewer economies of scale in service, program, and infrastructure delivery.

Our regional economies are dominated by small businesses, with many towns facing remoteness, workforce and housing shortages, and limited capacity to deliver infrastructure projects. Councils and RDAs have minimal resources for project planning and business case development, further constraining access to competitive funding.

In summary

Regional South Australia is essential to the state and nation's future economic growth, sovereign capability, and resilience. Yet the current approach to federal and state co-investment in infrastructure leaves many regional communities at a disadvantage. Major infrastructure priorities are often out of reach, while smaller, high-impact projects and strategic planning efforts struggle to secure funding.

RDSA, with the support of RDA Adelaide, provides robust data and advocacy to inform government decisions. The Regional Investment Pipeline demonstrates a strong appetite for regional investment, but realising this opportunity requires more equitable, transparent, and strategic approaches to infrastructure funding allocation. Increased investment in planning and business case development—especially for smaller projects—would unlock significant economic and social benefits statewide.

We urge the Committee to recognise the unique challenges faced by regional South Australia and to recommend reforms that prioritise both large-scale and smaller, catalytic infrastructure projects, supported by effective planning and innovative funding models. This will position South Australia's regions to drive national prosperity and resilience well into the future.

Yours sincerely,

Hon Rob Kerin

Executive Chair - Regional Development South Australia