



15 September 2017

Dr John McVeigh MP
Chair
Select Committee on Regional
Development & Decentralisation
PO Box 6021
Parliament House
CANBERRA ACT 2600

Dear Committee,

RE: Inquiry into Regional Development and Decentralisation

AlburyCity and Wodonga City Council are pleased to make this submission to The Select Committee on Regional Development and Decentralisation - **Inquiry into Regional Development and Decentralisation**.

Located at the southern border of NSW, and the north eastern border of Victoria, Albury Wodonga is the 20th largest city in Australia. With a combined population in the order of 100,000, and servicing a regional community in excess of 180,000, Albury Wodonga is one of the largest single regional inland communities nationally. Around 8,000 local businesses contribute to Albury Wodonga's Gross Regional Product currently valued at \$5.9 Billion.

The twin cities are ideally located on the Hume Freeway and the Inland Rail Corridor between Melbourne, Sydney and Canberra. The region is in the heart of the Riverina Murray, Australia's food bowl, with strong value added manufacturing, health and professional services sectors.

In the 1970's Albury Wodonga was settled upon as a major decentralisation centre, with adequate land and resources reserved by the Australian Government to significantly expand its population through supporting major industries to relocate or establish. This program attracted several large industries and gave the regional cities a major boost in employment and population growth. Whilst the political drive for this move waned with successive Governments, the prime location, availability of development-ready industrial and residential land, access to primary road, rail, air freight, and abundant resources remain a compelling factor for investment and expansion of the twin cities.

This submission addresses the Terms of Reference, with summarised recommendations at the conclusion of the submission.

AlburyCity
553 Kiewa Street, Albury NSW 2640
PO Box 323, Albury NSW 2640
Phone: 02 6023 8111 | **Fax:** 02 6022 8190
info@alburycity.nsw.gov.au
alburycity.nsw.gov.au
ABN 92 965 474 349

City of Wodonga
104 Hovell Street, Wodonga VIC 3690
PO Box 923, Wodonga VIC 3689
Phone: 02 6022 9300 | **Fax:** 02 6022 9322
info@wodonga.vic.gov.au
wodonga.vic.gov.au
ABN 63 277 160 265

The Inquiry's Terms of Reference are included in the Committee's Resolution of Appointment. They are:

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 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;***
 - co-location of decentralised Commonwealth entities or employees in existing regionally based Commonwealth or State Government offices;***
 - and***
 - v) 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;***

The Importance of Regional Capitals

AlburyCity and Wodonga City Council encourage the Standing Committee to recognise the importance of regional cities to Australia's broader regional population as 'Regional Capital Cities'. These major regional centres provide employment, critical health, professional services, shopping, education, recreational, entertainment and cultural services for smaller surrounding communities, for which they would otherwise have to travel or relocate to capital cities to obtain. Larger and more cosmopolitan populations drive community vibrancy, particularly in relation to food and beverage, arts and cultural, sporting and education sectors. Businesses become more viable as customer numbers increase, which flows back into employment. The continued development of Regional Capital Cities is therefore critical to the fabric of Australia's geographically dispersed population.

Primed for Growth

Both Albury and Wodonga have significant tracts of master-planned residential land with a combined capacity for more than 100,000 additional residents, major industrial developments and community infrastructure. Located on the Hume Freeway with industrial land available on either side of the border and with direct access to intermodal hubs on the inland rail corridor, Albury Wodonga is in a prime location for manufacturing and industry. The challenge for all three tiers of Government is attracting business investment and realising the flow-on economic benefits of jobs and population growth for these communities.

The Model for Attracting Private Investment

Capital cities by their scale and nature will attract private investment in their own right, with little required in the way of government support. Organic jobs and population growth are burgeoning, creating major issues and resulting in significant policy and investment focus being aimed at addressing housing

affordability, productivity, congestion, transport and pollution. This situation differs dramatically for regional cities, many of which have immediate capacity for growth, where congestion is not a factor, commute times are short, productivity is high, and the lifestyle offer is outstanding.

Some years ago AlburyCity identified an opportunity for better utilisation of a public car park in the CBD. The site was predominantly owned by AlburyCity however some land negotiations were required to secure ownership of the site and transitional arrangements for car park areas owned by others.

