

ACT Government Submission

The House of Representatives Select Committee on Regional Australia: Inquiry into Regional Australia

Introduction

The ACT Government has a long-standing commitment to supporting regional development, including strong support for efficient and consistent service delivery to ensure the best social, health and economic outcomes for the regional communities of the Canberra Region.

The Canberra Region is a strong, growing economy within Australia's most geographically diverse natural environment. It encompasses the Australian Capital Territory, south-western slopes of NSW, the NSW southern tablelands, south coast, snowy mountains and NSW high country. The vibrant regional economy is underpinned by transport connections to Canberra and Sydney, offering diverse agricultural and tourism opportunities as well as collaborations between public and private sectors.

The ACT's unique position as a jurisdiction surrounded by NSW creates a different experience in relation to regional development than that experienced by other Australian jurisdictions. Canberra is an important regional hub for South-East NSW, providing key social services, employment, transport and trade connections (including emerging international export opportunities) for around 750,000 people. Canberra's growth is also expected to provide an increasing range of employment and educational opportunities to the region, particularly in relation to public administration and professional services.

The ACT and surrounding NSW state and local governments recognise that people who live in the Canberra Region do not see a border, and so are committed to a borderless approach. Several collaborative frameworks are in place to promote the growth and prosperity of the ACT and NSW surrounding region in a borderless environment. There has been strong commitment by both NSW State and local Governments to collaborate with the ACT Government to address key regional issues around economic growth, urban planning, public transport and service planning. The frameworks in place to facilitate this work include:

- [*The ACT-NSW Memorandum of Understanding for Regional Collaboration*](#)
- [*The Memorandum of Understanding between the Canberra Region Joint Organisation and ACT Government*](#)
 - The [*CRJO Statement of Strategic Regional Priorities*](#) outlines the CRJO's shared goals and priority actions for the Canberra Region, relating to leadership, the economy, infrastructure, community, environment, and other cross-border regional impacts
- [*Letter of Intent between the ACT Government and the Queanbeyan-Palerang Regional Council*](#)
- [*South East and Tablelands Regional Plan*](#) (2017), developed by the NSW Government with input from the ACT Government.
 - This Plan is a clear example of both jurisdictions' cross-border and regional-focussed approach to economic investment, infrastructure delivery, service provision and housing development. It seeks to facilitate sustainable growth and optimise economic outcomes and provides a unique and compelling model for effective, collaborative and sustainable regional development planning.

Promoting Investment

The Australian Government's investment in regional infrastructure will be best spent linking regional cities and towns to larger cities. This will not only likely produce a higher return on investment and

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provide value to an increased number of people, but also more effectively drive regional growth and productivity and assist in addressing population pressure in large cities. In the Canberra Region, upgrades to key tourism, freight and commuter routes, such as the Barton, Kings and Princes Highways and Pialligo Avenue, as well as joint work to develop options for improvements to rail linkages between Canberra and Sydney, are priorities of regional significance.

The 2019 ACT-CRJO [Prospectus for a Canberra Region Deal](#) calls on the Commonwealth and NSW Governments to work with the ACT and CRJO to support the Canberra Region's unique advantages with a Canberra Region Deal that invests in the region's future. The prospectus includes a three-point plan which outlines how a partnership can strengthen the Canberra Region and support the growth of a sustainable, successful community into the future.

Faster rail between Canberra and Sydney will allow the Canberra Region to take advantage of new tourism, freight and business investment opportunities, create productivity gains through reduced travel time and congestion, and provide easier access to travel between the two cities. An upgrade to the heavy rail corridor between Sydney and Canberra could deliver significant productivity gains through reduced transport time, diverted traffic volume from the Hume Highway and increased connectivity between Canberra and Sydney.

Enhanced rail capacity between Canberra and Sydney would complement new tourism, freight and business investment opportunities created by the availability of international flights at Canberra Airport. There are also potential opportunities for regional urban development, unlocking land for affordable housing, and promoting better land use and transport integration.

Additionally, new and improved rail connections between Canberra and the Port of Eden would link Australia's national capital and the Canberra Region's international gateway with its closest deep-water port and a thriving cruise ship terminal. This would create significant new tourism and economic development opportunities.

A growing and resilient regional centre is best placed to attract investment opportunities; attract and retain people; and ensure the provision of essential services such as health, education, and associated infrastructure to support and sustain a growing population. As a geographical, political and economic hub, the Canberra Region is a model for a successful regional centre. Integrated approaches to planning, infrastructure, transport and service delivery support new opportunities for investment and maximise the urban renewal benefits to the region.

