



14 September, 2017

Dr John McVeigh, MP  
Chairman  
Select Committee on Regional Development &  
Decentralisation  
Parliament House  
Canberra ACT 2600  
By email: [rdd.reps@aph.gov.au](mailto:rdd.reps@aph.gov.au)

### **Submission to Inquiry into Regional Development and Decentralisation**

Dear Dr McVeigh

The Committee for Gippsland welcomes the opportunity to make a submission to the House of Representatives Select Committee on Regional Development and Decentralisation.

Established in 2011, the Committee for Gippsland is a not-for-profit, incorporated organisation that provides a positive and influential voice for Gippsland. It takes a whole of region approach to advocacy, on projects and priorities informed by around 90 business and community organisations, collectively employing nearly 10,000 people across the Gippsland region.

Sector neutral, the Committee for Gippsland represents higher education providers, transport operators, manufacturing businesses, agribusiness and food processors, professional services, tourism operators, energy and resources sectors, healthcare providers, timber mills, small businesses and community groups. Our members share in a common goal for Gippsland to develop as a prosperous, sustainable and connected region. Within the region, the Committee for Gippsland works collaboratively with other organisations, including the Gippsland Local Government Network, individual councils, the RDA Gippsland Committee, Regional Partnerships, and One Gippsland.

The Committee for Gippsland acknowledges the terms of reference for this inquiry and will respond to those most relevant to the Gippsland region.

By way of background, the Committee for Gippsland consulted among its membership in the preparation of this submission. There were a number of key themes to emerge:

#### **Population growth**

Regional areas like Gippsland have an important role to play in accommodating new population and easing congestion in capital cities. To be able to keep pace with this growth, investment in infrastructure and services is essential.



### **Public transport**

Public transport, particularly commuter rail services is a critical challenge, expanding on the point above. Gippsland offers an ideal lifestyle, affordable housing, and many other benefits. There are many residents that travel to and from Melbourne for work every day, and currently the service and frequency of commuter rail is not satisfactory. There is support among a number of Committee for Gippsland members for fast rail services particularly to East Gippsland, where more adequate rail services would also open up the region to greater tourism opportunities.

### **Digital connectivity**

Digital connectivity is a major area of feedback from residents and businesses alike. The Committee for Gippsland has received feedback about the implementation of the National Broadband Network in Gippsland and the need for NBN Co to adapt a far more regionally engaged and consumer friendly approach to dealing with complaints and technical faults. Other feedback includes that the NBN is slow and unreliable and that NBN Co is too often unresponsive to requests for assistance on addressing these issues. More broadly, digital connectivity is a priority.

In responding to the Terms of Reference, the Committee for Gippsland presents the following:

#### **a. Best practice approaches to regional development**

Regional development works best when there is a locally driven and integrated approach to that draws together the input of stakeholder organisations like the Committee for Gippsland and Regional Development Australia Committees. A positive recent example is the Federal Government's Regional Jobs and Infrastructure Panels, which included a Latrobe Valley committee. This incorporated feedback from community, business and local government to help drive a number of industry streams that would assist in the development of Federal Government funding priorities for the region.

A best practice approach to regional development is essential for capital cities such as Melbourne to retain their international reputation as a 'most liveable city'. Regional development is not only about supporting regional Australia but also in ensuring that the liveability of Australia more broadly is maximised. Without a strong strategy focussed on developing our regions the increased population pressure placed on capital cities will negatively affect Melbourne's well regarded reputation through congested roads, out-dated infrastructure, over-crowded schools, housing affordability issues, and a health system undergoing increasing demands.

The critical role of infrastructure in community development means that any strategy must include a focus on delivery of that active infrastructure to accelerate and manage growth. This is particularly true for stimulating regional development and population growth.



The Australian Bureau of Statistics indicates that over 7.5 million Australians, representing 34 per cent of the national population, live outside metropolitan areas. Although the population in regional Australia is predicted to rise at about 26% through to 2030, this rate of population rise in regional areas is substantially slower than that predicted for this period within our capital cities.<sup>1</sup>

Rural and regional Australia as the major source of Australia's three largest export industries (agriculture, mining and tourism) plays a role in driving the national productivity and prosperity far beyond what its share of Australia's population would indicate. Critically, regional education providers are also playing a key role in the education export industry, now the fourth largest export industry in Australia.

