

# Campaspe Shire Council

## Submission to *Public Governance, Performance and Accountability (Location of Corporate Commonwealth Entities) Order 2016*



March 2017

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### 1. INTRODUCTION

The Campaspe Shire Council ('Council') welcomes the opportunity to provide its views to the inquiry into the *Public Governance, Performance and Accountability (Location of Corporate Commonwealth Entities) Order 2016* ('the Order'). As a municipality located in regional Victoria, Council has elected to contribute to the review on account of the opportunities and implications for regional Australia arising from the policy Order under review. Council is pleased to provide this submission in its capacity as key representative of the communities comprising the Shire of Campaspe.

In regards to the themes of the Terms of Reference, Council's submission will seek to focus primarily on item (b) of the Terms being:

*the policy of relocating corporate Commonwealth entities with agricultural policy or regulatory responsibilities, including:*

- i. the identity of corporate Commonwealth entities that could be affected,*
- ii. the policy's effect on the ability of affected entities to perform their functions, and*
- iii. economic, environmental and capability implications of the policy;*

#### 1.1 Context

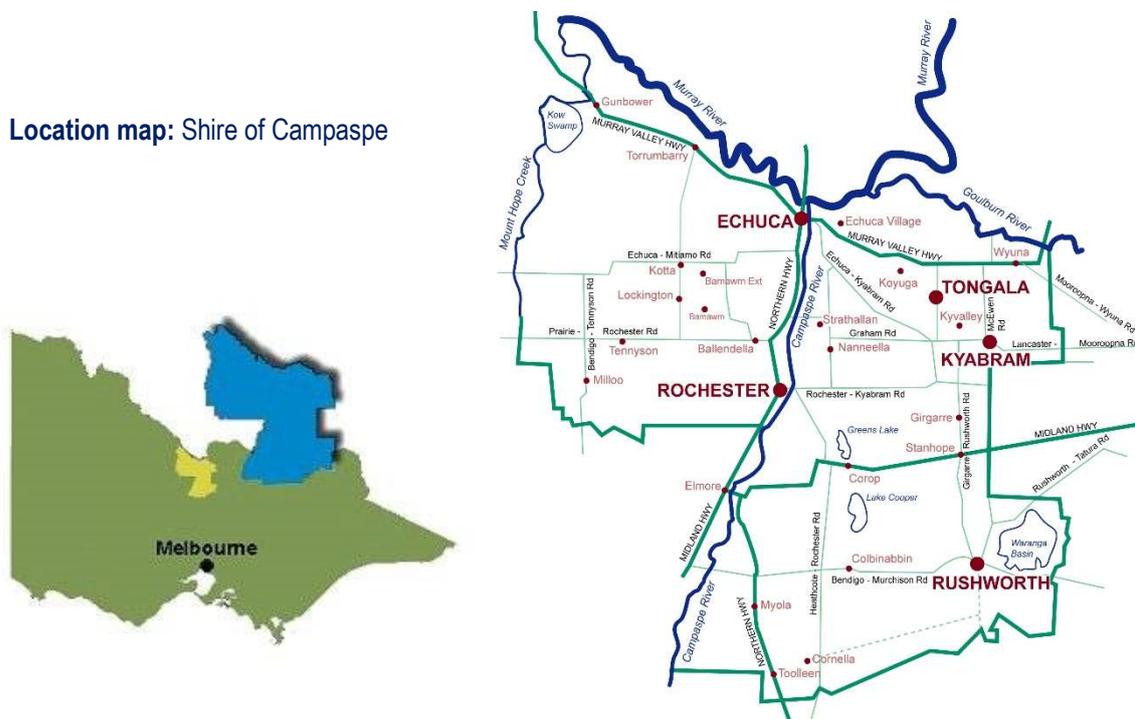
The Shire of Campaspe is located in north-central Victoria bordering the Murray River, approximately 2.5 hours from Melbourne and one hour from the regional city of Bendigo. Council's headquarters are based in Echuca, which alongside its NSW counterpart, Moama, has a combined population of approximately 20,000. Other significant communities in Campaspe include Kyabram, Rochester, Rushworth and Tongala. The municipality has a growing population of approximately 38,000 people, with growth focussed on the larger townships.

