



Australian Government

Australian Government response to the
House of Representatives Select Committee on Regional
Development and Decentralisation Report:

Regions at the Ready – Investing in Australia’s Future

February 2019

Introduction

On 28 June 2018, the Select Committee on Regional Development and Decentralisation (the Committee), chaired by the Hon Damian Drum MP, issued the Report *Regions at the Ready: Investing in Australia's Future*. The Report follows a 12 month inquiry which examined approaches to regional development, the decentralisation of Commonwealth entities and supporting corporate decentralisation.

The Report made 13 recommendations to support and promote the economic development of regional communities.

Select Committee on Regional Development and Decentralisation

Inquiry into Regional Development and Decentralisation

Australian Government's Response to the Committee's Recommendations:

Recommendation 1:

The Committee recommends that the Federal Government increase its investment in building enabling infrastructure to improve connectivity, key services and amenity through coordinated regional plans.

The Government agrees in principle with this recommendation.

The Government is committed to supporting regional Australia and has delivered significant investments in our regions.

In the 2018-19 Budget, the Government committed to funding over 100 new regional programs that create jobs, support economic growth and improve access to essential health, education and communications services.

The Government is investing more than \$75 billion in transport infrastructure projects over the next decade, which will improve long-term productivity, increase and spread Australia's economic growth, and deliver higher incomes.

The Government has committed \$3.5 billion to the Roads of Strategic Importance program (\$1.5 billion reserved for northern Australia), \$600 million to the Northern Australia Roads Program and \$100 million to the Beef Roads program, all of which are designed to create new economic opportunities and bring social benefits to regional and remote Australians.

Significant funding has also been committed to regional Australia through the Government's regional development programs. The Government has committed \$3.7 billion from 2013-14 to 2021-22 to support Australia's regions including:

- \$641.6 million for three rounds of the Building Better Regions Fund which supports infrastructure and community investment projects either located in or benefitting regional and remote Australia;
- over \$1 billion in Community Development Grants providing infrastructure that provides long term improvement in the social and economic viability of local communities; and
- \$272 million for the Regional Growth Fund to support transformational investments in regions.

In addition, the Government is investing:

- \$5.7 billion in drought assistance measures and concessional loans to support drought-affected farmers and communities; and
- more than \$3.3 billion through the \$1.3 billion National Water Infrastructure Development Fund and the \$2 billion National Water Infrastructure Loan Facility to help identify and build water infrastructure that support job creation and opportunities in regional Australia.

Digital connectivity is critical to supporting regional growth. The Government has put the National Broadband Network (NBN) on track to provide high speed broadband access to all Australians in regional areas by mid-2020 with services already available to over 91 per cent of Australian homes and businesses outside major urban areas. In addition, the Government has invested \$220 million in the Mobile Blackspot Program to expand mobile coverage in hard to reach places that are not currently commercially viable for carriers. Through the 2018 Regional Telecommunications Review, Australians living in regional areas have had their say on telecommunication issues and what's required to maximise economic and social benefits.

Ensuring regional and rural Australians can access high quality healthcare is a priority of the Government. The \$550 million Stronger Rural Health Strategy will ensure people living in the regions have better access to health services. As part of this strategy, the \$74.4 million Murray Darling Medical Schools Network will transform medical education and support more training in rural and regional areas.

The Government is currently piloting a small number of Regional Deals, similar to the City Deal model, which brings together three tiers of government as part of a new long-term, place-based strategic approach to regional planning, governance and investment.

Recommendation 2:

The Committee recommends that each Regional Development Australia (RDA) Committee develop a coordinated regional strategic plan.

Developed in consultation with State and Territory governments, these regional strategic plans will identify a pipeline of infrastructure projects and priorities. It is expected that the regional strategic plans will identify potential Regional City Deals.

The regional strategic plans should be published, and will act as the evidence base for catalytic federal investment that will trigger further state, local and private investment.

The Government notes the recommendation.

The concept of regional strategic plans is compelling. The Government is committed to taking a strategic and long-term approach to regional development which supports prosperous, safe and sustainable regions over the long term.

In September 2016, the Australian Government commissioned an independent review of the Regional Development Australia (RDA) program by the Hon Warwick L Smith AM.

In response to the Review, the Government implemented a range of reforms that strengthen the focus of RDA Committee activities under a new National RDA Charter aimed at boosting local jobs and innovation, attracting investment and stimulating economic growth.

The reforms to the RDA program moved RDA Committees away from having a strategic planning role to a more active and facilitative role working across the three levels of government and the private sector to help drive economic growth, attract investment and create local jobs.

RDA Committees will continue to collaborate and work in partnership with Local and State governments.