AlburyCity ultimately put the site to market on an Expression of Interest basis and after numerous attempts secured an arrangement with a developer that saw the creation of the Volt Lane Precinct comprising 10,000sqm of office space (now the home of the Australian Taxation Office in Albury), a 497 space multi-deck public car park, a ground floor retail precinct and a new 7 storey, 158 bed Mantra Hotel (scheduled for completion in early 2018). The Volt Lane Precinct project has resulted in excess of \$90M in capital investment and supported significant job creation (anticipated to be in the order of 50 – 300), as a result of the new businesses established and increased capacity for employment of temporary ATO staff required to support ever-changing business demand.

The project has been undertaken without government assistance, but demonstrates that by considering the highest and best use of public land, significant economic development outcomes can be achieved in regional cities. With Government support such initiatives can be proposed and funded, such that private investment can be realised through creation of enabling infrastructure and planned development precincts.

For cities such as Albury Wodonga, private investment is the catalyst to sustainability, growth and economic stability. This is an area where the government has the most leverage. There are two key elements which can create genuine outcomes in attracting private investment. Firstly, funding support for relocating or newly establishing businesses in regional areas. It is here where relatively small incentives and grants for start-ups or relocating businesses can make a very significant and positive long term economic impact in a regional city. This is particularly true for Albury Wodonga, where already established first-class road, rail and air freight and passenger networks connect businesses to their major markets, both nationally and internationally. This includes two world class intermodal hubs, which cost effectively interchange freight between road and rail.

This form of financial support continues to be adopted by the Victorian State Government and has greatly assisted Wodonga in building their Logic Industrial Precinct. Financial incentives have worked to entice large scale, significant companies such as XLam Timber Manufacturing, SCT Logistics, the Wodonga TAFE Drive Training Centre and Woolworths Distribution Centre. It has also helped to support the establishment of critical facilities within the precinct such as a Service Centre, a Fatigue Management Centre and Trailer Interchange. This investment has brought a combined 563 ongoing FTE jobs to the region, which will see longstanding economic and social benefits for the community for years to come, as well as attracting future investment. Greater Federal monetary injections, to attract large scale industry to regional centers, is proven as a viable and lucrative measure to consider in building Australia's Regional Capitals.

An excellent opportunity exists for Government funding assistance to provide 'enabling' infrastructure in support of the activation and growth of the Nexus Industrial Estate in Albury. The Nexus Estate is a major 450Ha regional industrial and freight facility, which has been developed in partnership between private landholders and AlburyCity. The \$12M investment in roads, sewer and water infrastructure by AlburyCity was matched by similar \$15M private investment in an open access intermodal hub. The true potential for significant jobs and growth of the Nexus industrial estate has been **independently assessed as being in the order of 1,100 new jobs, and more than \$400M in direct and flow-on economic benefits for the region**. This potential remains somewhat constrained by major infrastructure shortfalls which could be supported through a combination of State and Federal Government funding support including resolving issues such as:

- lack of direct southern access to and from the Hume freeway via the Davey road Interchange,
- the requirement for an extended rail siding to accommodate a 1,800M train to be loaded and unloaded adjacent to the main line, and
- requirement for gas transmission and reticulation through sections of the estate to enable investment by gas contingent developments (approximately 2km).

The full potential of this major regional facility, including more than 1,000 jobs and up to 4% GDP growth for the region can be realised with relatively minor Government support for 'enabling' infrastructure. In making such targeted investments in critical infrastructure, the government can leverage regional investment and in so doing effectively deliver regional jobs growth, economic resilience and decentralisation.

Further to this, much needed private investment in such a facility could be directly leveraged by the Australian Government to major jobs and economic outcomes through provision of taxation concessions for regional investment, or a one off start up grant, contingent on jobs created in targeted economic zones. Businesses seeking to expand could be assisted and incentivised to move to a regional zone, resulting in freeing up and possible rezoning of valuable metropolitan land. An additional benefit to attract private investment is the creation of a Special Economic Zone (SEZ) around Albury Wodonga, eliminating anomalies in cross border productivity for businesses operating in New South Wales and Victoria. The SEZ would protect new and existing business and industry from the additional costs associated with cross border operation.

Decentralisation of Commonwealth Entities

Regional communities can benefit enormously through the relocation of all or part of a Commonwealth entity, most particularly in economic uplift, improved opportunity, retention of local youth, and higher value employment opportunities, as well as diversification of the economy. Public investment acts as a catalyst for private investment, with businesses attracted by improvements to the region's image and the uplift in confidence from the long-term public commitment. It will also make regional Australia a more legitimate interest for policy makers, as well as providing authorities with a better understanding of regional issues and viable solutions.

