

13 September 2017



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To Whom it May Concern

Inquiry into regional development and decentralisation

Regional Development Australia Barwon South West (RDA BSW) welcomes the opportunity to provide a submission to be considered in the current Parliamentary Inquiry into regional development and decentralisation.

RDA BSW is providing this submission primarily to inform the Government on the need to develop clear policy and initiatives to support the relocation of government services to regional Australia. In addition, this submission presents an opportunity to demonstrate the successful relocation of government agencies to our region, with a specific focus on Geelong and how these relocations have contributed to diversifying our region's economy.

RDA BSW believes that a clear Commonwealth policy position and accompanying initiatives to support decentralisation and the relocation of appropriate government services to regional Australia will increase the vitality of regional communities and open up opportunities for growth and a more prosperous future for regional Australia.

If you have any enquiries about this submission, the RDA BSW Committee would welcome further discussion and requests that the Committee Secretariat undertake a regional consultation hearing in Geelong, as it represents an excellent case study of how government investment and decentralisation can drive regional economic growth.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Bruce Anson'. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Bruce Anson
Chair
Regional Development Australia Barwon South West



An Australian Government Initiative



**Regional Development Australia Barwon South West
submission to the
Inquiry into regional development and
decentralisation**

13 September 2017



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1. Key Recommendations

Regional Development Australia Barwon South West (RDA BSW) welcomes the opportunity to provide a submission to be considered in Parliamentary Inquiry into regional development and decentralisation. RDA BSW is providing this submission primarily to inform the Government on the need to develop clear policy and initiatives to support the relocation of government services to regional Australia. In addition, this submission presents an opportunity to demonstrate the successful relocation of government agencies to our region, with a specific focus on Geelong and how these relocations have contributed to diversifying our region's economy and growing regional prosperity.

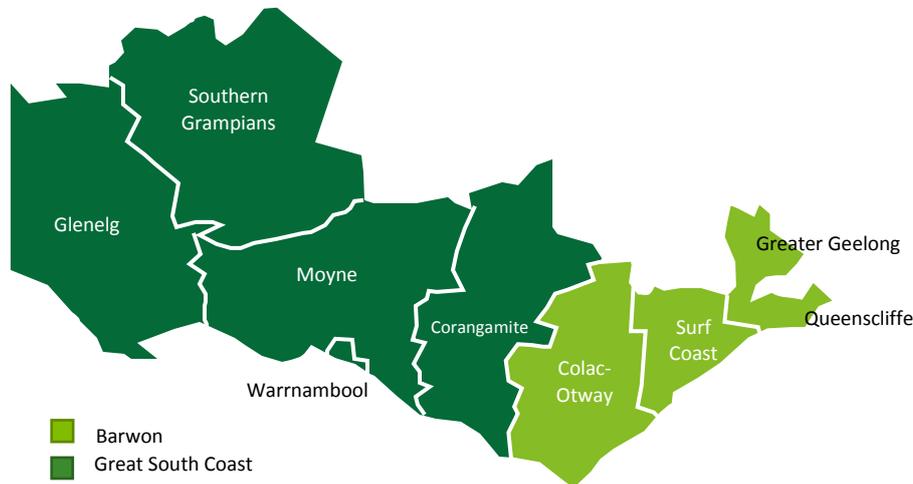
RDA BSW believes that a clear Commonwealth policy position on decentralisation and the relocation of appropriate government services to regional Australia will increase the vitality of regional communities and open up opportunities for growth and a more prosperous future for regional Australia.

We would like to submit the following recommendations to be considered in the inquiry:

1. The development of clear policy and initiatives to support the relocation of appropriate government services to regional Australia.
2. The relocation of government services requires a place-based approach where policy is developed with an understanding of the unique growth enablers and constraints within each region, and should include a simultaneous focus on building human capital, promoting innovation and investing in infrastructure.
3. That the Committee Secretariat consider the RDA BSW Populations Levers report (2016) recommendation 1.2 'Expand government office relocation program to rural centres, especially where the agency aligns with a local economic advantage such as primary industries, energy and tourism' as a potential lever to address regional and rural population growth and support the diversification of regional economies.
4. The RDA BSW Committee would welcome further discussion and requests that the Committee Secretariat consider undertaking a regional forum in Geelong, as it represents an excellent case study of how government investment and decentralisation can drive regional economic growth.