Recommendation 3:

The Committee recommends that the Federal Government's City Deals program should be extended to provide development and opportunity to cities, towns and regional communities. Each new deal is to be approved by Cabinet, and evaluated after five years. The evaluation is to include an assessment of the social, economic and environmental outcomes for the region.

The Government agrees in principle with the recommendation.

The approach suggested by the Committee aligns broadly with the Government's direction.

The Government is committed to taking a long-term approach to regional development that is based on best-practice partnerships, collaboration, and maximises and complements Commonwealth investment.

The Government has commenced piloting a small number of Regional Deals that adopt a collaborative approach with State, Territory and local governments and reflect the unique circumstances of each location. The Barkly Regional Deal, which covers the Tennant Creek region, includes a joint commitment of \$60 million (\$30 million from the Commonwealth and \$30 million from the Northern Territory Government) to address local challenges and improve the quality of life in the community. In November 2018, the Australian Government announced the Hinkler Regional Deal, covering the Bundaberg and Hervey Bay region, to develop a sustainable economic strategy and improve local employment opportunities.

Evaluating the pilot Regional Deals will be an important process and provide a comprehensive evaluation to inform future Regional Deals and regional development activities.

Recommendation 4:

The Committee recommends that the Federal Government strengthen the role of the Regional Development Australia (RDA) program. This includes, but is not limited to:

- lead cross government collaboration and build strong bipartisan partnerships between the RDA Committee and key stakeholders in the region;*
- where appropriate, redistributing the RDA network to map across state and territory boundaries to develop practical and effective economic zones;*
- giving RDA Committees specific responsibility for attracting catalytic investment from state and federal governments that are likely to lead to further regional investment;*
- giving RDA Committees shared responsibility for advocating and coordinating Regional City Deals at the local level;*
- increasing the resourcing of RDAs to fulfil their role and functions; and*
- develop regional strategic plans to drive social, economic and environmental outcomes for the region.*

The Government agrees in principle with the recommendation.

Regional Development Australia (RDA) is a national network of 52 RDA Committees made up of local leaders who work with all levels of government, business and community groups to support the economic development of their regions.

Recent reforms to the RDA program have strengthened the role of RDA Committees to provide a clearer focus on growing regional economies. These reforms included the implementation of a new RDA Charter which outlines key activities to support RDA Committees to collaborate with stakeholders to create jobs, attract investment and grow economic outcomes across their regions.

Following a comprehensive review in 2016, the Government also undertook reforms to the RDA network to improve geographical representation, including consolidating four Melbourne RDA Committees into one and extending coverage of the RDA network to include the external territories of Christmas, Cocos (Keeling) and Norfolk Islands and the Jervis Bay Territory.

The reforms are already producing excellent results with RDA Committees increasingly recognising the value of working cross-regionally. For example, two Memoranda of Understanding have been signed recently, one between RDA Tasmania and RDA South West (WA) and the other between RDA Australian Capital Territory and RDA Southern Inland (NSW), to formalise collaborative working relationships to support economic growth in their regions.

RDA Committees are also demonstrating their value in providing regional policy and program support to Australian Government agencies. Recent examples include:

- support for the Regional Education Expert Advisory Group (Department of Education and Training);
- providing regional economic insights and advice on the Small and Medium Enterprise (SME) Export Hub Initiative (Department of Industry, Innovation and Science);
- the delivery of Small Business Fairs and the Regional Employment Trials in partnership with the Department of Jobs and Small Business; and
- partnering with the Department of Home Affairs on the Skilled Migration Visa Program.

RDA Committees also work with stakeholders on applications for proposals for the Building Better Regions Fund and the Regional Growth Fund.

Additional time will allow the outcomes and benefits of the RDA reforms to be assessed.

Recommendation 5:

The Committee recommends that every Federal Government agency should assess the possibility for relocation whenever appropriate, but always when one of the following occurs:

- *a new unit, agency or organisation is created;*
- *an organisation is merged or reorganised; or*
- *a significant property break occurs such as the termination of a lease.*

The Government agrees with this recommendation and thanks the Committee for recognising the important benefits of relocating entities to the communities and people they serve.

The Decentralisation Agenda forms part of the Government's commitment to promote economic activity in Australia's regions to ensure all of Australia benefits from our growing economy and employment opportunities. Decentralisation of public sector jobs outside of Canberra, inner Sydney and inner Melbourne will benefit regional communities by creating local jobs, promoting economic diversification, and stimulate further regional growth.

A greater Australian Public Service (APS) presence in regional Australia brings government closer to the people it serves. The benefits go beyond service delivery. Closer proximity to rural and regional communities and stakeholders supports greater understanding of the views, needs and experiences of people living in regional Australia. It reinforces the Government's strong connection with communities and the land.