Given the importance of rural and regional Australia to the economic security of Australia, it is imperative that policies be employed that maintain and rejuvenate the vitality of the regions.

One approach that we consider a central best practice for regional development is the establishment of technology parks/high technology precincts in regions. Such technology parks and incubators energise and catalyse innovation and entrepreneurship within their regional communities. International studies have shown that the presence of a research excellent university is a fundamental precursor to the success of regional technology parks/high technology precincts in fostering and facilitating economic rejuvenation and transformation.

An excellent example of a successful regional technology parks is that at Federation University Australia based in regional Victoria. Federation University's established Technology Park in regional Victoria hosts over 30 businesses ranging from IBM to SMEs who collectively provide over 1,300 regional jobs with economic contribution to the region in excess of \$300 million annually.

There is a rapidly developing level of interaction to enhance skills training, education, and R&D between the tenants, the university and the regional areas: the enhanced levels of partnership and engagement are considered fundamental to the success of their enterprises.

Federation University is a lead partner in establishing a High Technology Precinct at Morwell in Gippsland. To date there has been \$18 million committed to develop the first stage of the High Technology Precinct in late 2018. The Morwell High Technology Precinct promises to duplicate the success of Federation University's other regional Technology Parks in providing a prolonged economic stimulus to Gippsland by fostering innovation and entrepreneurship within their Gippsland.

For these reasons, it is also important that governments carefully assess the impact of legislative changes to higher education on regional universities. Unlike their metropolitan counterparts, regional universities do not have the same level of market density, and have access and participation challenges that many metropolitan areas do not have to the same degree.

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<sup>1</sup> *Regional Population Growth*, Australian Bureau of Statistics, July 2017:  
<http://www.abs.gov.au/ausstats/abs@.nsf/0/797F86DBD192B8F8CA2568A9001393CD?Opendocument>



Strategic population and infrastructure planning needs to avoid the out-dated model of Melbourne being the single hub with spokes going out to regional Victoria and replaced with a series of hubs from Melbourne creating regional centres with spokes going out to the smaller communities and employment zones. Strengthening and developing these regional centres will enable greater services, more reliable infrastructure and encourage more people to look beyond the metropolitan boundaries for both lifestyle and employment opportunities.

Central to ensuring regional centres can develop is connectivity, both physical connectivity through road and rail infrastructure but also digital connectivity improving opportunities for regional businesses and communities. This is particularly important for Gippsland, which is not a CBD region like Ballarat, Bendigo and Geelong that all have their population based in one central area. In land mass, Gippsland is the size of Switzerland, and comprises a number of large town centres, with 40 per cent of its population in more remote towns under 1,000 people.

Within Gippsland, regional development planning that contributes to the creation of connected regional hubs is strengthened by investment in fast, reliable rail between Melbourne and regional areas, the strategic bypass of Traralgon enabling Gippsland's largest town to further develop as a central services hub for Gippsland improving safety, amenity and improving business efficiencies. Improving access to regional areas for tourism is essential to stimulating regional development and a third airport in the south-east of Melbourne will not only create a more direct route for tourists but also provide another access to markets for Gippsland's food and fibre primary producers.

Healthcare and related infrastructure is a critical element to regional development. In 2014 renowned demographer Bernard Salt provided a body of work to the Committee for Gippsland on the region's strengths and opportunities for growth. Healthcare was nominated as a key business strength.

A new hospital in West Gippsland within the Baw Baw Shire will not only assist in addressing local demand but will support the increased population growth expected in one of the fastest growing regional municipalities in Victoria. The West Gippsland Healthcare Group has purchased a new greenfield site with additional funding towards the construction required from State and Federal Governments. Supporting health care projects that pre-empt growing demand and provide essential services to a growing regional area are important to ensuring a holistic approach to regional development.