2. Context and Mission

The RDA BSW region is made up of the area from Queenscliff to the South Australian border and includes two state regions (Barwon and Great South Coast) and nine local government areas, as shown below:



The Committee is one of 55 committees from across Australia and is made up of 11 members drawn from across the region. Like other RDA Committees, RDA BSW Committee's core responsibilities are: to be a key facilitator of strategic change and economic, social and environmental development in the region; to be the link between government, business and the community; and to facilitate whole of government responses to opportunities in the community.

The RDA BSW executes its core responsibilities by:

1. Enabling and encouraging regional prosperity, monitoring progress in key areas
2. Leveraging regional advantages and build sector strengths
3. Promote regional capabilities/investment opportunities
4. Support increase in exports/greater Asian presence
5. Reduce barriers to job/economic growth i.e. infrastructure development, policy alignment

3. Population

Regional Australia is ageing faster than the capital cities, meaning regions are at the forefront of the national ageing trend. Two million people aged 50-69 live in regional Australia and 21 regions are experiencing accelerated rates of ageing¹. This global trend presents an economic challenge to ensure that the benefits of population growth are shared across regional Australia and the growth supports skills and workforce development. Although there is strategic support for the redistribution of

¹ An ageing (regional) Australia and the rise of the Super Boomer, RAI July 2014

population to regional Australia, there appears to be a significant lack of identified actions and mechanisms in place to achieve this growth, and the absence of a co-ordinated strategy.

There is a strong body of evidence internationally that accelerating growth in regional cities and rural areas can improve long term aggregate economic performance. Regional cities and centres already provide an existing platform for growth and can grow faster if they can diversify their economies and other supply-side constraints, particularly in terms of skills, are addressed. These centres have the potential to achieve more balanced growth and relieve increasing social costs of congestion that is being experienced in metropolitan cities.²

In 2016, RDA BSW commissioned a research study and action plan to attract population growth to the region. The BSW Population Levers report considers innovative actions required to activate significant population levers for the BSW region, focusing on those which go beyond current and traditional initiatives. Population growth objectives and levers were developed to support economic development and align with the region's natural advantages and economic opportunities. *Objective 1* in the report highlights government relocation as a key lever to attract and retain population in regional and rural communities.

Opportunity 1.2 'Expand government office relocation program to rural centres, especially where the agency aligns with a local economic advantage such as primary industries, energy and tourism.'

There are a range of factors that drive migration that vary with age and life stage. Research indicates that family connections, social networks and access to employment and career development opportunities are the main drivers of migration. By creating additional employment and career opportunities, decentralisation can be a lever for population attraction in regional Victoria.

Decentralisation is not a new concept and there are even a number of case studies that indicate that it may not be the preferred option for the organisation or the staff who will be impacted by the move. Past issues have centred around regional and rural areas not being considered attractive or viable to relocate to. However, new studies suggest the NBN rollout, cloud computing, smart devices and the rise of the 'sea change/tree change'³ movement presents a more attractive and viable outcome for the organisation, the employees and their families considering the relocation.

Supporting decentralisation through the relocation of government services will relieve congestion pressures in our capital cities while invigorating regional economies and achieving more balanced growth across the country in the longer term.

² Developing an Evidence-Based Approach to Accelerating Regional City Growth, McDonald and Maharaj, 2015

³ Population Levers Report, Barwon South West, 2016

4. Synergies

Well planned relocation of government services, with strong business cases that match community needs with regional servicing capacity and government functions, have the potential to boost regional centres and drive the regional economy by maximising technological advances, investing in hard and soft infrastructure, and attracting other businesses.

Decentralisation policy should be built on improving the function and effectiveness of government services whilst meeting the needs and challenges of regional communities. Through well planned relocation of government services there is an opportunity to contribute to current or emerging areas of industry specialisation.

Regions with capacity and resources to sustain the relocation and where there is alignment between the services provided by the government organisation and the existing or emerging industry base in the region could provide:

- improved service delivery by having closer proximity to service users
- improved understanding of the challenges and opportunities the service or sector faces by being located within it
- opportunity to develop and or grow existing industry clusters and attract associated businesses and investment
- improved upstream/downstream opportunities for services/suppliers

Evidence suggests that government service relocations need to be aligned with local workforce skills and specialisations. The Barwon South West region has regional centres with servicing capacity and existing industry strength that could support government functions within the following areas:

- Dairy and Meat, both production and processing
- Innovation, advanced manufacturing
- Professional services
- Tourism and Environment, with a specific focus on coastal services
- Emergency Services
- New Energy

In addition to whole agency relocations, partial agency and co-location of services and discrete core business functions that demonstrate a natural fit with the communities in regional locations should be considered.

