



Submission to

**Submission to the Regional Development and
Decentralisation Committee**

**Townsville City Council
August 2017**

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Townsville City Council welcomes the opportunity to provide input for the Committee's Terms of Reference regarding the inquiry into regional development and decentralisation.

It is strongly recommended that the Federal Government actively encourage, promote and implement decentralisation of public service entities into the regions. Currently, the Federal Government employs approximately 170,000 public servants; of which only 1.2% are employed in Townsville (the largest city in northern Australia, and Capital of Northern Queensland).

With respect to the Australian Public Service (APS) there are numerous agencies that are either absent in regional and northern Australia, or few in representation. These include: the Departments of Environment and Energy, Infrastructure and Regional Development, Foreign Affairs and Trade, AusAID, and Industry, Innovation and Science.

The Committee Terms of Reference note a range of outcomes to enquire and report upon, including:

- a) *Best practice approaches to regional development;*
- b) *Decentralisation of Commonwealth entities and functions, as a mechanism to increase growth and prosperity in regional areas; and,*
- c) *Actions of the Commonwealth that would encourage greater corporate decentralisation.*

Addressing the issues:

Best practice approaches to regional development;

Regional populations, particularly in North Queensland are projected to experience growth over the coming decade and cities such as Townsville are historically and presently hubs for the greater regional areas, facilitating primary industry (including agriculture and mining) and smaller economies through direct freight, transport and access to higher populations. One of the challenges to be faced across Australian regional areas is the sustaining of populations and their growth through activation of local economies. The relocation of APS to regional cities such as Townsville will greatly assist in bolstering the local economy through direct injection to SME's within the city, as well as assisting in achieving a long-term permanent population to benefit the entirety of the region through maintaining a thriving hub for business, freight and commerce.

Decentralisation of private industry and APS agencies/departments will further diversify the local and regional economy, supporting resilience and multiplicity in employment bases and the ability to overcome downturns in single market sectors through leveraging of long-term private and federal

investment in regional Australia, while achieving a skills and capability development framework that exceeds that of the regions presently.

Decentralisation of Commonwealth entities and functions, as a mechanism to increase growth and prosperity in regional areas;

One of the challenges faced by regional centres is the relative volatility of local job markets. Currently, for instance, Townsville has an unemployment rate of 9.6 percent, with youth unemployment approaching 20 percent. The relocation of Federal Government bodies and decentralisation of corporate entities would provide an immediate boost to local employment opportunities. It would also help arrest the 'brain drain' away from regional centres like Townsville, whereby young graduates depart to Australia's capital cities in search of optimum career development. Although Townsville has leading tertiary education facilities, including James Cook and Central Queensland universities, the annual departure of graduates southwards is a significant erosion of the city's skills base, and can lead to a decline in the creation of a long-term cohesive and engaged community. Support in the form of Commonwealth and corporate decentralisation diminish the perception experienced by young graduates that the best pathways to successful careers is to be found in capital cities, as there would be a greater presence of major government and private industry players within regional centres. Furthermore, this could be supported by the Federal Government through both executive programs and graduate opportunities within regional centres to make relocation, and long-term appointments more attractive.

The economies of many Australian regional centres, including Townsville, are currently transitioning from traditional industry strengths in mining and manufacturing to service based industries and new technologies. Townsville has emerging and innovative industries in renewable energy, tropical science and health. Moreover, its proximity to the fast growing Asia-Pacific region makes it a natural access point for developing new international markets for these emerging industries. A stronger Federal Government presence in the region would help utilise the expertise and products being developed regionally, as well as facilitating greater international access through business exchanges and first-hand development programs.

Townsville City Council was awarded the first City Deal in Australia in December of 2016, and this exemplifies the willingness of the Federal Government to work with Council on key initiatives that will assist in achieving focus areas, including: job creation; economic growth; and vibrancy, all of which are key areas within the City Deal implementation. The decentralisation of Federal Agencies, and support for decentralisation of private corporations to Townsville will in part orchestrate the Council and Federal Governments partnership by working towards the focus areas and outcomes within Australia's first City Deal.

