



Submission to the
Parliament of Australia

INQUIRY INTO REGIONAL DEVELOPMENT AND DECENTRALISATION

INTRODUCTION

The City of Orange is located in Central NSW in the Central Tablelands and:

- is 257km (3 hours 38 minutes) from Sydney CBD and 280km (3 hours 23 minutes) from Civic (ACT)
- has a Local Government Area (LGA) population of 42,356
- has a regional (SA3) population of 60,105

The Council is the key body for attracting industry, business development and relocations to the city and the region and it actively seeks diversification of the local economy. The diversity of the economy, amenity and quality services is what attracts people to relocate to Orange.

The Orange economy was traditionally built on agriculture and mining. Newcrest Limited continues the tradition of mining with its Cadia Valley Operations and is a major economic contributor. The Orange region continues to expand its range of agricultural produce. From fat lambs and wool to dairy and beef cattle, from intensive horticulture to cropping. Orange is a diversified agricultural region and is becoming well known for high altitude wine and niche - agricultural products.

The region has not rested solely on its agricultural and mining activities but has been proactive in encouraging diversification of other industries sectors as well as encouraging innovation and entrepreneurship. This approach, together with its location, has resulted in Orange growing to be the largest city in the Central NSW Region and a major regional service centre.

The services sector was responsible for more than 60 per cent of employment in Orange (2011 Census) with healthcare and social assistance now the largest industry employer in Orange.

The health industry is set to continue growing at a rapid rate in Orange. The Orange Health Service and its public private partnership with Spotless already employs more than 1500 staff. A recently announced partnership to build a new private hospital adjacent to the Orange Health Service will add 500 jobs once the project is operational, and Charles Sturt University is actively pursuing the establishment of the Murray Darling Medical School in Orange.

Orange has a proven track record of: attracting business and government to relocate; facilitating industry structural adjustments; creating appropriately zoned land; nurturing growth industry



sectors; strategically managing the retail precinct to encourage activity; and working closely with health and higher education to develop a more qualified workforce.

Orange also has a proven track record of supporting the relocation of significant government departments and their staff. This occurred with the NSW Department of Agriculture Head Office in 1992 and the former Commonwealth Department of Employment, Education and Training in 1994. More recently Orange was announced as the head office for the Australian Government's Regional Investment Corporation, which is expected to be operational in mid-2018. The lessons learned from these events can be readily applied to the establishment of other government entities in Orange.

On this basis, Orange City Council feels qualified to make an informed contribution to the inquiry.



SUBMISSION

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

They are:

1. 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;***

To the above criteria Orange City Council provides the following:

There are a range of factors which make a regional area liveable, and these factors have a different weighting for each individual or family depending on individual or family preferences and needs.

Staff from this Council have been proactively promoting relocation opportunities at trade shows and through digital media over the past 10 years. Through this activity they have identified key driving factors that lead to relocation and retention of individuals and families. Some of these factors include:

- access to high quality 24 hour health care – families in particular place a high level of importance on healthcare – from doctors to dentists, physio to paediatricians.
- good quality schools – education is very important to families, as in ongoing education opportunities.
- higher education and ongoing learning – lifelong learning is critical in career progression. Most parents also prefer their children to study at a nearby university to keep their children near or to save on living costs.



- access to childcare – childcare is important for young families, as is afterschool care and vacation care when there is no family support network in place.
- cost of living – the cost of living needs to be less than Sydney or Canberra or there is no benefit to relocating for the individual or families. This is particularly relevant in more remote areas where costs of food and fuel are much higher and rental costs are often high as well.
- police, law and order – these are of a significant concern. People want to be able to know they will be protected.
- career opportunities for spouse, partner or children – this is always front of mind when relocating.
- access to Sydney, Canberra and other capital cities to retain connection with friends and family
- cultural amenity available in the new location – live theatre, library, galleries, conservatorium of music
- range of retail options available
- visual attractiveness of the location – few people are willing to back trade on visual attractiveness. It is why people always want to move to more exclusive suburbs.
- cost of housing – the cost of housing (rental or buying) must be less than the capital cities to ensure people will be willing to move.
- digital connectivity – this is usually front of mind for teenagers, therefore parents of teenagers, when relocating. They have a 'need' for digital connectivity.
- sports and other activities – this is how people make networks outside of work. Without networks people feel isolated and retention drops off significantly.