5. Diversification

Economic diversification plays an important role in providing resilience and flexibility for regional Australia's economies. Without this cushion, regional economies may suffer disproportionately during adverse external shocks, with exacerbated negative effects on employment security, income and living standards⁴.

Regional centres in the Barwon South West have had firsthand experience in losing or the threat of losing large single industry focused employers. The relocation of government agencies to Geelong has enabled a policy driven and coordinated approach to economic diversification in Geelong. The relocations were brought about as policy interventions (both State and Federal) to support Geelong as it continues to transition and diversify its economy from one that has been heavily reliant on traditional manufacturing to one that now holds significant prospects in the professional services sector.

The relocation of government organisations to Victoria's largest regional city, Geelong, continues to have significant positive impacts on the region's ability to drive economic growth and create new highly skilled and sought after roles within the community. The Geelong region expects to transition its historically high-volume low skilled manufacturing base and grow its professional and highly skilled workforce by approximately 2,700 individuals within the next 3-5 years.

As a result of several similar type government services being relocated to Geelong, an economy of scale is being realised. Particular growth areas for the region include Insurance and Superannuation, Public Administration and Regulatory Services and Professional, Scientific and Technical Services. This has stimulated co-location of insurance and professional service offices and as the sector continues to mature in Geelong, it will attract more investment into this sector to support these services.

This particular transition phase is also providing a major boost to the local building industry's activities within both commercial and residential property construction. Geelong and its surrounding suburbs have also benefited with direct private investment into infrastructure and new housing boosting the region's property values and rental housing availability. More than 800 individuals were directly involved in the construction and fit-out activities for the new TAC building⁵, with hundreds more being added to complete the new Worksafe and National Disability Insurance Agency buildings in central Geelong. Continued city growth has also enabled both local and state governments to prioritise and

⁴ Economic diversification and the competitiveness of regional Australia INSight, Regional Australia Institute

⁵ TAC relocation a major boost to Geelong economy, Media Release: Thursday, 26 February 2009 TAC

fast track central Geelong activities and initiatives to enhance the city's dining, pedestrian access and aesthetic look of many arterial roads and laneways.

From a local enterprise perspective, traders have seen significant increases in demand for intermediate goods and services as particular industry sectors increase their own output and demand for local commodities. This has also enabled local businesses of all sizes to grow their employment in response to the activity within the region's economy. Local, State and Commonwealth government economic development teams continue to broker solutions between local businesses and large government agencies in order to enhance local procurement of goods and services, which continues to drive further economic growth and job creation for the Geelong region.

With the right connective infrastructure, jobs that are traditionally performed in central offices can be performed anywhere. If there is no inherent reason for a service to be provided from a capital city, then it could be considered for potential relocation. A good indicator of a function's portability is the extent to which it requires regular face to face contact with colleagues or clients who are centrally based. If a function or service does not require this contact, and is undertaken on a more remote basis, then it can potentially be provided from any location with appropriate technology and infrastructure support. Services frequently cited as fitting this description are corporate services, particularly ICT, and call centres.

6. TAC's relocation to Geelong⁶ – a case in point

The relocation at a glance

- The TAC's relocation to Geelong was announced in December 2005, as part of the then Victorian Labor Government's pledge to build regional economies.
- The TAC's Geelong headquarters were opened on 26 February 2009 by the then Premier John Brumby.
- The TAC's relocation has injected \$59 million dollars in to the local economy, with over 200 homes purchased with a further 51 homes being rented in the region.
- The TAC continues to focus on recruiting locally. The vast majority of those recruited externally reside in the Barwon region.
- The TAC's move to Geelong was the largest of any Government department or agency ever in Victoria and was completed on time and on budget.
- The TAC has been welcomed to Geelong with open arms and we continue to focus on providing clients with the high level of service they deserve.

⁶ Summary on relocation of TAC Victoria to Geelong provided by Head of Community Relations Transport Accident Commission 2017

Background

The Transport Accident Commission is a Victorian Government-owned organisation set up in 1986 as a bold initiative of social reform. Its role is to pay for treatment and benefits for people injured in transport accidents. It's also involved in promoting road safety in Victoria and in improving Victoria's trauma system.