Actions of the Commonwealth that would encourage greater corporate decentralisation.

A program of Federal Government decentralisation would demonstrate that Australia's regional centres are attractive and functional places for individuals and families to live and work, offering significant lifestyle advantages. These include a cost of living that is considerably lower than in Australia's major capital cities. For example, the average house price is approximately 17% lower in centres like Townsville than in South East Queensland, while average household incomes are just

5.0% lower than in South East Queensland. Regional centres, such as Townsville, which has the largest economy and population of any city in Northern Australia, will play a significant role in Australia's continued urbanisation into the future, by presenting alternative living to capital cities whilst still providing residents with key infrastructure and lifestyle benefits of living in an urban environment. In this sense, decentralisation supports a sustainable population policy by focusing growth away from increasingly congested capital cities.

Supplementary information:

From Townsville's perspective, a program of ongoing decentralisation would build upon the momentum of recent government initiatives, such as the headquartering in the city of the Cooperative Research Centre for Developing Northern Australia.

Furthermore it would advance key initiatives of the Townsville City Deal by which Townsville is supported as an 'industry powerhouse' and regional capital; 'recognised as one of the primary activity centres for northern Queensland and northern Australia'.

Townsville presently houses ample land and sites to facilitate APS relocation and nurture decentralisation efforts. Some of these sites include; the largely vacant State Development Area (TSDA) in proximity to the CBD, Port and Airport; the newly designated industrial precinct at Woodstock with direct road and rail connectivity to the Port of Townsville; a range of high and low rise office and commercial buildings with the CBD and throughout our suburban areas, as well as a housing markets that provides for immediate relocated staff, and can cater for significant growth into the future.

Locating greater Federal functions in regional centres would inform decision-making by strengthening awareness of unique local conditions and circumstances. It would improve information flows between regions and capital centres and provide more ready local access to executive functions and representatives. Regional Australia holds significant key to Australia's primary industry (including mining materials, agriculture and horticultural industries), and the locating of Commonwealth and private operations within regional centres will greatly assist in developing full understanding of regional issues and interfaces with major metropolitan centres and our capital cities. As well as relocating agencies and staff, it is also recommended that the Federal Government adopt regionally-centred employment programs to facilitate decentralisation. These could include incentivising voluntary relocation to regional capitals by offering faster career progression and more executive functions in regional areas. In addition, graduate programs could be established and prioritised in regionally located Departments for intakes from both regional and non-regional areas.

Major regional centres are sufficiently large to have a critical mass of demand to sustainably support a wide range of economic and community infrastructure, facilities and services, as well as community, sport and recreation groups and activities. As such, they function as primary service centres for key economic and employment resources in outlying regional areas of Queensland, including significant agriculture, mining and manufacturing operations. They facilitate economic diversity and resilience throughout regional Australia, by providing a broad range of services not otherwise viable in smaller rural communities. Townsville, for example, is recognised as the economic and service hub of the broader North Queensland region totalling approximately 240,000

people. The investment of greater Federal Government activity in centres like Townsville represents an investment in critical, cost-effective nodes of concentrated service provision, enabling higher levels of service to be accessed throughout regional Australia.

Townsville is the base for a significant number of industries and characteristics that would be boosted through Commonwealth and private decentralisation, which include education, national/international freight and port, Australian Defence Force, World Heritage environmental values, as well as an international airport. While the options for private industry are numerous, specific Federal Agencies that would both benefit from relocation, and that would have positive effects on local economy, skills and demographics include (but are not limited to):

- Department of Defence;
- Department of Education and Training;
- Department of Foreign Affairs;
- Department of Innovation, Industry and Science;
- Department of Infrastructure and Regional Development;
- Department of Environment and Energy;
- Department Veterans Affairs;
- Austrade;
- AusAID.

Townsville City Council would welcome the opportunity to participate and contribute further to the Committee's inquiry into regional development and decentralisation.

For further information on the issues discussed in this submission, please feel free to contact:

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