The current site of the existing hospital in West Gippsland is small and cannot keep pace with the increasing demand as West Gippsland is forecast to reach 100,000 people by 2030. There is no way the current hospital will be able to service this number of people. A new hospital will include:

- direct access to ambulance bays and the emergency department;
  - a multi-level designed facility that will be energy and material efficient;
  - improved clinical facilities and patient amenities;
  - easy pedestrian access, plus multi-level car park facilities;
  - a new 60 bed high care residential aged care facility;
  - provision of a dedicated EMS helipad, with direct access to the emergency department;
- and



- greater employment opportunities – a bigger hospital with more beds will need additional staff.

A new hospital can be delivered under one phase of work in under half the time that a rebuild on the current site would allow, presuming the current site would even cope with the size of the facility required to meet the population forecast. This is of particular significance given the growth predictions presented by Plan Melbourne for the Warragul and Drouin areas.

Gippsland not only needs a new hospital in West Gippsland in order to improve health outcomes but also for the construction and engineering jobs that will be generated by a project of this scale, which compliments multiple facets of strong regional development policy.

#### **b. Increasing growth and prosperity of regional areas through decentralisation of Commonwealth entities or functions**

In the body of work prepared by Bernard Salt in 2014 for the Committee for Gippsland, Mr Salt identified 8 key attributes of a 'successful' region. They were:

- Tertiary education campus
- Local television production, daily newspaper, radio and media culture
- Geographic command over district and resource-rich region
- Access to diverse lifestyle options like sea change, tree change, suburbia, inner-city
- Access to affordable housing
- Expand able infrastructure in water, power, sewerage, roads
- Connectivity to a capital city
- Galvanised community with an entrepreneurial spirit

Gippsland possesses for the most part all of these attributes. The development and future success of Gippsland's university campus at Churchill is critical, as is the region's ability to secure supply and social license over its broad-based and abundant resources, particularly in coal, water, timber and soil.

Given the importance of rural and regional Australia to the economic security of Australia in terms of being the major source of our three largest export industries: agriculture, mining and tourism, it is imperative that policies be employed that maintain and enhance the economic vitality and agility of Australian regions.

The continuing development of the capabilities of regional Australians is central to the continued ability of regional Australians to deliver the benefits of enjoyed by the nation. As stated previously rural and regional Australia as the major source of Australia's three largest export industries (agriculture, mining and tourism) plays a role in driving the national productivity and prosperity far beyond what its share of Australia's population would indicate.

The key to successful economic advancement and transformations in regional areas is the enhancement of the fundamental enablers of innovation and commercial success.



These represent a wide range of factors including the establishment and maintenance of high quality transport and communication services. At present for example the relatively poor level of internet connectivity in many parts of rural and regional Australia is seen as a major constraint to continued economic growth and success in these areas.

Another factor central to the enhancement of the social and intellectual capital of our rural and regional areas is the presence of vibrant and sustainable regionally-based universities. Such universities facilitate the development of a wide range of capabilities within those regions through the provision of education, skills training, research and development, engagement with industries and communities, as well as providing much of the basic technological infrastructure essential for the development and commercialisation of advanced manufacturing and processed products.

The provision of active technology precincts and accelerators in rural and regional areas also (as discussed elsewhere in this submission) serve to foster innovation, entrepreneurship and economic success within those rural and regional communities.

Federation University has a major campus located in the heart of Gippsland and is committed to providing Gippsland industries and communities with the provision of the education, skills training, research, development and engagement opportunities necessary for Gippsland to continue to flourish. As well as helping support sustained successful regional development in Gippsland, the provision of these opportunities by Federation University is also an important factor that helps make Gippsland an ideal destination for the decentralisation of both Commonwealth and corporate entities.

There are many key enabling characteristics of locations suitable to accommodate decentralised entities. These include the availability of appropriate internet connectivity, of high quality transport links, etc.

One critical characteristic that enables successful decentralisation is the presence within the proposed decentralised location of vibrant and responsive educational institutions. These include the presence of high quality secondary schooling to attract and retain aspirational families to those regions.

Regional universities in particular have been shown to have a critical role in providing the necessary educational opportunities that the staff of decentralised entities (and their families) require in order for that decentralisation to be successful and sustainable.

The universities located within those regions also provide the necessary research, development and innovation capabilities to complement those of the decentralised entities and are often critical, in partnership with those entities, to enable the development and implementation of innovations critical to the on-going success of the decentralised entities.

