

Impact of the GFC on regional populations

Introduction

3.1 There is a personal aspect to this crisis that is often overlooked in reporting on the GFC. It is easy to talk about manufacturing, retail and tourism figures and the end of a mining boom. Unemployment figures can be up, down or steady but these figures couch, in different terms, the reality that people have been affected by this downturn. Jobs have been lost and homes have been lost as a consequence of the GFC and social services around the country have been strained. This chapter seeks to highlight the human impact that this crisis has had on regional Australia.

Job losses in regional Australia

3.2 One of the most critical impacts of the GFC has been the loss of jobs. In the first half of 2009, 87.5 per cent of regions recorded an increase in their unemployment rate¹ and it is little surprise that those parts of regional Australia dependent upon industries that have been adversely impacted by the GFC have experienced corresponding job losses. What has been different during this downturn is the rise in underemployment. Statistics indicate that full-time employment has decreased while part-time employment increased.² As one news source has reported, 'the shedding of work hours is far more pronounced than the shedding of jobs'.³ This is borne out in anecdotal reporting from around the country. In Ballarat, for

1 Department of Education, Employment and Workplace Relations, *Australian Regional Labour Markets June Quarter 2009*.

2 Australian Bureau of Statistics, *Labour Force, Australia, August 2009*.

3 ABC News, *Working hour erosion tells the real story*, 6 August 2009.

example, local businesses affected by the GFC have negotiated with staff a reduction in work hours in order to preserve jobs.⁴

3.3 The Government has responded to the increasing levels of unemployment in regional Australia in a number of ways. Its Keep Australia Working strategy includes the support provided to business as part of the Nation Building Economic Stimulus Plan. In addition to the creation of jobs through economic stimulus, the Government is focusing efforts on three areas:

- Unemployment assistance;
- Community assistance; and
- Skills development.

3.4 Unemployed Australians are being provided support through the Job Services Australia program. Under arrangements which commenced on 1 July 2009, job seekers 'will receive an individual Employment Pathway Plan, which can include literacy and numeracy programs, work experience, help with resumes, trade equipment and training'.⁵

3.5 Communities in regional Australia are being assisted through the introduction of the Jobs Fund, which 'supports community projects in regions hardest hit by the downturn'.⁶ The Government has also identified 20 Local Priority Employment Areas, in which Local Employment Coordinators have been employed to 'work with employers and not-for-profit groups to identify new job opportunities and help match employment and training opportunities with Government services and funding'.⁷

...the local employment coordinators have been tasked with going around to meet with people and talk to them to make them aware of the fact that there will be an opportunity for round 2 of the Jobs Fund to have developed proposals.⁸

In addition, Keep Australia Working Forums have been held in priority areas as a means of facilitating discussion amongst business leaders, local governments, employers and training and Job Services Australia providers.

4 ABC News, *Downturn prompts offers to cut work hours*, 16 September 2009.

5 *Keep Australia Working*, Interim Report, p. 15.

6 *Keep Australia Working*, Interim Report, p. 17.

7 *Keep Australia Working*, Interim Report, p. 17.

8 Mr Graham Carters, *Transcript 14 August 2009*, p. 25.

3.6 Skills development is particularly important in regional Australia because the growth of regional economies is dependant on the retention of skilled labour in regional communities:

...we have seen people leaving the industry ...[it is a] key challenge and concern for the [marine] industry, because our indicators are that as demand comes back, with the improvement in economic circumstances and people's household budgets allowing for the expenditures which they previously enjoyed, that demand will be picked up by imports rather than by domestic product.⁹

3.7 The Committee was concerned that regions do not lose their skills base and as such, queried participants at each of its regional public hearings about the retention of skilled labour in their regions. In many cases, community representatives were not aware of what had happened to those who had lost jobs in their regions.¹⁰ In one instance, the Committee received evidence suggesting that the Queensland State Government had been able to track some redundant workers in Townsville through their rapid response task force and their hotline;¹¹ however, the majority of the Committee's evidence suggests that despite the actions of the Commonwealth Government, local governments were not across the range of strategies being employed to keep redundant workers engaged in their regions.