Campaspe is located in the heart of one of the richest and most diverse agriculture and food processing areas in Victoria. Agricultural production and its associated processing and servicing industry remain the municipality's single largest area

of economic output and source of local jobs, with key agricultural industries including dairy farming, cereal and grain production and sheep, and 'niche' growth industries such as tomato production and viticulture. Importantly, Campaspe is host to a sizeable number of national and international food producers, including Murray Goulburn (Rochester), Nestle (Tongala), SPC Ardmona (Coca-Cola Amatil) (Kyabram), Kagome (Echuca), Fonterra (Stanhope), Kraft Heinz (Echuca), Simplot Australia (Echuca) and Parmalat (Echuca). The municipality's location at the heart of the Goulburn Murray Irrigation District (GMID) – Australia's most extensive and advanced irrigation system – means that Campaspe is a base for many leading irrigation specialists and innovators that are recognised nationally and internationally.

Tourism is also an important contributor to the local and regional economy, with the iconic Murray River and the historic regional centre of Echuca being among Victoria's key tourist destinations.

Location map: Shire of Campaspe



## 2. DISCUSSION

### 2.1 Advantages of decentralisation to regional Australia

Campaspe Shire Council is a firm advocate for the economic advancement and diversification of rural and regional Australia. In this context Council supports the notion of government policy that encourages a practical level of decentralisation of government entities to the regions. Council notes the existence amongst regional communities of a common perception of a lack of awareness from centralised agencies concerning regional Australia. Council has itself unfortunately experienced this 'disconnect' on certain occasions when engaging with centralised agencies.

Council identifies a broad range of benefits to be accrued under a policy of strategic decentralisation. These benefits include:

- Improved decision-making:**
- The potential for reduced bureaucracy in decision making
  - More informed decision-making, with greater understanding of localised impacts
  - Improved contact with on-ground stakeholders and customers
- Cost savings:**
- Reduced accommodation costs
- Economic benefits:**
- Economic diversification and expansion in the regions
  - Improved regional employment
  - Enhancement of regional skills and career choice
- Personnel benefits:**
- Affordable housing
  - Lifestyle opportunities

It is additionally observed that the availability of high speed broadband in regional Australia via the National Broadband Network lessens the case for a centralised model in a modern democracy. Face-to-face meetings, training, and administrative support are all functions that can be carried out over any distance. Through decentralisation, the government has the opportunity to promote the opportunities of high speed broadband and reinforce the benefits of this important national investment.

While Council notes that the communities within Campaspe would not qualify as candidates under the specific wording of the current policy (discussed further below), Echuca Moama - as an example - is representative of the type of centre that would not only benefit significantly from a policy of decentralisation, but would offer significant on-ground knowledge and new learnings for a government entity, alongside being an attractive lifestyle for its personnel. Being an equivalent size to Armidale, NSW (the site of relocation of the Australian Pesticides and Veterinary Medicines Authority (APVMA)), Echuca Moama sits at the centre of an expansive agricultural area commonly referred to as 'Victoria's Food Bowl'.<sup>1</sup> Proximity to the 'workings' of a thriving, dynamic and complex agricultural region would undoubtedly advantage the government's knowledge and development of agricultural and other related policy. For Echuca Moama, the addition of a government entity - particularly in connection with agriculture - would not only complement the existing economic mix, but would be a 'game changer' for the local economy.

Council provides at **Appendix 1** some modelling of the local benefits to be achieved by the relocation of a modest government entity or component thereof.

Regional cooperation in northern Victoria is strong, and the reciprocal advantages of investment within the broader region are well appreciated. Given the presence of other large, regional cities and centres in this region – notably Bendigo and Shepparton – Council additionally observes that the relocation of a government entity anywhere within the broader northern Victorian region would continue to yield direct benefits for this municipality and the wider region.

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<sup>1</sup> <http://www.victoriasfoodbowl.com.au/>

## **2.2 Issues of decentralisation**

Council acknowledges that there are a raft of challenges and issues to overcome in pursuing a model of decentralisation. These may include:

- Effective joint decision-making with centralised entities
- Availability of suitable accommodation for the entity
- Impediments to relocation of existing personnel
- The need to attract and retain suitably qualified and experienced personnel

Without being across the specifics of the circumstances of the APVMA, it is understood that the relocation of that entity to Armidale has experienced certain challenges. While this may be the case, this experience should not lead to the conclusion that a decentralisation policy should not be pursued. Rather, a greater focus must be placed on the assessment, effective consultation and orderly planning of future relocation opportunities.

## **2.3 The Order**

Council understands that the *Public Governance, Performance and Accountability (Location of Corporate Commonwealth Entities) Order 2016* carries the intention of supporting the relocation of Commonwealth government entities to regional Australia. Council supports this notion in principle, however Council also notes that the wording of the Order may be restrictive to the point of precluding otherwise suitable candidate localities. These comments apply in particular to Section 4(1)(b) of the Order.