Since the Decentralisation Agenda was formally launched in April 2017, 239 positions have been announced for relocation outside Canberra, inner Sydney and inner Melbourne, building on earlier work of the Government to expand the regional and rural APS footprint.

As part of the 2018-19 Budget, the Government announced the relocation of 98 positions from various agencies under the Decentralisation Agenda. Work is being done to assess additional opportunities with further announcements expected in 2019.

In November 2018, the Government announced the Australian Maritime Safety Authority (AMSA) will move up to 69 new and relocated positions to regional areas, including a new regional headquarters at Coffs Harbour and a new office in Airlie Beach. This expands AMSA's existing regional footprint by 16 positions in Hobart, Cairns, Gladstone, Mackay, Darwin, Geraldton, Karratha and Port Hedland.

In December 2018, the Government announced that the newly-created Australian Space Agency would be established in Adelaide, moving 20 positions from Canberra.

The Government further announced up to 40 new positions will be created across the regional hostel network of Aboriginal Hostels Limited in Brisbane, Rockhampton, Mackay, Townsville, Cairns, Thursday Island, Mount Isa, Darwin, Katherine, Alice Springs, Tennant Creek, Perth, Kalgoorlie, South Hedland, Broome and Derby by December 2019.

Recommendation 6:

The Committee recommends that:

- *decisions as to whether to decentralise an agency should be part of a broader strategy for regional development; and*
- *the objectives and reasons for any decentralisation decision are clearly stated and publically available.*

The Government agrees with the recommendation and strongly supports the development and growth of regional communities to be safe, prosperous and sustainable over the long term.

The Government is committed to taking a strategic approach to decentralisation that boosts regional economic activity, encourages private sector investment in regional Australia and improves Government service delivery in the long-term.

The Government notes the importance of clear communication about the benefits of decentralisation for regional Australia and economic growth. As part of the Decentralisation Agenda, all portfolios will review their regional footprint annually and release a statement each Budget within the Regional Ministerial Budget Statement.

Recommendation 7:

The Committee recommends that decisions on a gaining location for a Federal Government agency should include assessment of the following factors:

- *amenity of the gaining location;*
- *opportunity for family employment;*
- *existing workforce capacity in the proposed location;*
- *physical and digital connectivity of the gaining location;*
- *access to higher education and opportunities for local workforce development; and*
- *risks associated with overloading existing services.*

The Government agrees with the recommendation, noting this is already a component of a comprehensive assessment process.

The Government is committed to taking a strategic approach to decentralisation that boosts regional economic activity, encourages private sector investment in regional Australia and improves Government service delivery in the long-term.

The Government assesses a range of important factors, including those outlined by the Committee, in a thorough two-staged process when making decisions about decentralisation locations.

Recommendation 8:

After a decision to decentralise an agency has been made, the Committee recommends that the process of relocation includes:

- *strategies for communicating the relocation process to staff;*
- *consideration of short-term incentives to relocated staff;*
- *support for flexible working arrangements including teleworking; and*
- *close collaboration with the local organisations of the gaining area.*

The Government agrees with the recommendation, noting this is already undertaken and led by the agency relocating.

The Government is committed to supporting all staff involved in a decentralisation decision and ensuring collaboration with local organisations.

Individual entities are responsible for their communication procedures regarding individual relocations. Further work is being done to assess additional opportunities regarding decentralisation including opportunities to encourage private industry and businesses to move to regional locations.

Recommendation 9:

The Committee recommends that the Federal Government does not apply any limits on numbers of Senior Executive Service staff in agencies when those Senior Executive Service positions are located in regional areas.

The benefits of decentralisation for policy design and program implementation is to provide flexibility and understanding at a regional level. This requires decision makers to be located, as much as possible, close to those impacted by their decisions while still ensuring that the regulating agency maintains its independence and impartiality.

The Government notes the recommendation.

The Government does not currently apply any limits on the numbers of Senior Executive Service staff in agencies when those Senior Executive Service positions are located in regional areas.

There are many benefits for agencies from being closely located to the communities they serve, including understanding local challenges, opportunities and the impacts of policy settings.

For example, the creation of a new Australian Maritime Safety Authority (AMSA) regional office in Coffs Harbour and additional roles in various regional coastal towns is bringing AMSA closer to its operational environment and the communities it serves.

Similarly, AgriFutures Australia's relocation to Wagga Wagga in southern New South Wales will enable the agency to work side-by-side with the people they are committed to support.

The Government is committed to improving government service delivery through closer proximity to citizens and stakeholders. Relevant Government departments will continue to work together to ensure optimal staffing arrangements for decentralised agencies.

Recommendation 10:

The Committee recommends that every decentralised agency conduct an evaluation of the decentralisation at one year, five year and ten year points; and publish the results of that evaluation.