In December 2005, the Victorian Government announced the TAC Head Office would relocate to Geelong in 2009. The TAC's relocation was estimated to have generated more than 850 jobs and \$59 million per annum in benefit to the Geelong region. The move was part of the then Government's \$502 million Moving Forward statement and its commitment to growing regional economies.

There has never been a move of this size undertaken by a Victorian Government organisation in Victoria. The TAC's move required a great deal of planning by TAC management and it all went very smoothly.

The TAC's move to Geelong went very smoothly because it was so well planned. It involved a number of stages leading up to our complete relocation:

- There was an excellent Employee Transition Support team who provided support to staff through the move.
- The TAC also had an extensive recruitment program in place over the last three years with a comprehensive training and induction program attached to it.
- There was a conscious acknowledgment of the need to maintain "corporate know-how" with some staff choosing not to relocate to Geelong. The TAC had a knowledge transfer program in place to ensure a transition of knowledge as staff left the organisation.

In terms of the support provided to staff:

- There was a variety of financial support available to staff including travel assistance, rental assistance, moving assistance, family assistance, childcare assistance, home purchasing assistance, as well as redundancy and retention payments. Free consultations with financial advisors were also offered.
- Information sessions for staff were held to explain their options.
- Staff also had the opportunity to undertake a tour of Geelong and to attend an expo for TAC staff. At the expo, they got to meet key service providers in the region such as health providers, schools etc to get a better understanding of the "Geelong offering".
- The TAC had a dedicated Employee Support Program Coordinator who employees could speak to about their decision making progress.

The TAC also set up a transition office in Geelong which allowed our staff to see what it was like to work in the region. The support provided by the TAC was extensive and played a key part in helping

employees feel comfortable with the move.

The TAC estimated that around 50% of Melbourne staff were retained by the TAC during the transition period. Since June 2007, the TAC has recruited more than 200 employees from the Geelong region. At least 75 per cent of those recruited externally live in the region. There has also been over 200 local home purchases by TAC employees.

The TAC's 800 person strong workforce are primarily employed in claims management roles – that is working through the care and support needs of injured Victorians. The TAC's workforce is a talented and committed team of professionals from a range of disciplines including:

- Health services
- Human resources
- Legal
- Finance
- Projects and technology
- Marketing and communications and
- Customer service

TAC's relocation has not presented any major operational changes in the way business is done because much of the liaison with clients is done on the phone. In terms of road safety stakeholders who TAC liaise closely with, a lot of contact is via the phone and email, with occasional meetings required either in Melbourne or Geelong.

Success of the relocation

The TAC relocated to 60 Brougham Street in a purpose built building constructed by the FKP Property Group. The design is state-of-art and meets high standards in energy efficiency and environmental sustainability. It has a five star Green Star rating, recognising the low environmental impact of the construction of the building.

The TAC has been a welcome addition to the corporate landscape of Geelong. TAC employees have enjoyed the benefits that come from being based within a major provincial city that offers all of the major services you expect from a city (i.e. medical, schools, shopping) but also offers a sense of community and connectedness. There is a real sense of community in Geelong that's often missing in capital cities – people genuinely care about their city and want to be involved in making Geelong a great place to live, work and invest.

By any measure, the TAC's relocation to Geelong has been a success. The scale of the move was unprecedented. It is a great credit to all involved that the building was delivered on time and on budget, with our people and IT systems ready to go on day one.

Staff morale stayed high during and after the move. And more importantly, we continued to deliver on our key performance measures despite the upheaval of the move.

For organisations considering a similar move, the TAC offers the following advice:

- Create excitement about the move and the organisation's future
- Make sure you communicate clearly and often to staff – it's key to overcoming uncertainty and getting staff to focus on their own circumstances
- Ensure you have a variety of support mechanisms in place – whether that be staff counselling, financial support etc
- Include all staff in your moving plans – even those who are leaving the organisation
- Appoint an Executive member to coordinate the logistics of the move

If staff feel included and engaged, they will support your relocation decision and may even become champions of the move.

7. Regional Hearing

The RDA BSW Committee would welcome further discussion and requests that the Committee Secretariat undertake a regional consultation hearing in Geelong, as it represents an excellent case study of how government investment and decentralisation can drive regional economic growth.

8. Conclusion

RDA BSW believes that a clear Commonwealth policy position and accompanying initiatives to support decentralisation and the relocation of appropriate government services to regional Australia will increase the vitality of regional communities and open up opportunities for growth and a more prosperous future for regional Australia.