



**SOUTHERN DOWNS
REGIONAL COUNCIL GENERAL
MEETING OF COUNCIL**

LATE AGENDA ITEMS
Wednesday, 23 August 2017

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10. EXECUTIVE

10.7 Inquiry into Regional Development and Decentralisation

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 Southern Downs REGIONAL COUNCIL	Report To: General Council Meeting	
	Reporting Officer:	Meeting Date: 23 August 2017
	Manager Economic Development & Tourism	ECM Function No/s:

Recommendation

THAT Council endorse the Submission into the Inquiry into Regional Development and Decentralisation.

Report

Submissions are being sought by the Commonwealth Government through the Regional Development and Decentralisation Committee into the same subject. It is noted that the terms of the Inquiry are as follows:

1. *This House establish a select committee, to be known as the Select Committee on Regional Development and Decentralisation, to inquire and report on the following matters:*
 - a. *best practice approaches to regional development, considering Australian and international examples, that support:*
 - i. *growing and sustaining the rural and regional population base;*
 - ii. *the benefits of economic growth and opportunity being shared right across Australia;*
 - iii. *developing the capabilities of regional Australians;*
 - iv. *growing and diversifying of the regional economic and employment base;*
 - v. *an improved quality of life for regional Australians;*
 - vi. *vibrant, more cohesive and engaged regional communities;*
 - vii. *leveraging long-term private investment; and;*
 - viii. *a place-based approach that considers local circumstances, competitive advantages and involves collective governance;*
 - b. *decentralisation of Commonwealth entities or functions, as a mechanism to increase growth and prosperity in regional areas, considering Australian and international examples, including:*
 - i. *examining the potential for decentralisation to improve governance and service delivery for all Australians, considering the administrative arrangements required for good government;*
 - ii. *identifying the characteristics of entities that would be suited to decentralisation without impacting on the ability to perform their functions;*
 - iii. *identifying the characteristics of locations suitable to support decentralised entities or functions, including consideration of infrastructure and communication connectivity requirements;*
 - iv. *considering different models of decentralisation, including:*

- *relocation of all or part of a Commonwealth entity to a regional area;*
- *decentralisation of specific positions, with individual employees telecommuting, considering any limitations to this in current Australian Public Service employment conditions and rules; and*
- *co-location of decentralised Commonwealth entities or employees in existing regionally based Commonwealth or State Government offices; and*
- *examining the family, social and community impacts of decentralising;*

c. actions of the Commonwealth that would encourage greater corporate decentralisation and what can be learned from corporate decentralisation approaches, including:

- i. considering the role of the private sector in sustainably driving employment and growth opportunities in regional areas in both existing and new industries;*
- ii. comparing the access to early stage equity and or debt finance of metropolitan and regional businesses for both start up and established businesses;*
- iii. examining access to capital for regional business, including agribusiness, manufacturing and technology;*
- iv. considering the adequacy of regional businesses access to early stage accelerators and incubators, including access to business mentors, business networks and capital (debt or equity);*
- v. considering the adequacy to support the private sector to attract and retain skilled labour to regional areas; and*
- vi. examining the extent to which employment and growth can be supported by growing existing and new industries in regional areas, leveraging strong transport and communications connectivity; and*

d. any related matters;

Southern Downs Regional Council believes that it would be appropriate for a submission to be put forward that addresses the terms of reference of this inquiry.

Most recently Council made submissions to the Federal Government through the Standing Committee on Infrastructure, Transport and Cities for an Inquiry into the Australian Government's role in the development of cities, and the Shaping South East Queensland Plan and sometime ago a further submission was made to the Federal Government's Inquiry into Regional Capitals.

Council believes that many of the issues that were raised by Council in the previous submissions remain relevant to the terms of reference of this Inquiry and wishes the content of these submissions to be considered as part of the submission to this Inquiry.

It should be noted that Council has made additional submissions to the Federal Government's Senate Finance and Public Administration References Committee inquiry into the operation, effectiveness and consequences of relocating corporate Commonwealth entities, arguing for the establishment or relocation of government Departments and Agencies to the Southern Downs Region, as well as advocating through a recent submission to the State Government for the establishment or decentralization of the of the Healthy Futures Commission in the Southern Downs Region, given issues with obesity and overweightness in rural and regional Queensland.