The Government notes the recommendation and supports appropriate, timely evaluation of decentralised entities.

The Government is strongly committed to supporting regional communities and ensuring the benefits of economic growth are felt beyond the capital cities. By creating a decentralisation cabinet position and appointing the first ever Minister for Decentralisation in August 2018, relocation of government agencies is consistently being considered at the highest level.

At the end of 2018, 14 per cent of Australian Public Service jobs were in regional Australia, which is up from 12 per cent in 2012.

As part of the Decentralisation Agenda, all portfolios will review their regional footprint annually. This evaluation will be published in the Regional Ministerial Budget Statement released each Budget. It provides the Government with an important opportunity to reinforce its commitment to rural and regional Australia.

Recommendation 11:

The Committee recommends that the Federal Government strengthen the role of, and better support, regional universities as pivotal institutions for social and economic development in regional areas.

The Government agrees with the recommendation and is already acting to deliver this outcome.

Regional universities play a critical role in supporting social and economic development in regional areas, including meeting the skills, research and development needs of industry.

The Government is developing the Regional, Rural and Remote Education Strategy as part of the \$134.8 million Regional Education Package announced on 12 November 2018. An expert advisory group will drive the development of the strategy. The terms of reference for the expert advisory group include building on the work of the 2017 Independent Review into Regional, Rural and Remote Education (IRRRRE) and investigating the need for a commissioner to oversee the implementation of the Strategy.

The Regional Education Package builds on a range of measures announced in response to the IRRRRE. In the 2018-19 Budget, the Government committed \$42.2 million to increase opportunities for higher education students in regional and remote areas.

In 2017, regionally headquartered universities received more than \$1.6 billion in base funding for Commonwealth supported students. This funding will continue to grow every year, reaching over \$1.8 billion annually by 2021. Further, the Government provides over \$70 million per year in regional loading to help universities maintain regional campuses, among other initiatives.

The Launceston City Deal includes a significant investment from the Australian Government to support the relocation of the University of Tasmania's Launceston campus in recognition of the important role of the campus to the city's economic development.

Recommendation 12:

The Committee recommends that the Federal Government state its regional development policy through a comprehensive Regional Australia White Paper, following a Green Paper public consultation process.

The Green Paper process should include, but not be limited to the following issues:

- *consider regional Australia's population needs as part of the broader national context. This includes urbanisation, ageing, depleting populations in smaller towns, and migration;*
- *the use of the skilled migration program to support regional development;*
- *improving education and training of young people – in particular Year 12 completion rates – in regional areas;*
- *the development of a national regional higher education strategy;*
- *the need for access to information technology, strong and reliable communication, specifically mobile phone and NBN;*
- *the need for strong and reliable transport infrastructure to support passenger and freight requirements;*
- *the role of amenity and social infrastructure, specifically the cultivation of social, cultural and community capital in supporting regional development;*
- *incentives and strategies to improve private sector investment in regional areas; and*
- *the role and funding of local governments to better support regional areas.*

The Government agrees in principle with this recommendation and supports a strategic approach to economic development in regional Australia.

In light of the comprehensive examination of regional development issues conducted by the Committee, the Government will establish an Expert Panel to undertake a targeted assessment of the key issues raised in the Report, including the development of a White Paper.

The Government is committed to supporting the regions to be prosperous, safe and sustainable over the long term. The targeted assessment process will consider a regional development framework, the most appropriate mechanisms for local collaboration and partnerships, as well as reviewing Commonwealth investment and how this could better support strategic regional growth.

The Expert Panel will report to Government by 31 March 2019.

Additionally, regional Australia will be considered as part of the Government's plan to respond to a rapidly growing population and congestion in our major capital cities.

Recommendation 13:

The Committee recommends that the Federal Government establish a Joint Standing Committee on Regional Development and Decentralisation. The role of the Committee will include but not be limited to:

- *monitor and report on the strengthened Regional Development Australia program including the revised role of the Regional Development Committees;*
- *monitor and report on the implementation of the Regional City Deals program;*
- *examine incentives and strategies to improve private sector investment in regional areas; and*
- *review existing decentralisation of both public and private sector entities and identify further potential opportunities.*

The Government notes this recommendation.

The Regional Ministerial Taskforce has enabled cross-portfolio collaboration, joined-up initiatives and oversight of regional matters. The new Regional and Rural Committee (RRC) of Cabinet will continue this oversight and ensure that Government policies and decisions are assessed through a regional lens.

Portfolio ministers have responsibility for identifying potential entities or functions for relocation within the Decentralisation Agenda, and providing options to the Government.

Further consideration may be given to the role of the RRC pending the recommendations and advice provided by the Expert Panel.