In Gippsland the educational, research and innovation opportunities provided by Federation University are an important factor that helps make Gippsland an ideal destination for the decentralisation of both Commonwealth and corporate entities.



With a renewed focus on government decentralisation opportunities, Federation University would make an ideal host site at Churchill for complementary opportunities.

There are many examples of governments encouraging decentralisation, particularly by relocating government departments to regional cities and regions. Examples of Commonwealth agencies being deliberately housed in regional capitals include the location of the ASIC registry to Traralgon, the ATO to Albury, recently the NDIS to Geelong, as well as locating the CSIRO to Hobart.

Gippsland has proven to be an ideal environment for the decentralisation of a Commonwealth entity, with ASIC in Traralgon. The flow on benefits to the broader community are extensive, from the increase in skilled professionals, who in turn bring partners and families, as well as children who attend local schools and sporting clubs, positively adding to the economic and social fibres of the region.

The ASIC Registry based in Traralgon has been highly successful since its relocation during a period of deregulation and privatisation in the power industry during the 1990s. There are now 346 people employed at the site, with 263 being full-time positions and it is estimated that these employees generate a direct economic output worth around \$67 million per annum. This direct economic activity is estimated to generate demand for intermediate goods and services from within the immediate LGA of around \$26 million with the total output, including all direct, industrial and consumption effects estimated at up to \$126.4 million. Across Gippsland there are greenfield sites in appropriately zoned locations or commercial buildings available for either development or long-term tenants, and suitable for a Commonwealth agency that could see further successful decentralisation occur.

Gippsland has also proven to be competitive within defence and engineering capabilities through the East Sale RAAF Base and the highly skilled and capable engineering and manufacturing industries of the Latrobe Valley. The engineering excellence within Gippsland industry includes works being undertaken within Hawkei and submarine component production, maintenance and repair, as well as aeronautics construction in the Latrobe Valley. Gippsland is well equipped through breadth of industry, strength of the local communities and geographic strengths to be considered a location for a decentralised Commonwealth agency.

The Federal Government's decision to locate the successful tender bid for Flight Pilot Training School 5428 at the East Sale RAAF base has been a vindicated decision. The construction of the project complements the existing infrastructure and operations at East Sale. The broader community is very welcoming of personal at the RAAF, and the region will benefit from having an additional \$28 million in wages and flow on benefits invested in the local economy every year because of 5428.

With Gippsland's diversity and breadth of industries including agriculture, health services, tourism, natural resources, advanced manufacturing, freight and logistics and education there is considerable opportunity for Commonwealth agencies to be relocated to the Gippsland region. Within the East Gippsland region there is enormous potential for the area to be the base for Commonwealth agencies, in particular, within the timber, fisheries or agriculture sectors.



The East Gippsland region is the food bowl for the Eastern seaboard with some of Victoria's largest vegetable growers situated within the Lindenow and Macalister irrigation districts.

Renowned for its diversity in natural resources, East Gippsland stretches from the coastal wilderness in the east, to the Gippsland Lakes, Australia's largest inland lake system and into the Alpine high country of Omeo. With the major towns of eastern Gippsland being Bairnsdale and Lakes Entrance, each has a strong connection and long history within the timber and fisheries industries and a geographic proximity that is central to Canberra, Sydney, Melbourne and Tasmania.

Lakes Entrance is home to one of Australia's largest fishing fleets supplying seafood direct to the Sydney and Melbourne fish markets daily. Lakes Entrance would be a sensible location for the installation of a fisheries agency.

At a Commonwealth level there is a prime opportunity for the Australian Fisheries Management Authority (AFMA) to relocate the Southern and Eastern Shark and Scalefish Fishery (SESSF) management team to Lakes Entrance. Lakes Entrance is the ideal location for the SESSF management team and can be strategically co-located at SEAMEC which is a state-of-the-art marine research and education facility and its proximity to key stakeholders within the industry makes both commercial and industry sense.

While the decentralisation of entire commonwealth departments and agencies can be a complex procedure, a less disruptive approach to decentralisation could be found in the establishment of regional State and Federal Government offices that are supported by an 'out-posted' network of regionally based public servants. The concept of out-posting has the potential to reinvent the functionality of regional offices of Commonwealth departments and agencies across Australia.