There is a self-perpetuating effect that emanates from any reasonable level of decentralisation, which results in flow on benefits that build capability in regional Australian communities. With the location of Commonwealth entities, regional communities are stronger, more diversified, with a broader mix of industry and opportunities, resulting in strengthened resilience.

In our digital and technological age, there are a number of government entities that are suited to decentralisation without compromising efficiency or functionality, particularly those that are largely office based in their operations, are broadly regional in their responsibilities and/or have an existing presence in regional capitals. These could include:

- Australian Taxation Office which already has a significant presence in the city, with adequate opportunity to further decentralise functions to Albury Wodonga.
- Murray Darling Basin Authority (MDBA) has already proposed to relocate some components of its operation. Albury Wodonga is near the head waters of the Murray system, so there are notable strategic linkages with an increased presence given the catchment provides some 38% of the water supplied downstream. It is critical that the headwaters / source of water is protected and being near the source would be most useful - improving the functions of the Department both operationally and financially. Further investment could provide the basis for a centre of excellence in regional water, environment and sustainability given both La Trobe and Charles Sturt University have a presence in Albury Wodonga and related specialist faculties.
- Department of Agriculture –
 - Fisheries, and
 - Wine Australia Corporation
- Department of Infrastructure and Regional Development – responsibilities for this department are 100% regional, and as such should be based in a location such as Albury Wodonga, spreading the economic impacts and benefits in a central location (with adequate access to major cities) across two states and two cities in a single economically viable regional location.
- Defence have a strong presence in the region with the Latchford Barracks located in Bonegilla and Gaza Ridge Barracks located at Bandiana in Wodonga. The Army Logistic Training Centre is headquartered at Bandiana, providing effective logistic training to a large proportion of the national army. Retaining existing operations as well as considering future decentralisation is considered a viable, strategic option. Defence as a sector accounts for 1,440 jobs in Albury Wodonga.

Given the propensity of State Governments to disfavor infrastructure investment and decentralisation to areas in close proximity to state borders, this submission seeks support from The Joint Standing Committee to consider how the Australian Government may intervene to level up the 'playing field' by supporting decentralisation of Commonwealth entities to Albury Wodonga and other cross border communities as a priority.

Regional Decentralisation versus Commuter Towns

Regional cities could be made more sustainable, and the pressures of congestion and housing affordability in capital cities could be relieved, through an effective decentralisation program.

It is important to note that such a strategy differs significantly from a satellite commuter model, whereby jobs are retained in capital cities and the population lives in satellite towns – genuine decentralisation is about shifting the jobs to regional centres along with the people. This model is sustainable and beneficial to both capital cities and regional areas. Stronger regional capitals have improved and more sustainable services, economic and human prosperity is lifted, and health and lifestyle benefits are realised by a decentralised population.

It is the contention of AlburyCity and Wodonga City Council that the highly publicised CLARA High Speed Rail proposal, advocating high speed rail and creation of new inland cities by deliberately skirting broadly around them, completely overlooks the potential of existing regional cities for growth and investment. Creating new cities funded by value capture, by converting farming land to high density housing, requires huge duplication of essential public and private infrastructure that already exists in major inland centres.

Major investment across all three tiers of Government, as well as the private sector, has provided health, education, transport, waste and water infrastructure in existing regional cities, in most cases with adequate capacity for growth. This submission contends that allowing critical nation building infrastructure such as high speed rail to deliberately skirt around these vibrant regional communities, with a view to creating new regional city commuting hubs from productive farming land, would be economically irresponsible and profoundly unfair to regional communities.

In addition, building regional ‘commuter cities’ within close proximity to the suburban areas of metropolitan cities merely increases urban sprawl while maintaining jobs and economic benefits in capital cities.

Promoting Our Regional Assets

The Australian Government can play an important role in promoting the competitive advantages of regional location for businesses. Larger regional centres such as Albury Wodonga have highly enviable advantages for business investment including:

- a skilled and stable workforce;
- available land at a fraction of the cost of metropolitan land prices;
- very affordable housing with median 4BR house price of \$450,000;
- access to major highway and inland rail freight route with container access to 75% of Australia's population within 24 hours;
- high speed broadband communications are available. Albury Wodonga is located on the main Melbourne-Canberra-Sydney optic fibre interconnect;
- lower cost of operation and living;
- in excess of 180 passenger flights per week, direct to Sydney, Melbourne, Gold Coast and Brisbane;
- excellent health, education, entertainment, and retail services;
- healthy living and lifestyle;
- access to utility and energy networks.

