



clarence  
VALLEY COUNCIL

8 August 2017

Reference:  
Contact: Des Schroder

Regional Development and Decentralisation Committee  
PO Box 6021  
Parliament House  
CANBERRA ACT 2600

Dear Sir/Madam

### **INQUIRY INTO REGIONAL DEVELOPMENT AND DECENTRALISATION**

Clarence Valley Council is situated on the North Coast of NSW and has a population of 51,000 and a large geographic land area of 10,400 square kilometres making it one of the largest councils in area along coastal NSW. The Council is 3.5 hours from Brisbane by road, the Pacific Highway, and 8 hours from Sydney. The Valley is also serviced by twice daily XPT train service and a regional airport.

The Council is a mixed economy with Yamba and Iluka on the coast, the former now an iconic tourism destination, to the hinterland based towns of Maclean and the city of Grafton which have a strong history of development through agriculture: beef, sugar and commercial fishing, and now new boom crops around blueberries and macadamias. Grafton has also had a strong NSW Government agency presence which has helped underpin the economy and some recent decentralisation moves have aided this.

Clarence Valley Council is a strong supporter of the benefits of decentralisation of public entities. Recent successful relocations of State entities that have occurred into the Clarence Valley include:

- Roads and Maritime Driver Licencing Centre (over 50 staff);
- The Pacific Highway Office Project Management Team (over 50 staff);
- The Department of Primary Industries – Crown Road Processing Centre (50 staff);
- NSW Rental Bonds Board Processing Centre (over 30 staff).

Like most regional economies the Clarence Valley is a lower socio-economic area compared to the major cities. The average wage in NSW is over \$60,000 while in the Clarence Valley \$45,000. The vast majority of the State and Federal Government staff above are paid wages based on their city counterparts' wages and hence have a major positive impact on the economies of the regions they move to.

Public administration and safety contributes over 12.4% of the Clarence Valley economy (\$290 million) and professional, scientific and technical services 7% of the economy (\$78 million). Most of these contributions are from Government agencies in the Valley. In summary the public sector contributes normally around 20% and 25% with the education sector added, of the Clarence Valley economy and is in total the most important sector in the economy. So any new agencies decentralised have major economic impacts and flow throughs.

In addition regional economies traditionally have higher unemployment rates than the major cities running normally 2-5 percentage points above cities and hence any decentralisation can help this inequity.

Regional economies are reeling from the loss of the middle manager sector with centralisation forces having huge affect on the social capital and skills that these managers contributed to community life in the regions. We have seen the centralisation of electricity authorities, the bank manager no longer exists, the State agencies regional managers are now mostly centralised in bigger cities and hence we have a brain drain occurring from regional communities. New entire Government agencies decentralised help stem this loss of the middle manager.

All the agencies mentioned above have had no difficulties either with staff relocating or finding new staff to meet their needs. Similarly, the Clarence Valley is going through arguably a once in a lifetime infrastructure boom due to the Pacific Highway upgrade, Grafton Bridge construction and new correctional centre, employing over 2,500 skilled staff and at present the construction companies have had no problems recruiting skilled project managers, scientific staff and workers, with many moving to the Valley permanently.

Regions like the Clarence Valley are now very cosmopolitan areas, with great services, tremendous food, good education and a lifestyle that many envy. In addition due to new infrastructure like the Pacific Highway upgrade, NBN roll out, and strong regional airports now flying all over Australia and the world (from the Gold Coast and Brisbane in the case of the Clarence Valley), the case becomes even more compelling. If you can project manage one of the biggest infrastructure projects in Australia, the Pacific Highway upgrade, from Grafton and run NSW DPI from Orange there is no excuse why any agency cannot run from a regional centre, especially now in this very connected world.

*Specific Comments on Section (b) in the Terms of Reference*

The examples given on page 1 give some guidance on how to successfully move sections of Government agencies into regions.

The experience in the Clarence Valley is that the entities moved are sections of larger organisations and have an emphasis on processing or project management, in the case of the Pacific Highway team. Even without NBN roll out (now occurring) these entities have been able to operate successfully from a regional centre, eight hours from their head offices in Sydney. Another factor of the success is access to good regional air services to Sydney at appropriate times and into Mascot Airport. It is essential for regional relocation that staff can use regional air services that have direct access to the main city airports and not pushed out to the fringes of the cities.

*Specific Comments on Section (c) in the Terms of Reference*

There's a lot of recent economic research that finds regions should build around their natural advantages (NSW Government - Making it Happen in the Regions - Regional Development Framework). Similarly building on industries and taking away the obstacles to expansion of existing regional businesses should be the first priority for any Government intervention.



For example, the blueberry industry in Australia is now centred in the Coffs Harbour and Clarence Valley Council areas. Building on initial success by Costa's and Digby Bell (breeder at Lismore) who pioneered blueberry growing in the region, the industry then spread to small banana farmers around Coffs Harbour looking for alternate income (now Aus Berries Co-operative) and now has attracted a large international investor Golden Eagle Blueberries from Canada into the Clarence Valley . This company has invested heavily because they have reduced risk due to the area having a known success in growing blueberries and the proven skills and labour force to underpin the industry. This industry is already worth over \$250 million and on plantings now in the ground will continue to rapidly expand (RDA Northern Rivers – Blueberry Industry Business Barriers Review).

One of the biggest issues that face councils in regional areas is adequate capital to initiate major infrastructure investments. For example, while a property developer in Sydney has the advantage of scale and rapid movement of development stock this does not usually occur in the regions and can hold back land development. So strategic Government investment in employment enabling infrastructure (as proposed by the recent NSW Government Regional Enabling Project) can be crucial to growing local businesses and attracting new industry.

Similarly, if an industry becomes very successful as is currently happening with tourism on the North Coast, Governments need to aid councils to invest in underlying infrastructure eg roads, water, sewerage, parks, beach accesses and aid councils to find a source of funding eg bed tax that allows for management (eg greater regulation resources in parking management, park and beach maintenance resources etc), of this successful economic development activity. The Byron Shire Council Mayor is currently lobbying for a source of funds to help manage the outstanding tourism success in the small Byron Shire Council. Similarly, in the Clarence Valley at Yamba the local community is starting to get concerned about the huge growth in tourism occurring now in Yamba.

Clarence Valley Council commends the Committee on its decentralisation objectives and looks forward to a report outcome which will further grow the regions in a sustainable way.

**Ashley Lindsay**  
**General Manager**