In part the liveability of a location centres around the population and what it can support. The Local Government Area (LGA) of Orange has a population of 42,356 and a regional (SA3) population of 60,105.

While the city of Orange has plentiful real estate, many of its residents have chosen to live in nearby towns and villages and commute to work.

An abstract from the 2017 Economic Profile for Orange lists:

[Where do the workers in jobs in Orange come from?](#)

In the 2011 Census, there were 17,336 people working in Orange of which 77% were residents of the City. The balance of the workforce is primarily drawn from residents of Cabonne (11.7%), Blayney (4.4%) and Bathurst (3.2%). The remainder is drawn from a large number of other LGAs, mainly in western NSW.



Residents of Cabonne who work in Orange have above average representation in the following industry sectors in the City:

- Electricity, gas, water and waste services;
- Education and training;
- Wholesale trade; and
- Construction.

Residents of Blayney who work in Orange have above average representation in the following industry sectors in the City:

- Mining;
- Arts and recreation services;
- Electricity, gas, water and waste services; and
- Transport, postal and warehousing.

Residents of Bathurst who work in Orange have above average representation in the following industry sectors in the City:

- Public administration and training;
- Information media and telecommunications; and
- Wholesale trade.

Where do people come from to work in Orange?

LGA	Persons
Orange	13,291
Cabonne	2,016
Blayney	760
Bathurst	544
Wellington	78
Cowra	64
Dubbo	59
Parkes	50
Other	382

Source: 2011 Census ([Update October 2017](#))

In addition, with people commuting to Orange for work, plus visitors and people studying, the day time population of Orange grows close to 50,000 people. This level of city population creates demand for services and amenities (lifestyle) which would be marginal at lesser population levels.

While these attributes create the platform for a supportive community, the key to achieving that is leadership.

As described earlier from the RAI research paper in 2014 titled *“Prosperous futures: Understanding the potential of Australia’s regional cities”*, leadership within the community and



an understanding of roles and responsibilities is a major determining factor in overcoming economic shock. The sudden influx of a new industry or employment base is a positive economic shock. Coping with significant company closures (Electrolux) is negative economic shock.

Strong community leaders who understand economic development, economic growth and community expectations are the key to mobilising the community behind necessary adjustment actions. Strong community leadership is not about keeping 100% of people happy but ensuring that there is appropriate engagement with the community so the issues and needs are understood, and a broad consensus is achieved.

The leadership in Orange has been at the forefront of a number of major economic adjustments over the years:

- the successful integration of significant new industry and workforce (EMMCO, DPI, DEET),
- accommodation of large temporary workforces (Newcrest, Health & CSU expansion)
- loss of Electrolux and absorption of displaced workers

Local leaders in Council, business and community have been active and conspicuous in looking for solutions and mobilising support. This has included collaboration with State and Commonwealth agencies such as in the Electrolux closure.

Larger regional centres like Orange are no longer just large country towns relying on births and deaths for growth. These places are thriving regional cities that have a significant proportion of people who were not born or raised locally and have made an active choice to move there for both employment and lifestyle reasons. They bring different experiences and skills, and contribute to a deeper, more diverse community.

vii. leveraging long-term private investment; and

Orange City Council will not be commenting on this point.

viii. a place-based approach that considers local circumstances, competitive advantages and involves collective governance;

To the above criteria Orange City Council provides the following:

Companies, and the broader industry, must have be flexible and responsive to industry opportunities and resilient to set backs to be able to maximise economically beneficial opportunities. The companies operating within Orange have shown themselves to be flexible and adaptive opportunities as well as overcoming adversity to continue to find additional opportunities.

For example there are a range of engineering (metal manufacturing) companies in Orange that are flexible, innovative and responsive to the prevailing situation in the economy.



The companies have formed a cooperative called RENWELD. This is effectively a legal entity to a manufacturing/engineering cluster.