The Southern Downs region is a prime example of a region that can cater for the decentralisation of Government agencies. It is close to Brisbane and major air and road links, it has exceptional lifestyle advantages and once connected to the NBN will offer benchmark telecommunications infrastructure.

At present the Southern Downs Region is well served with infrastructure and can accommodate more people and businesses. Of importance at present, is the fact that the Southern Downs Region is beginning to experience a significant increase in employment and investment from new businesses and local businesses seeking to expand. Attracting a Government agency into a region

such as the Southern Downs diversifies the employment base; it creates a foundation layer of relatively well paid, stable employees that help to underpin other volatile sectors such as agriculture and tourism.

This increase in employment and investment is occurring at the same time as population growth is decreasing, with the average age of residents increasing, meaning that the Southern Downs Region will need to be proactive in attracting more people to the region. Last year the region only grew by 117 people, with growth in the previous year being just over 30 people.

Budget Implications

Nil

Policy Consideration

Southern Downs Community Plan

Community Engagement

Southern Downs Regional Council is responding to a Commonwealth Government Inquiry

Legislation/Local Law

Nil

Options

1. Endorse the submission to the Inquiry into Regional Development and Decentralisation
2. Not endorse the submission to the Inquiry into Regional Development and Decentralisation

Attachments

1. Draft Submission [View](#)

Submission to Inquiry into the Australian Government's Role in Regional Development and Decentralisation

The Southern Downs Regional Council is pleased to submit to the inquiry into Regional Development and Decentralisation. Council is a strong advocate for decentralisation of State and Commonwealth agencies, in part or as a whole. The Southern Downs Region of Queensland is an ideal location for government agencies and this submission will provide examples of the advantages for relocation to the Southern Downs.

The Southern Downs is a Local Government in the south of Queensland. It is two hours from Brisbane and one hour from Toowoomba. It has a population of 36,000. The Southern Downs does have compelling advantages, which the Council is promoting: it is very affordable, it is on three major highways and it is very close to Brisbane.

There are a number of towns, cities and regions similar to the Southern Downs, in that they are affordable communities close to major centres; they are also experiencing ageing populations and slow growth. These communities are ideal locations to support government agencies and this submission will address some of the reasons why and attempt to answer some of the points in the terms of reference.

Best Practice Approaches to Regional Development

Centralisation and decentralisation of government agencies tends to be cyclical. Depending on the will of the government at the time, regional offices are encouraged or discouraged. In some instances entire agencies are identified for relocation; recent examples of this include the Australian Pesticide and Veterinary Medicine Authority at the Commonwealth level and the Liquor Licensing Division of Queensland's Office of Fair Trading. The other side of this argument is the creation of 1 William St in Brisbane, where all State Government Offices are now located, causing large vacancies in the commercial real estate market in Brisbane. Decentralisation of government agencies as a Regional Development policy can work very well but it does need to be done strategically and consider the role and function of the agencies or sections that are to be relocated.

Commonwealth and State governments have a responsibility to provide stewardship for regional communities. The salaries of public servants in regional communities provide a stable foundation to local economies, free from the cyclical nature of agriculture and mining activities. The balance needs to be in which agencies are chosen to be located in regional communities.

Commonwealth and State agencies offer regional communities many advantages. The underlying economic impact of the wages and salaries is clear; they help to sustain local retail and service sectors. The stable presence of agency staff ensures the delivery of other vital services such as police, education and health. The presence of government agencies generates operational economic benefit for local communities through the local purchasing and acquisition.

Regionally based government agencies provide a new avenue for employment in local communities. Some of the agencies that may be located in regional communities may need to 'import' expert staff, however, the provision of administrative and maintenance functions can be sourced from the local population, thereby providing new job opportunities and employment diversity in regional communities. There are many anecdotal examples of the expert staff being posted to a regional

community and then staying for much longer than originally anticipated, for example nurses and school teachers marrying local farmers is a common story.