The Canberra Region is renowned both nationally and internationally for its research and education institutions, attracting talent from across the globe and creating the most highly skilled workforce of any region in the country. Aside from the key services, the region provides platforms for growth, especially in high quality research bodies, universities, training institutions, colleges and schools. The region is also centrally located near major tertiary institutions in Wagga Wagga, Wodonga, Wollongong, Nowra and Sydney. The Canberra Region is home to institutions renowned for their research and commercialisation outcomes, including the Commonwealth Science and Industrial Research Organisation (CSIRO) and Data 61.

Per capita, Canberra is Australia's largest exporter of international education. The higher education and research sector in Canberra generates income, employment and significant economic activity within the region. Higher education and research are already among Canberra's economic strengths, with the sector contributing approximately \$3.3 billion each year and supporting around 20,000 jobs.

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The ACT provides valuable access to tertiary study opportunities for the Canberra Region, with approximately 45 per cent of residents having some type of post-school qualifications as of 2016. This is higher for the Canberra Region than for any other capital city area in Australia and reflects the large amount of educational capital available to local communities, demonstrating how essential strong regional connectivity is to ensure access to these high-quality services.

Decentralisation

The Australian Capital Territory was established on the traditional land of the Ngunnawal people on 1 January 1911, as a political, regional and geographic compromise between Sydney and Melbourne. Unable to accept the political and economic power of the national capital being concentrated in either state's capital city, NSW and Victoria agreed to decentralise the national capital from its temporary home in metropolitan Melbourne to a sparsely populated regional area north of the Murray River. Canberra itself is the single greatest example of a successful decentralisation model, unparalleled anywhere in the world.

The Commonwealth has a responsibility to ensure the functionality of the ACT and to work closely with the ACT Government to ensure the principles which underpin it remain intact. It is through strength of commitment to Canberra as the home of the federal public service that this decentralisation to Canberra was successful; piecemeal fracturing of the public service however will only dilute the effectiveness of the public service, without transplanting the benefits.

The ACT Government has consistently opposed the Australian Government's policy of relocating Commonwealth agencies away from Canberra. The establishment of public service agencies in the capital city eliminates the transaction costs associated with decentralised services. Further, decentralisation as a regional development initiative fails to recognise Canberra's role as a regional centre, or the flow-on impacts on regional towns of South East NSW such as Yass, Goulburn and Queanbeyan.

The ACT forms around 80 per cent of the economy of the surrounding South East NSW region. The decision to bolster regional economies through the transfer of jobs from Canberra comes at the expense of a regional economy. Moving existing jobs and uprooting Canberra families is not a viable solution to creating economic gain.

The ACT Government continues to deliver a strong strategy to diversify the Canberra economy in order to strengthen resilience to changes in the federal public service. However, such relocations or cuts will always have a strong negative impact on Canberra and, vitally, on the broader Canberra Region of South East NSW.

The economy of the Canberra Region is significantly reliant on Canberra's role as the National Capital and home of the Federal Public Service. History has shown that job cuts hurt the ACT. It is estimated Gross State Product in the ACT reduces by \$110 million per annum for every 1,000 APS jobs cut.

The ACT Government is a strong supporter of effective regional development policy to build the prosperity and adaptive capacity of Australia's regional communities. However, there is negligible evidence to support agency relocation as effective, sustainable regional economic development policy. For both the agencies which are forced to relocate, the staff and families who are dislocated from their embedded social capital, and the communities into which they transplanted – the impact is often a net negative.

ACT Government Submission

The House of Representatives Select Committee on Regional Australia: Inquiry into Regional Australia

The highest profile result of the Federal Government's policy of decentralisation was the relocation of the Australian Pesticides and Veterinary Medicines Authority (APVMA) from Canberra to Armidale, NSW. In 2016, the Australian Senate estimates hearings revealed that the Federal Government incurred \$25.6 million as expenses for relocation of APVMA. This amount excludes the undeniable impact on the functioning of essential Commonwealth Government agencies.

Better regional outcomes would be achieved by focussing APS's considerable ability to deal with complex issues more effectively on regional Australia. The challenge is one of joined-up policy making and fragmenting the public service will only exacerbate the challenge faced by regional development policy.

Investment in more effective regional policy and service will far outweigh inequitably distributed benefits derived from relocating single agencies. The very founding of Canberra was itself an historic act of inland decentralisation from our major coastal cities. The ACT supports an approach to decentralisation that strengthens, rather than weakens, the regional economy of South-East NSW and the wider Canberra Region.