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;

Orange City Council will not be commenting on this point.

ii. identifying the characteristics of entities that would be suited to decentralisation without impacting on the ability to perform their functions;

To the above criteria Orange City Council provides the following:

The characteristics that would be well suited to decentralisation may include:

- service delivery levels
- type of entity fits the host community environment
- community expectations
- community engagement
- infrastructure needs
- employment and skillset
- co-operation and support for all government tiers
- support for corporate community
- preparedness of proposed site
- accessibility – road, rail, air
- financial efficiencies
- site and community liveability
- new opportunity and future planning

Additionally an entity that can leverage off embedded expertise and a solid base can be an important part of success and can develop new momentum. An example of this is the growth of health services in Orange.

iii. identifying the characteristics of locations suitable to support decentralised entities or functions, including consideration of infrastructure and communication connectivity requirements;

To the above criteria Orange City Council provides the following:



Orange has the following infrastructure and services that make it suitable to host new and existing government entities:

- significant population base of more than 40,000
- located within 4 hours of Sydney and Canberra
- a secure water supply to meet the needs of a growing community
- a significant health system with category 5 trauma unit
- extensive range of medical specialists
- good private health options including a current and future hospital
- a diverse industry with substantial engineering capability
- a good range of public and private secondary education as well as tertiary education
- easy access to freight and regular passenger transport services/corridors
- regular flight service to Sydney, Brisbane and Melbourne
- a mix of housing options available for residential and investment.
- provision of telecommunications, including the installation of NBN to the city of Orange and some surrounding towns. In other areas, NBN is provided by wireless and satellite coverage
- development of land around the Orange Airport creates the opportunity for a three-way intermodal business park as the airport is located adjacent to a national rail route and in close proximity to a major regional highway
- development of the South Orange Economic Development Corridor Project that will create an orbital road network around the city of Orange. From 2014 data collected by Orange City Council, approximately 34,303 tonnes of freight (vehicle weight included) comes in and out of Orange
- opportunities available in real estate to accommodate office space requirements and headquarters
- opportunities available in land sites to build new office and depot locations
- supportive and proactive Local Government organisation that would support such investment in the local government area

iv. considering different models of decentralisation, including:

- relocation of all or part of a Commonwealth entity to a regional area;

To the above criteria Orange City Council provides the following:

Relocation of all or part of a Commonwealth entity not only creates economic benefits for the host region but can also create efficiencies and benefits to the Commonwealth Government.



For a host community, the successful integration of Commonwealth services, supported by industry businesses and personnel will maximise the economic benefits to the area both directly and indirectly. Direct economic benefits include:

- additional wages injected into the local economy
- the purchase of local goods and services
- creation or attraction of new businesses to service the new Commonwealth entity
- additional jobs and career paths for regional residents, including unemployed and under-employed
- skilled spouses/partners of entity personnel filling existing skills gaps

Other indirect economic and social benefits include:

- increased 'visitor economy' revenue through visitation of friends and family of Commonwealth entity personnel
- relocating families create additional students strengthening local schools and educational institutions
- additional population create demand for additional services
- existing workforce which secure government jobs create more opportunities for unemployed / underemployed residents to backfill job vacancies
- personnel relocating to the region strengthen cultural, sporting and social clubs by contributing their time and skills.

- decentralisation of specific positions, with individual employees telecommuting, considering any limitations to this in current Australian Public Service employment conditions and rules; and

Orange City Council will not be commenting on this point.

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

To the above criteria Orange City Council provides the following:

The benefits to the government of co-location of decentralised Commonwealth entities in regional areas include:

- reduced establishment costs for each entity/ies by using existing infrastructure capacity or upgrade where required
- reduced pressure and cost savings for housing, traffic and public transport compared to metropolitan locations



- reduced security costs through greenfield sites separated from large urban populations (i.e. for military bases), lower resident population and traffic density
- reduced welfare expenditure through increased direct and indirect employment
- spouses and partners of personnel fill regional skills gaps in public and private sector industries e.g. health
- reduced personnel turnover costs to the entity if the regional location is attractive to individuals and families

In economic development terms, the establishment of and or colocation of a government entity in a regional location will help further diversify the regional economy. Depending on the size of the entity being established in a regional area, support businesses will either be attracted, created or expand, in turn creating job opportunities.