The Southern Downs Regional Council recently made a submission to Inquiry into the Australian Government's Role in the Development of Cities (attached), in which the Council espoused that the Southern Downs, in the future will be a peri-urban community and a part of greater South East Queensland. The proximity of communities like the Southern Downs makes them ideal locations for government agencies. These peri-urban regional communities also provide excellent lifestyle opportunities for agency staff. For example, the median house price in the Southern Downs is approximately \$245,000, the schools are exceptional, shopping and recreational assets are very good and the proximity to Brisbane and Toowoomba means that specialist services and airports are very close.

There are many advantages of locating government agencies in regional communities, the underlying economic benefit of the wages and salaries, the diversity of employment and the support of the local economy through operational activities to name a few. It is the view of the Southern Downs Regional Council that the deployment and sustainability of government agencies needs to be considered and strategic. Council will continue to advocate for more Commonwealth and State Agencies to be located in the Region's towns but it wants to ensure that the deployment will be long term.

Mechanisms to Increase Growth and Prosperity in Regional Areas

The Southern Downs Regional Council submits that the decentralisation of the government agencies can affect regional communities positively; further the location and type of community in which the agency is located will impact on the agency's ability to deliver its mission, and finally, that the way the agency function and staff are selected for regional deployment needs to be considered and strategic.

It has been the experience of Southern Downs Regional Council officers that there has been a varied approach to the regional deployment of agencies, agency functions and staff. In the case of the APVMA and Liquor Licencing the decision for decentralisation was arbitrary and done with little consideration for the function of the agency. On the other hand the deployment of State Government agencies to Ballarat was successful. The Southern Downs Regional Council is cognisant that every potential move needs to be considered on the merits of the community and the agency.

The Southern Downs Regional Council believes that the towns and communities in which decentralised agencies are located should have a number of key criteria; within 2 hours of an airport that has multiple direct flights to Sydney or Melbourne every day; high-speed telecommunications with redundancy; multiple schooling options from kindergarten to Year 12, preferably with tertiary options including access to multiple universities within 2 hours; national retailers in the community; a variety of housing options; a number of options for worship, including Churches, Mosques and Synagogues with associated community groups; access to good quality arts, recreation and sporting facilities and communities; and a high level of community cohesiveness and safety. These factors will ensure that the decentralisation of agencies will have the operational infrastructure needed to be functional and the soft infrastructure to attract and retain staff.

The Council submits that the Commonwealth and State Governments should look to decentralise functions and not entire agencies. Government Departments and Agencies need to maintain close proximity to their Ministers, Secretaries and Directors General as well as those from other

Departments; it is unworkable to have senior public servants located away from their Ministers and Cabinet colleagues. By the same token, senior policy makers and senior departmental leadership needs to be centrally located to ensure the effectiveness of the machinery of government. The Southern Downs Regional Council does believe that certain functions can be successfully relocated to regional communities and not affect the operation of the entire agency.

Functions such as administrative processing and call centres are ideal types of functions for regional communities. They are not dependant on daily contact with Ministerial or senior management functions of departments and agencies; they can operate independently and they can assist agencies to save money by occupying lower cost premises. In the private sector functions such as call centres and administrative processing are often done in locations removed from the head office; for example the Commonwealth Bank has its risk assessment and mortgage processing functions at Homebush, while many firms utilise offshore locations to undertake these functions. The Southern Downs Regional Council is not suggesting that these functions be located offshore but rather that the same business model should be used to determine what functions could be moved to regional communities.

The Southern Downs Regional Council also recognises that individual agencies and departments need to maintain separation from others, this makes having a single, regionally based office handling a number of agencies, somewhat difficult. Council supports the establishment of a number of regionally based government offices that will spread the economic benefit across a larger number of regions and communities. The Council supports the establishment of regional offices as opposed to telecommuting by individuals from their own homes. The Council believes that the sense of community that comes from a collegiate environment is very important. Council is also aware that the impacts of workplace health and safety and security are major impediments to the creation of large numbers of telecommuters.

The Southern Downs Regional Council supports a considered and strategic approach to regionalising specific functions of government agencies. The functions that are relocated need to have low impact on the effectiveness and machinery of government, these functions would be administrative processing and call centres. The Council supports a number of relatively large regional government offices spread across regional Australia that benefits a larger number of communities. Council does not support telecommuting and would prefer to have a collegiate environment.