3.8 The evidence does reveal that three scenarios have been playing out in regional Australia. In some areas, previous skills shortages have ensured that some redundant employees have been able to pick up work in other sectors and remain in the same location:

...probably over half were re-employed in the region. That was probably a function of the really critical skills shortage we had there for a while.¹²

3.9 In other cases, notably in WA's mining sector, fly-in/fly-out workers have been able to find work on other sites and are either continuing their commute from metropolitan centres or relocating their families back to those centres – a prospect that does not bode well for regional economies.¹³ In some regional centres, there is no opportunity for skilled

9 Mr Donald Jones, *Transcript 4 August 2009*, pp. 16-17.

10 For example see Mr Anthony Brun, *Transcript 29 April 2009*, p. 11.

11 Dr Lisa McDonald, *Transcript 3 September 2009*, p. 30.

12 Dr Lisa McDonald, *Transcript 3 September 2009*, p. 30.

13 Mr Anthony Brun, *Transcript 29 April 2009*, pp. 11-12.

workers to find alternative work in their field and there is a danger that they will be forced to relocate.¹⁴

3.10 Finally, evidence suggests that some companies are 'working hard to retain skilled workers'¹⁵ and unlike previous economic downturns, employers are reducing staff hours rather than laying staff off.¹⁶ Some of this activity may be in recognition of the need to retain skilled workers for the eventual recovery. This is particularly important in regional Australia, where the loss of a skilled workforce can have a significant impact on the regional economy.

3.11 Governments and industry are trying to retain skills within regional communities. In addition to immediate government support offered to the unemployed, education and training offer the greatest opportunity to equip the unemployed with the necessary skills to ensure that they are able to source alternative work within their communities:

...we are doing a lot of [training] work with workers who are displaced from the manufacturing sector...I think I can confidently put up my hand and say that all levels of government have recognised that and are doing terrific work...¹⁷

...I think that, with the changes that are being made by the state government and also the introduction of the Australian technical colleges – we have a campus that has just been opened here – we are well on the way to ensuring that we can respond.¹⁸

...there is a strong commitment to retaining apprentices and trainees within existing industry. I think industry has learnt from the experience of the last few years and where possible is maintaining a commitment to training to look at the future options for being able to pick up on labour supply.¹⁹

3.12 Skills development is being progressed in a number of ways. The Government has increased the number of Vocational Education and Training (VET) places in acute skills shortage areas and is increasing the number of places available at higher education facilities. Additional training is being provided to the long-term unemployed and extra money has been provided to apprentices to assist them to continue or complete

14 Mr Rodney Greene, *Transcript 20 April 2009*, p. 12.

15 Mackay Region ACC, *Submission No. 45*, p. 3.

16 ABC News, *Jobless figures weaken rate rise case*, 10 September 2009.

17 Mr Grant Sutherland, *Transcript 22 April*, p. 13.

18 Mr Rodney Greene, *Transcript 20 April 2009*, p. 14.

19 Mr Donald Punch, *Transcript 30 April 2009*, p. 30.

their training during this period.²⁰ In response to the Keep Australia Working Report, the Jobs Fund has been adjusted to include a new Apprentice Kickstart Package 'to accelerate the take-up of apprenticeships in order to support the availability of trade skills in crucial sectors of the economy'.²¹

- 3.13 Skills will be retained if the right kind of training is provided. People should be trained in skills for which there are jobs available now and into the future.²² The Committee has been advised that in the past, the typical training provider approach, in the manufacturing sector for example, may have meant going to Ford and signing up workers for a certificate in some automotive category even though, in reality, there probably wasn't going to be any work for someone with those skills.²³ They should also be provided with training that will increase and develop their skills, making them more employable when the economy recovers:

When Caterpillar comes back they are going to want to grow their employment pretty quickly but with more skilled employees than the people who are losing their jobs now. We need to get tradespeople up to university degrees and people who are unskilled into at least trade diploma or advanced diploma stage. They are the sorts of things we need to be moving on within the next few months to take advantage of the lull, if you like, before the economic growth that will come at the end of this crisis.²⁴