Through the collaboration across sectors including agriculture, minerals, science, technology, research and natural resource management there is potential to create a 'one stop shop' of out-posted commonwealth employees that enables a small number of new positions placed into regions with direct links back to the specific department or agency. This structure has the potential to increase growth and prosperity of the regional area by better embedding government support, research and development more closely with the relevant industry and regional communities.

The Commonwealth Government has recently opened the opportunity for Australian regions to put forward the case for further decentralisation of government agencies.

Comcare is a Commonwealth Government agency that acts as an insurer, regulator and scheme manager and administers the Commonwealth's workers' compensation scheme. The department is headquartered in Canberra, but has a number of other offices Australia wide including in regional areas such as Newcastle. It is an ideal candidate for further decentralisation of its operations.

Gippsland offers a stable and highly skilled workforce, and successful track record in government decentralisation. A key recommendation of this submission is to examine opportunities to decentralise some of Comcare's operations to the Latrobe Valley.



### **c. Encouraging corporate decentralisation**

Gippsland is home to a number of key growth industries including food and fibre and the visitor economy. It is a resource rich region sustaining a broad-based economy that requires access to that resource. There is an increasing focus on innovation and value add supply chain, from advanced manufacturing to the \$7 billion agribusiness sector in Gippsland. It is important that these growing sectors are encouraged and supported. A comprehensive policy encouraging targeted corporate decentralisation has a role to play in the sustained success of these growth industries. Removing barriers and increasing stimulants are central to improving regional development.

Gippsland is also comprised of many small and micro businesses, and a few large businesses across the region. A greater focus on regionalisation and encouraging corporate decentralisation will help increase the skills available within a regional area, and make a greater contribution to the local economy. Providing greater incentives for regionalisation and the relocation of corporate entities will help stimulate regional economies and diversify employment opportunities with a readily available skilled workforce in areas such as Gippsland. While government jobs are welcome and important, private sector jobs and commercial decentralisation to regional areas like Gippsland need to remain a key aim.

While there is a clear opportunity for businesses to be relocated to Gippsland, both the Commonwealth and Victorian Governments need to ensure that the appropriate policies and incentives are in place to attract and retain commercial businesses. An example of the type of policy that may assist in successful regionalisation and corporate decentralisation has been identified in Sweden. Sweden currently implements a policy that provides a business that is more than 300km outside of Stockholm, with business tax breaks and its employees eligible for personal tax concessions.

Successful localised regionalisation has already occurred within the Latrobe Valley where local government highly incentivised, through rate assistance and breaks, and encouraged the relocation of a significant food manufacturer to Gippsland. This approach to regionalisation coupled with the relocation of the ASIC Registry to Traralgon highlights the positive contribution that decentralisation and a regionalisation approach to business and government agencies can have on the regional economy.

Patties Foods is a prime example of corporate decentralisation. While Patties was founded and developed in East Gippsland, it has grown and acquired new brands throughout its history while maintaining its home in Gippsland. Patties produces over 430,000,000 pies annually and uses over 20 tonnes of vegetables per week, predominately from local growers. Approximately 400 of Patties Foods' 550 employees nationally are employed at Bairnsdale, making Patties one of the largest employers in regional Victoria.

The gross transport costs paid to local transport companies is over \$2 million per year and the business also uses 200 suppliers of goods and services in the East Gippsland region. East Gippsland provides Patties with a stable and reliable workforce, a lower cost base in a number of areas than in a capital city, and good freight links to Sydney and Melbourne.



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Patties is widely acknowledged as synonymous with Gippsland, and its products such as Four N Twenty pies are iconic international brands. It would be highly advantageous to entice other examples of corporate decentralisation that follow the Patties model.

Regional Australia, in particular Gippsland, can play a key role in enhancing balanced population and employment growth for the nation well into the future. Strategically targeting population and employment creation within regions, such as Gippsland, will ensure the use of infrastructure, both present and future is optimised. By enhancing the opportunities for regional Australia to act as a population growth zone, Australia's capital cities can continue to be well regarded as highly liveable cities on a global scale.

The Committee for Gippsland would be pleased to provide further information to the Committee on any element of this submission. For further details Mary Aldred can be contacted on (03) 5623 3219.

Yours sincerely

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