The types of businesses include:

TABLE 1: Service Business Types

Child Care Centres	Hairdressers	Solar Energy
Accountants & Auditors	Banking	Other Financial Services
Cafes	Carpet & Furniture Cleaning	Cleaning Contractors
Employment Services	Engineers	Insurance
Furniture Removals	Party Supplies	Schools
Take Away Food	Building & Construction	Car sales
Caravan sales	Boat sales	Travel agent
Architect	Labour hire	Security firms

v. examining the family, social and community impacts of decentralising;

To the above criteria Orange City Council provides the following:

Moving employees from current locations to regional Australia would have an element of complexity, however it is achievable. The community of Orange and its region has high livability and continues to be very popular for new residents to call Orange home.

The following experiences from Orange highlight what the city has to offer, and how other significant government relocations have been managed.

In 1992 the population of the City of Orange was 33,163. At this time the NSW Department of Agriculture decided to relocate their headquarters to Orange with 430 positions. There was some staff resistance at the time and for a period many of the staff retained Sydney properties and semi-commuted to Orange for work.



However, today, the Department of Primary Industries workforce is integrated locally and the general consensus of staff is that they greatly value the regional lifestyle and benefits that come from living in and around Orange.

In 1994 the population of Orange was 33,533, and the Commonwealth Department of Employment, Education and Training (DEET) established a new Area Office of around 70 staff in the city. Although there was a sizeable population at the time, the anecdotal evidence from people involved in those two events was that there was a percentage of people who found the City of Orange too small at the time and subsequently returned to Sydney or Canberra.

It would be fair to say that in 1994 the staff who relocated from Sydney and Canberra noticed a comparative lack of dining options compared to those locations, and this was one aspect of their 'liveability' assessment.

Since 1994 Orange has developed a much broader cultural offering and now ranks as a leading regional destination for food and wine experiences. This environment (as well as new and state of the art medical facilities) has enabled Orange to attract health and other professionals where other regional centres may struggle.

The past 23 years has seen substantial growth in the City of Orange and also in rural residential development within commuting distance. Many people find themselves relocating to Orange but choosing to live in a village, town, rural lifestyle block or on a farm.

A recent report from Evocities, shows the following level of relocation for the past 7 years using Australia Post Movers Data:

EVOCITIES & AUSTRALIA POST

Evocities Report

Movers from Sydney & Surrounds – Evocities 2010 – June 2017

From Region	To City							TOTAL
	Albury	Armidale	Bathurst	Dubbo	ORANGE	Tamworth	Wagga	
Sydney CBD	18	17	17	30	42	30	10	164
Central & Northern Sydney	238	269	247	278	561	278	184	2055
Southern & South Western Sydney	128	99	149	166	284	177	111	1114
Western Sydney & Blue Mountains	161	116	274	279	470	246	105	1651
Hunter & Central Coast	146	255	170	452	343	647	95	2108
	Figures show No. of Households relocating TOTAL							7092

Australia Post Movers Data – Sydney Metropolitan Movers (September 2010 – June 2017)



7092 people have made the decision to move from Sydney, metropolitan areas and eastern NSW coastline. The statistics on Orange demonstrates strong movement to Orange with 1700 people.

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;***

To the above criteria Orange City Council provides the following:

The Commonwealth and the State have significant roles in supporting projects and programs that enhance the characteristics of locations suitable to support decentralisation as listed in the answer to ***b (iii)***.

As detailed earlier in this submission Orange plays an important regional city role beyond its local government boundaries. There are many benefits to Orange for this inwards investment and migration but support from other tiers of government on regionally significant projects would support decentralization.

Additionally funding programs offered by both State and Federal Government to business to improve efficiencies of businesses, increase employment and improve infrastructure are most welcome.

Council staff play a vital role in promoting these programs to likely candidates. The feedback received is the criteria to apply for funding is too strict and in some case inaccessible for small and medium sized businesses. As a result, they are not applying for the available funds and these Government Programs are not achieving maximum delivery. Local businesses in agribusiness, manufacturing and technology are not advancing as they cannot access available government grants.

- 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;

One of the most successful programs that the government had was the Skilled Relocation Grant. This payment of up to \$10,000 to cover the cost of people relocating from Sydney to regional areas actually worked to address the attraction of skilled labour to the region. If the program was slightly modified to ensure the person was taking up a position that had particular qualifications or skills not readily available in the local labour market, the program would be both affordable and achieve the desired outcomes.