- 3.14 The recently announced National Resource Sector Employment Taskforce is intended, in part, to examine the skills needed in the resource sector and plan for the education and training necessary to fill those skilled positions.²⁵ The evidence noted here, suggests that there is need for similar workforce planning in other sectors of the economy. The National Resource Sector Employment Taskforce effectiveness has yet to be tested, however, should resource sector-specific, Commonwealth Government workforce planning prove successful, then there may be scope for similar planning to occur in other sectors of the economy, notably the manufacturing sector.

20 *Keep Australia Working*, Interim Report, p. 15.

21 DEEWR website, <http://www.deewr.gov.au/Employment/KeepAustraliaWorking/Pages/home.aspx>, accessed 21 October 2009.

22 Professor Sue Kilpatrick, *Transcript 22 April 2009*, p. 31.

23 Mr Grant Sutherland, *Transcript 22 April*, p. 13.

24 Mr Paul Arnold, *Transcript 20 April 2009*, p. 6.

25 Media Release, The Hon Gary Gray AO MP, *Gray to Head Up Resource Jobs Taskforce*, 2 October 2009.

Mortgage stress in regional Australia

3.15 There is a direct link between unemployment and mortgage stress and as unemployment and underemployment rise, Australians become increasingly concerned about losing their jobs and their homes. This is equally true in regional Australia where almost 40 per cent of people could only continue to keep paying their mortgages for one to three months if they or their partner lost a job.²⁶

3.16 In late 2008 and early 2009, when unemployment in the regions was rising precipitously, unemployment and underemployment was accounting for the majority of hardship applications received by mortgage insurers:²⁷

In the first quarter of 2009, more than 500 hardship applications were approved as a result of employment related factors. The total number of arrears and mortgages in possession...as at May 2009 for regional areas was 672, which represents a significant increase since May 2008. In May 2009, the nationwide delinquency rate was 0.60 per cent. Some of the key regional areas of concern which were above the national delinquency average included, for example, the Hunter Region in New South Wales, which had a delinquency rate of 0.79 per cent; the Illawarra in the south-eastern region of New South Wales, which had a delinquency rate of 1.25 per cent; the northern far west, north-west region in New South Wales, which had a delinquency rate of 0.70 per cent; the north and west region in Queensland, which had a delinquency rate of 0.98 per cent; and the Mornington Peninsula, which had a delinquency rate of 0.96 per cent.²⁸

3.17 The Committee visited some of the areas cited by mortgage insurers as being of particular concern. In Broken Hill, mine closures have resulted in a situation whereby people have:

...refinanced and remortgaged when employed, substantially in mining activities, only to be faced with a sharp decrease in the value of their mortgage property, unanticipated unemployment when there were recent closures in the mines, and the consequent inability to service those mortgages. Forced repossession by the financiers has been the result and/or the inability to sell the mortgage property for an amount equal to the mortgage liabilities.

26 Ms Kristen Foster, *Transcript 6 July 2009*, p. 3.

27 Ms Kristen Foster, *Transcript 6 July 2009*, p. 3.

28 Ms Kristen Foster, *Transcript 6 July 2009*, p. 3.

In the majority of cases the forced sale has realised a figure substantially less than the amount of the liability.²⁹

3.18 A financial counsellor speaking with the Committee in Broken Hill advised that ‘clients with mortgage stress have increased by 60 per cent’.³⁰ In the most extreme of circumstances, some have simply abandoned their mortgaged premises.³¹

3.19 In April 2009, the Commonwealth Government announced an agreement between itself and Australia’s four major banks to assist borrowers experiencing mortgage stress as a result of the GFC.³² The agreement reached focused on principles which placed obligations on the four major banks to provide temporary relief to borrowers and provide assistance options. The agreement was subsequently extended to building societies and credit unions. In it, lenders agreed to:

- in relation to mortgages, postponement for up to 12 months the dates on which payments are due under the contract (with interest to be capitalised into the loan);
- an extension of the period of the contract and a reduction in the amount of each payment due under the contract;
- interest-only breaks on loan repayments; and
- fee waivers.³³

3.20 At its hearing in Sydney, Genworth, a mortgage insurance provider, welcomed the agreement between the Government lenders but argued for greater assistance in the form of a national unemployment mortgage assistance program (NUMAP).³⁴ Under such a scheme:

Where the borrower cannot meet his repayments because he is unemployed, he can apply to the federal government...along the lines of a HECS style program where he gets the funding to keep the mortgage up to date. The expectation would be that the lender would convert the loan to an interest-only loan – in other words, the borrower is not profiting from their demise – but the

29 Ms Rebecca McIlveen, *Transcript 7 July 2009*, p. 49.

30 Mrs Sherrie Wilkins, *Transcript 7 July 2009*, p. 51.

31 Ms Rebecca McIlveen, *Transcript 7 July 2009*, p. 49.

32 The Hon Wayne Swan, Media Release, *Relieving Mortgage Stress, The Principles: A Common Approach For Assisting Borrowers Facing Financial Hardship*, 5 April 2009.

33 The Hon Wayne Swan, Media Release, *Relieving Mortgage Stress, The Principles: A Common Approach For Assisting Borrowers Facing Financial Hardship*, 5 April 2009.

34 Ms Kristen Foster, *Transcript 6 July 2009*, p. 3.

repayment would then come from this federal government authority or body, would be paid directly to the lender's account to keep the loan up-to-date and at the same time the consumer would enter into an agreement, similar to HECS, so that once he is back in the workforce he would repay the lender, which happens to be the federal government, the repayments the government has made on his behalf.³⁵

3.21 Genworth also advocated for the introduction of an industry funded mortgage stress helpline for borrowers experiencing problems with their mortgage repayments.³⁶ While funded by industry, it was proposed that the helpline operate independently of industry in order to reduce potential conflicts in seeking advice from organisations from which assistance is also being sought.³⁷

3.22 The Committee canvassed with various stakeholders the potential for an industry funded mortgage assistance helpline. The responses were not overwhelmingly supportive. In NSW, there is already a Credit and Debt Hotline operated by the Consumer Credit Legal Centre and the establishment of another hotline would not be very helpful 'because it can be very confusing for consumers to work out where to go for advice'.³⁸

3.23 It was noted, however, that other states and territories might not have access to a similar service, in which case, a hotline would be helpful provided that it:

...be seen to be independent and for it to be operated by a body such as a specialist community legal centre, a legal aid commission or some other independent body so that consumers can have confidence that the advice they are getting is appropriate and tailored to their needs. And it should involve accommodation of legal assistance and financial counselling.³⁹

3.24 Australia's banks were less supportive:

...I am not sure what value that would add because we have already set up hotlines...so from a bank point I am not sure whether that would actually help; in fact, it might have the effect of diverting someone to a hotline whereas they might be better off speaking to their bank. It may be of assistance for other lenders

35 Mr Peter Hall, *Transcript 6 July 2009*, p. 7.

36 Ms Kristen Foster, *Transcript 6 July 2009*, p. 4.

37 Mr Peter Hall, *Transcript 6 July 2009*, p. 9.

38 Mr Alan Kirkland, *Transcript 6 July 2009*, p. 20.

39 Mr Joseph Catanzariti, *Transcript 6 July 2009*, p. 22.

outside the mainstream, but I think for banks, and possibly for mutuals as well, what we should be promoting is that people should be contacting their bank in the first instance. So I am not convinced it is a good idea.⁴⁰