Business and industries located, or planning to locate, in capital cities would be well placed to consider investing in establishing in a regional city such as Albury Wodonga.

This submission advocates for the Government playing a larger role in communicating the advantages of regional cities for business and industry investment through national marketing campaigns.

As an example, the Evocities' marketing campaign and program of activities, established by seven major inland NSW regional cities in 2010, offers a proven formula to assist the NSW Government in managing Sydney's population growth and the increased pressure this places on public infrastructure, while also driving sustainable growth and development in regional NSW.

Evocities is one of the most successful regional marketing campaigns undertaken in Australia, with over 3,100 families having relocated to the seven participating NSW cities to date. It has attracted significant market penetration and delivered fantastic key outcomes for all the cities involved. Indirectly, the Evocities project has raised the credibility of NSW inland regional cities with a range of different stakeholders and provides the cities with a collaborative model to achieve greater return on marketing investment.

The Case for Regional Investment Incentives

Creating jobs in regional cities through supporting business investment has the potential to address the many challenges facing capital cities, while sharing the spoils of strong economic growth and positively impacting regional economic sustainability in regional and rural communities. Regional Capital Cities such as Albury Wodonga are ripe for expansion and this submission requests that the Standing Committee consider the positive potential of job creating investment, including support or incentives for private investment. The submission requests that the Government consider this as a means for driving decentralisation by prioritising, promoting and importantly incentivising business investment in these vibrant and existing cities to create jobs.

The most effective support the Australian Government can offer is:

- a) Funding for common enabling infrastructure to create investment ready industrial land including gas, water, rail and road infrastructure.
- b) Tax concessions or investment grants as incentives for business investment in a regional location.

The existing master planning process in regional Local Government identifies and caters for infrastructure deployment in and around regional centres, so this is typically not an issue. There are however significant opportunities as identified in previous comments, for Australian and State Governments to provide funding support for infrastructure which can stimulate jobs growth.

Summary of Recommendations

This submission from AlburyCity and City of Wodonga recommends that the Standing Committee:

- 1) recognise the importance that major regional cities play in Australia's fabric as '**Regional Capital Cities**' providing dispersed health, education, sporting, shopping, cultural and entertainment services to regional and remote communities.
- 2) understand the potential of regional cities like Albury Wodonga as decentralisation zones, their capacity to sustainably grow while sharing the spoils of strong capital growth with regional Australians while relieving pressure on burgeoning capital city markets.
- 3) recognise the potential for small investments in policy or direct financial incentives in leveraging large private capital project investments creating jobs and growth with substantial, positive and long lasting contributions to regional economies.
- 4) consider how best to offer incentives, including tax or financial incentives, to encourage businesses to expand or establish in regional locations relieving housing affordability, congestion and productivity issues related to excessive and unconstrained capital city growth.
- 5) consider the positive impact of decentralisation initiatives as a simple and effective means of dispersing the imbalance of economic growth in major cities whilst addressing sustainability and disadvantage in regional communities.
- 6) understand the implications of creating satellite regional commuter towns in greenfield locations will only encourage urban sprawl while failing to address congestion and the imbalance of growth around capital cities.
- 7) recommend the Australian Government encourage the establishment of investment ready regional industrial hubs with funding support for enabling infrastructure. This can be delivered through a Local Government master planning process to ensure co-investment and alignment with local, regional, state and national strategic plans. Such a program will pave the way for private investment in jobs and economic growth in regional areas and provide relief from the continued capital city squeeze.
- 8) encourage government policy to mandate high speed train route planning to include existing cities, leveraging long term government infrastructure investment.
- 9) consider the disadvantages suffered by border communities in relation to lack of state government infrastructure spend and how this may be overcome with Australian Government support through decentralisation of assets and Government entities.
- 10) Examine cross border anomalies and investigate opportunities to develop a Special Economic Zone, creating competitiveness with capital cities.

AlburyCity and Wodonga City Council are pleased to make this submission to the House of Representatives Standing Committee - **Inquiry into regional development and decentralisation.**

Please direct any further questions or correspondence to

AlburyCity – Team Leader Economic Development.

Andrew Cottrill - ACottrill@alburycity.nsw.gov.au

Telephone 02 6023 8268

City of Wodonga – Economic Development Manager

Adam Wiseman – awiseman@vic.gov.au

Telephone 02 6022 9205

Yours sincerely



Kevin Mack

Mayor - AlburyCity



Anna Speedie

Mayor – City of Wodonga