Corporate Decentralisation

The Southern Downs Regional Council believes that businesses locate where they can make money, and when they have a choice of two or more locations, they will go where they can make the most money. Many businesses derive their income from regionally based activities including, mining, agriculture and some manufacturing and processing. In comparison with most of the economy, there are relatively few head offices located in regional areas. Corporate head offices tend to be located close to their financiers and business advisors, and close to their business and supply chain partners' corporate offices.

Where corporations have regionally based personnel, they tend to be involved in the business' core activities, such as mining or agriculture, and these activities tend to be volatile. The number of staff located regionally in mining and agriculture depends entirely on the climate or business cycle of the industry; In Southern Queensland the gas extraction sector has seen a classic boom-bust cycle, there is no Government intervention that will ensure the employment of regional staff, while the gas price remains low.

The Southern Downs Regional Council does not support incentivising businesses to move more personnel into regional areas. This creates false economies and it is the opinion of Council Officers that the businesses will only maintain the regional staff while the incentive remains in place.

The Southern Downs Regional Council believes that it is governments' role to support regional businesses to encourage job creation in the regions. There is an innovation culture in Australia's regions, there always has been. The Commonwealth and State Governments need to be able to provide better business supports than is currently the case. The recent 'Innovation Grants' administered by both the Commonwealth and State Governments were not suited to any of the innovators in the Southern Downs Region, they were aimed at computer code developers not at entrepreneurs finding new ways of using their resources to grow their business.

Governments can provide more support to local businesses wishing to establish and expand. In the past there were schemes such as the Business Advisors in Rural Areas (BARA) and the Business Enterprise Centre (BEC) model that can work very well to assist regional businesses. Southern Downs Regional Council Officers have seen these models work in regional and rural areas. It is the opinion of Council Officers that these schemes need to be delivered in person and not solely as an on-line option. This is because internet speeds in the regional areas are still very slow, and, in the experience of Council Officers, the entrepreneurs and business owners engaging through an on-line delivery often neglect important areas of the improvement process. To this end having regionally based business advisors achieves two outcomes, it supports local wages in regional communities and it provides a service for local entrepreneurs and business people to access.

Government intervention in capital markets is a dangerous practice. Providers of capital, particularly the banks have strict business rules around the levels of risk they are prepared to take. This is to help to mitigate another GFC. Most businesses have little trouble accessing some level of debt funding in regional Australia. That being said, government backed development funds and grants have been successfully deployed to assist regional businesses to grow. The Southern Downs Regional Council supports the idea of a government backed development fund that could be used in conjunction with debt to assist qualified businesses to grow and employ more local people. The Council also supports grant programs such as Building Better Regions, and grants such as the Queensland Government's Jobs and Regional Growth fund. These programs must be focussed on business growth and real job creation to be successful; the Southern Downs Regional Council has and will support businesses from the municipality to access these types of programs, because they deliver outcomes.

The Southern Downs Regional Council supports better utilisation of government funds, grants and programs to grow regionally based businesses. Council does not support the use of government funds to incentivise decentralisation of corporate staff. The reason is that if a business can grow and sustain employment it is more likely to be effective in the long term; if personnel are decentralised because of an incentive, they only stay in regional locations while the incentive is in place. The Council will support Commonwealth and State Governments to develop and deliver programs that are targeted towards growing regionally businesses and the numbers of jobs they provide.

16. CONSIDERATION OF CONFIDENTIAL BUSINESS ITEMS

In accordance with the provisions of Section 275(1) of the *Local Government Regulation 2012*, a local government may resolve to close a meeting to the public and move 'into Committee' to discuss confidential items, such that its Councillors or members consider it necessary to close the meeting.

Recommendation

THAT the meeting be closed to the public and move into committee to discuss the following items, which are considered confidential in accordance with Section 275(1) of the *Local Government Regulation 2012*, which permits the meeting to be closed to the public for business relating to the following, as indicated:

16.8 EOI Warwick Treated Effluent Water

Reason for Confidentiality

This item is considered confidential in accordance with section 275(1)(e) of the *Local Government Regulation 2012*, as it contains information relating to contracts proposed to be made by Southern Downs Regional Council.