- 3.25 A debt counsellor in regional Australia was of the opinion that a mortgage stress hotline was 'better than nothing' but, in general, believed that advice lines are 'limited in terms of the services that they can provide' because clients need to discuss issues on a face-to-face basis.⁴¹
- 3.26 In the case of NUMAP and the mortgage assistance hotline, Genworth recommends establishing a federal government task force to monitor mortgage stress triggered by unemployment and analyse the impact of a national unemployment mortgage assistance program.⁴²
- 3.27 In September 2009, the unemployment rate remained high (5.8%)⁴³, but steady and was not moving rapidly towards Treasury's earlier prediction that the unemployment rate could reach 8.5%.⁴⁴ There is also evidence that Australian mortgage delinquencies are on a downward trend. Fitch Ratings notes that peak arrears were reached in the fourth quarter of 2008 and have been decreasing in 2009, due in part to the reduction in official interest rates and the relative strength of Australian employment levels.⁴⁵
- 3.28 Despite the relatively positive indicators at present, the Committee is concerned that unemployment could continue to rise, leading to increased delinquencies. If this occurs, regional Australia will be disproportionately affected – 15 of the Government's 20 Local Employment Priority Areas are in regional Australia. Close monitoring of unemployment figures and levels of arrears will be necessary, with any rise in these figures indicating a need for further action. Evidence collected by this Committee does not strongly support the introduction of a mortgage assistance helpline; however, the Committee does believe that the Government should examine in detail the potential impact of a national unemployment mortgage assistance program as a means of responding to rising unemployment and mortgage stress in regional Australia.

40 Mr David Bell, *Transcript 6 July 2009*, p. 46.

41 Ms Rebecca McIlveen, *Transcript 7 July 2009*, p. 51.

42 Ms Kristen Foster, *Transcript 6 July 2009*, p. 4.

43 Australian Bureau of Statistics, *Labour Force, Australia, August 2009*.

44 Mr Peter Hall, *Transcript 6 July 2009*, p. 6.

45 ABC News, *Delinquent mortgages continue declining: Fitch*, 10 September 2009.

Recommendation 5

- 3.29 **The Committee recommends that the Government examine in detail the potential impact of a national unemployment mortgage assistance program as a means of responding to rising unemployment and mortgage stress in regional Australia, should unemployment and mortgage default levels continue to rise.**

The impact of the GFC on social services in regional Australia

- 3.30 The GFC has left some people in regional Australia unemployed or underemployed and struggling to pay their bills. As a result, demand for social services has increased. The Committee acknowledges that governments and private service providers are responding to that demand as best they can, but in many cases, resources are stretched. Greater funding and resourcing for social services is an ongoing concern and will assist to alleviate some of the pressure felt by providers. There are, however, additional service provision models being tested which could also have a positive impact on the provision of social services in regional Australia.
- 3.31 Evidence provided to the Committee from around Australia, particularly in the first part of 2009, indicated a substantial rise in demand for social services. The Department of Human Services (DHS) indicated that 'all Centrelink's service channels have seen a significant increase in demand from people testing their eligibility for government assistance and income support'⁴⁶ and Newstart and Youth Allowance claims over the past year have also increased.⁴⁷ In May 2009, the Centrelink office in Mandurah, was experiencing long queues often stretching out the door past 5 o'clock.⁴⁸ Private service providers in Mandurah were also indicating increased demand. The Salvation Army there was seeing in excess of '12 new families per week' contacting their office.⁴⁹ Community legal centres in regional NSW were seeing:

... a significant increase in inquiries relating to credit/debt issues. In addition, advice is being sought in areas of previous low demand, such as repossessions, bankruptcy and mortgage issues. There has also been a significant increase in the demand for

46 Department of Human Services, *Submission No. 154*, p. 4.

47 Department of Human Services, *Submission No. 154*, p. 4.

48 Mayor Patricia Creevey, *Transcript 1 May 2009*, p. 15.

49 Peel Community Development Group, *Submission No. 142*, p. 1.

financial counselling services attached to community legal centres.⁵⁰

- 3.32 The increase in demand has exposed some service delivery problems. Evidence suggests that non-profit service providers are lacking the staff and finances required to respond to large-scale increases in unemployment. In the Peel region, for example:

...welfare organisations themselves have a finite monetary and staff resource base. They are either donation based or minimally funded and are currently being put under greatly increased financial and volunteer staffing pressure...there is no current increase in resources for our Peel Region welfare organisations yet the numbers seeking assistance continue to rise.⁵¹