The rationale of locating within proximity to the main campus of a university recognised for research and teaching of agricultural science is not fully clear. While certain advantages are apparent from a recruitment and Research and Development perspective, Council does not see that a directly proximate location ought to be an essential factor. In particular, the specification of a main campus of a university (as opposed to any campus of a university) would limit the policy's applicability to only a very small number of locations in Australia.

Council would encourage a review of the policy wording to ensure that a wider range of factors are given consideration, such that the policy promotes a broader, merits-based assessment. It is additionally noted that such a policy need not obligate the relocation of whole entities – rather, if assessed on a case-by-case basis it may be identified that only particular components of an entity would better serve in a regional location. This may include the likes of research units, policy units, administration units, community engagement teams, or similar.

### 3. RECOMMENDATIONS

The Campaspe Shire Council supports the government's stance and initial attempts at a decentralised model, although believes that existing policy requires some refinement. Council therefore tenders the following recommendations to the Inquiry for the Committee's consideration:

- **That the Federal government maintain a policy environment that encourages strategic decentralisation of specific government entities (or components thereof) to regional Australia**
- **That decisions concerning the decentralisation of government entities:**
  - **Be made independently via a transparent process**
  - **Be merits-based**
  - **Achieve a positive cost-benefit analysis**
  - **Include extensive consultation**
- **That candidate localities under review:**
  - **Be of a size and character that would possess or attract suitably qualified staff**
  - **Be sufficiently sized to provide housing and accommodation choice**
  - **Have adequate transport connections**
  - **Be regionally proximate to higher places of learning**
- **That a decision to relocate a government entity be accompanied by strategic transition planning so as to minimise impact on the entity's operational capabilities**

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**Attached:** Appendix 1 – Scenario modelling: Local economic impacts

## APPENDIX 1

### SCENARIO MODELLING: LOCAL ECONOMIC IMPACTS

Council has undertaken REMPLAN modelling of the outcome of relocating a small government entity or part thereof to the Shire of Campaspe to provide an example of the localised economic impacts. The scenarios that have been modelled include:

- Relocation of 30 / 100 professional scientific and technical services positions to Campaspe
- Relocation of 30 / 100 public administration positions to Campaspe

As an example, the REMPLAN modelling indicates that the relocation of 100 professional scientific and technical services positions to Campaspe alone would have the effect of:

- Increasing total economic output by approximately **\$45m**
- Providing an additional **72** new jobs in the community (in addition to the 100 government positions)
- Yielding a **\$13m** increase in local wages and salaries
- Boosting value-added production and consumption by **\$22m**

The modelling does not include other possible spending, such as the construction of office accommodation, which would further increase the scope of local and regional economic benefits.

#### Relocation of 100 professional scientific and technical services positions

Impact Summary	Direct Effect	Industrial Effect	Consumption Effect	Total Effect
Output (\$M)	\$25.972	\$10.408	\$9.555	\$45.934
Employment (Jobs)	100	36	36	172
Wages and Salaries (\$M)	\$8.330	\$2.943	\$2.155	\$13.428
Value-added (\$M)	\$11.981	\$4.961	\$5.572	\$22.513

#### Relocation of 30 professional scientific and technical services positions

Impact Summary	Direct Effect	Industrial Effect	Consumption Effect	Total Effect
Output (\$M)	\$7.791	\$3.122	\$2.866	\$13.780
Employment (Jobs)	30	11	11	52
Wages and Salaries (\$M)	\$2.499	\$0.883	\$0.647	\$4.028
Value-added (\$M)	\$3.594	\$1.488	\$1.672	\$6.754

#### Relocation of 100 public administration positions

Impact Summary	Direct Effect	Industrial Effect	Consumption Effect	Total Effect
Output (\$M)	\$21.332	\$7.316	\$10.420	\$39.068
Employment (Jobs)	100	24	40	164
Wages and Salaries (\$M)	\$10.292	\$2.001	\$2.350	\$14.644
Value-added (\$M)	\$12.284	\$3.410	\$6.076	\$21.770

#### Relocation of 30 public administration positions

Impact Summary	Direct Effect	Industrial Effect	Consumption Effect	Total Effect
Output (\$M)	\$6.027	\$2.019	\$2.948	\$10.994
Employment (Jobs)	30	7	11	48
Wages and Salaries (\$M)	\$2.925	\$0.553	\$0.665	\$4.143
Value-added (\$M)	\$3.503	\$0.939	\$1.719	\$6.161