- 3.33 Public legal assistance services struggled to meet demand prior to the GFC.⁵² The crisis has exacerbated that situation, particularly in regional Australia:

Public legal assistance services in regional areas are not well placed to meet existing demand on services, let alone the increase in demand resulting from the GFC.⁵³

- 3.34 It would appear that Centrelink too has suffered from a lack of available service delivery staff in some instances. In Mandurah it was claimed that Centrelink staff were 'overwhelmed' as a result of reductions in staff numbers:

...as unemployment went down, the staff were cut...the staff are very overwhelmed. There are long queues. Previously Centrelink would go to places where redundancies were happening and provide that information. That is not happening now. I think that is because of the staffing and the pressures that Centrelink are under. It is not the individual staff. The system is slow to respond.⁵⁴

- 3.35 Some evidence has also suggested that increasing demand is not always being met at Centrelink call centres. In the Central Murray, the Committee is advised that the Centrelink call centre number was 'constantly busy'.⁵⁵

50 NSW Legal Assistance Forum, *Submission No. 148*, p. 3.

51 Peel Community Development Group, *Submission No. 142*, p. 2.

52 NSW Legal Assistance Forum, *Submission No. 148*, p. 6.

53 NSW Legal Assistance Forum, *Submission No. 148*, p. 6.

54 Mayor Patricia Creevey, *Transcript 1 May 2009*, p. 41.

55 Central Murray ACC, *Submission No. 100*, p. 9.

In addition, many in the community are not aware of Centrelink's various eligibility requirements, having never accessed them before:

When they get their redundancy package, apparently the system in place at Centrelink at the moment is that they actually have to spend their holiday pay and their redundancy package before they can start to get Centrelink benefits. So we are seeing people that are selling off their hard-earned assets that they have worked for as a family. That has huge ramifications.⁵⁶

- 3.36 A rapid rise in unemployment will put a strain on service delivery. One way to overcome access and lack of knowledge problems is to access worksites where staff are being made redundant before they leave, in order to advise them of the services available and the guidelines surrounding those services. There is indication that this has been occurring. In Burnie, for example, Centrelink staff were at the Caterpillar factory for three weeks having interviews with all of the employees as they went out the door.⁵⁷
- 3.37 The coordination of services is also an important mechanism for assisting people during times of crisis. In regional Australia, as in the rest of the country, there is no one service provider and 'making sure that people have access to the full range of services is a challenge'.⁵⁸ The Committee is aware that in response to the GFC, Centrelink has been working with the Community Response Task Force, local Job Services Australia providers and Local Employment Coordinators as well as providing referrals to social workers for long-term assistance.⁵⁹ Centrelink has also begun trialling a series of co-location sites between Centrelink and Medicare in order to explore ways in which it can 'work more effectively with other service providers'.⁶⁰
- 3.38 The NSW Legal Assistance Forum is a proponent of integrated service delivery. It cited the West Heidelberg Community Legal Centre in Victoria, which is co-located with a health service, as a good example of the successful integration of social services.⁶¹ In the field of legal aid, the Mortgage Distress Legal Aid NSW initiative has been set up to provide legal assistance and financial counselling and will be 'working very closely with Centrelink and Job Services Australia providers to try to pick
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56 Ms Donna Selby, *Transcript 1 May*, p. 40.

57 Mr Paul Arnold, *Transcript 20 April 2009*, p. 14.

58 Ms Catherine Rule, *Transcript 14 August 2009*, p. 41.

59 See *Transcript 14 August 2009*, pp. 39-50.

60 Ms Catherine Rule, *Transcript 14 August 2009*, p. 41.

61 Mr Alan Kirkland, *Transcript 6 July 2009*, p. 29.

up people at the point that they become unemployed or register as unemployed'.⁶²

- 3.39 The combination of collectivised service provision and the use of a localised, place-based approach will further enhance the response of social service providers during crises. As this report has noted, the GFC has affected different regions differently. Therefore, the social services required by a region will vary across the country. Centrelink has had experience employing localised solutions to service provision:

...it is not looking at service delivery for the same people across the board delivered in the same way. As an example of that I will talk about Cooma. It is very small and some people may think it is close to Canberra and able to access services. We are doing a project about young carers and house support. Young carers are people still at school caring for sick parents. It is just looking at how we might be able to act as a connector of services for a group that is not or have not been able to access it – looking at what is available, what needs to be available to keep them in school, in education, to support them and all sorts of things.⁶³

- 3.40 Moves towards greater collective service provision, tailored to local needs is an important step forward and has the potential to assist regional Australia at all times, but in particular during times of crisis. The evidence cited here suggests that the Commonwealth Government has attempted to coordinate the provision of its services during the GFC⁶⁴, and while this may be occurring between other levels of government, the Committee has not received evidence demonstrating an awareness of the full range of human services provided in the regions or a high level of integration between those services.
- 3.41 As a national provider, the Commonwealth Government has a role to play in promoting and encouraging local, coordinated service provision between the three tiers of government. The Local Employment Coordinators have been working closely with local government, the not-for-profit sector, employers and providers during this crisis⁶⁵ and although they are limited to specific regions around the country, their work warrants further examination. An evaluation of their ability to act as a conduit between local, state and the Commonwealth Government to

62 Mr Alan Kirkland, *Transcript 6 July 2009*, p. 29.

63 Ms Moya Drayton, *Transcript 6 July 2009*, p. 44.

64 See also Ms Stephanie Foster, *Transcript 14 August 2009*, p. 9.

65 Mr Graham Carters, *Transcript 14 August 2009*, p. 20.

promote coordinated human service provision could provide the basis upon which greater coordinated action and information sharing about available services can occur in the future.

Recommendation 6

3.42 The Committee recommends that the Government evaluate the work of the Local Employment Coordinators with particular focus on their ability to act as a conduit between local, state and the Commonwealth Government to promote coordinated human service provision, with a view to utilising the evaluation as a basis upon which greater coordinated action and information sharing about available services can occur in the future.

3.43 In addition, the DHS co-location site trials, while a promising step in the right direction, are small and, like the LECs, limited in their geographic coverage. The trials are also expensive to undertake. DHS is attempting to overcome the financial impost of these trials by exploring more efficient and effective service delivery mechanisms in order to alleviate resources needed for local services – this should be encouraged.⁶⁶ However, the GFC has demonstrated a need in regional Australia for the provision of localised, coordinated and collective social services.

Recommendation 7

3.44 The Committee recommends that the Government increase funding to the Department of Human Services in order to expand its co-location site trials and increase its local service provision activities.

3.45 In addition to the benefits derived from coordinated service provision, the Committee received evidence in Mandurah and Geelong citing the importance of locating government departments in regional centres to increase employment opportunities, thereby strengthening regional Australia's ability to withstand economic downturns:

⁶⁶ Ms Moya Drayton, *Transcript 6 July 2009*, p. 49.

The relocation of the Victorian Transport Accident Commission (TAC) to Geelong has been a major success both for the G21 Region and for the TAC. For the region, it has broadened the base of professional skills making it easier for such staff to consider working in the region because they still have career options. Such organisations are not directly affected by problems such as the GFC, thereby providing a more stable base of employment and reducing the impact of external shocks. The larger pool of expertise also assists in attracting other professional organisations to the region. For the TAC, it has reduced their cost base and should reduce staff turnover and absenteeism, well established characteristics of regional workforces. The overall response of staff relocated with the TAC has been positive, with recognition of advantages such as lower housing costs and an excellent lifestyle.⁶⁷

- 3.46 The Committee agrees that an increased government presence in the regions would be of great value. On several occasions, state government offices have been successfully relocated to regional areas – TAC being one example – and the Committee recommends that the Commonwealth Government examine options for locating government departments or functions of government departments into regional areas.

Recommendation 8

- 3.47 **The Committee recommends that the Commonwealth Government examine options for locating government departments or functions of government departments into regional areas.**

⁶⁷ G21, *Submission No. 33*, pp. 6-7.

