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Senate Finance and Public Administration Committee  
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28 February 2017

**RE: DECENTRALISING GOVERNMENT AGENCIES**

Dear Senators Paterson and McAllister

Thank you for the opportunity to provide input to your inquiry into the operation, effectiveness, and consequences of the Public Governance, Performance and Accountability (Location of Corporate Commonwealth Entities) Order 2016.

Spencer Gulf Cities is an alliance of the Port Augusta, Whyalla and Port Pirie Mayors and Councils, formed in 1998 as a forum for the three cities to progress the transition the Upper Spencer Gulf to cleaner, more innovative, liveable and economically diverse cities.

The Upper Spencer Gulf in South Australia is in close proximity to some of the most significant mineral and renewable energy resources<sup>i</sup>, natural biodiversity<sup>ii</sup> and landscapes in the world. In addition, the three cities of Whyalla, Port Augusta and Port Pirie have a strong heritage, culture and capability in manufacturing and provide a range of retail, sports, arts, health, education and specialist services for surrounding rural communities.

There is considerable potential to build on these comparative strengths and reposition the economy as a hub for renewable energy generation and testing; defence; intermodal transport and logistics; value-adding and innovation in agriculture; event and marine-based tourism; advanced manufacturing to support the mining and energy sectors; and – we believe – as centres for delivery of government services and higher education/research<sup>iii</sup>.

These opportunities are already emerging in the region, with the redevelopment of Nyrstar's Port Pirie lead smelter to a modern, multi-metals recovery and e-waste processing facility; expansion of Sundrop Farms arid horticulture operation near Port Augusta; the expansion of the Cultana Defence Training Area; Whyalla's Muradel Bio-fuel initiative and Betatene's long-standing operation in Whyalla as one of the world's largest producers of food and pharmaceutical grade beta carotene.

There is also strong interest by universities and industry to establish the Upper Spencer Gulf as a research centre to trial and test new renewable energy technology, further leveraging existing research in the region including the South Australian Government's 'Sterile Insect Technology' facility and the Spencer Gulf Ecosystem and Development Initiative (SGEDI).

These examples pave the way for the economic and social transition of the Upper Spencer Gulf.

To achieve this, the region must first overcome a number of challenges, including the loss of over 2,000 jobs - or 4% of the region's population - over the past two years, due to the closure of Alinta Energy's Port Augusta powerstation, continuing uncertainty at Whyalla's Arrium OneSteel plant and downscaling of several nearby mining and resource sector operations.

In addition to heavy traditional reliance on single industries, the three cities are also challenged by negative external perception; incessant socio-economic disadvantage; and a lack of relevant higher education and vocational training opportunities in the region perpetuating an unfortunate trend in 'fly-in, fly-out' technical and professional services. Unemployment rates in the Upper Spencer Gulf remain above state and national averages, with the rate of youth unemployment nearly double these figures<sup>iv</sup>. Centralised decision making 'to' the region and not 'with' the region; duplication by different levels of government and agencies; and 'one size fits all' policy approaches also continue to frustrate local initiatives and efforts.

Whilst we cannot provide specific advice in relation to the majority of questions posed in this inquiry, we do offer the following views and examples of how, in our experience, we believe a shift in Government thinking, engaging and supporting of regional areas, such as the Upper Spencer Gulf, may assist the timeliness and success of our transition, and the transition of other regional centres.

Fundamentally, we believe a genuine and pro-active approach by all levels of Government to growing our regional centres is critical if they are to continue to generate the level of economic wealth, jobs, lifestyle benefits and environmental services enjoyed by the nation as a whole.

For example, regional South Australia contributes \$20 billion towards the state's economy, around quarter of a million jobs and 50% of exports. We also provide two thirds of Australia's wine exports, one quarter of the national barley crop and half of the nation's wind power. We are the largest and most diverse aquaculture industry in Australia and our mining potential is ranked in the top 12 jurisdictions in the world. Regional South Australian's are custodians of most of our remaining native vegetation and wildlife habitat, scenic landscapes, agricultural land, rivers and coasts.

Despite this contribution, there appears to be limited political vision or will to pro-actively grow our regions. The South Australian Strategic Plan commits country regions to simply maintaining a share of 18% of the state's population. Yet nationally, over 30% of Australians live in a regional area.

There are 29 regional cities in Australia with populations over 30,000 and 8 with populations over 100,000.

None are in South Australia.

Our regional cities and towns offer an affordable, safe and relaxed lifestyle with a strong sense of community.

There is existing capacity in our schools and hospitals, affordable housing, job opportunities and a high level of local support for population growth.

Committing to actively growing regional centres offers a chance to stop the urban sprawl of metropolitan areas, provides more workers for our rural industries and supports a secure future for our regions.

Whilst the private sector will largely drive investment in most of the growth areas we have identified for the Upper Spencer Gulf, the potential value of the public service sector to both economic and community confidence in regional areas cannot be under-estimated<sup>v</sup>.

For example, the South Australian Government employs 100,000 people, amounting to 81,000 full time equivalent jobs, earning an average salary of \$76,400.

The ongoing centralisation of the public service to Adelaide has meant a direct loss of jobs and residents living and working in regional South Australia, including the Upper Spencer Gulf.

In addition, the number of state agencies without any ongoing local presence in the Upper Spencer Gulf, or with senior policy or decision makers, has also declined, resulting in a disconnect that is often reflected in statewide policy and decision making. This of course is substantially amplified at a national level.

Locating regionally-focussed agencies such as (at a state level) Country Health, Country Arts, Regions SA within the metropolitan capital city does little to build confidence and credibility of State Government in the regions. Similarly, at a Commonwealth level, wholly Canberra-based departments formulating and implementing policy in areas such as agriculture, animal services, water, regions and environment, often with little practical experience and high rates of employee turnover, generates scepticism and disillusionment in communities upon which these policies are imposed. This sentiment is equally ascribed to Departments with a broader mandate (ie Industry, Innovation and Science, Arts, Health, Employment Tourism, Trade & Investment, Communications, Vocational and Higher Education) whose policy decisions are critical to regional areas, but whom often tend to apply 'one-size-fits-all' approaches from afar.

Not only does this impact on rural jobs and population, but the more the public service is centralised, the more policy decisions are formed through a 'city' lens and the more connection with the country is lost.

Put simply, Government is losing touch with the impact of their decisions on country communities and is perpetuating a lack of confidence in regional areas.

Making an active commitment to substantially increase the number of public servants – both state and federal - living and working outside of capital cities would provide much needed new jobs and a new mix of skills into the community and promote confidence in our regional centres and provides more

efficient, practical and relevant support that will help further grow our regions and add value to our existing contribution to the state and the nation.

Furthermore, instead of short-term deployment of capital city-based staff to regions during periods of crisis, as is being experienced in the Upper Spencer Gulf currently, a commitment to ongoing location of policy and decision-makers across key agencies - particularly those with a direct role in economic development should be implemented.

Establishing a permanent, co-location of agency staff in regional centres such as the Upper Spencer Gulf, including (for example) the Commonwealth Department of Industry, Innovation and Science, Infrastructure and Regional Development, Employment, Education and Training, along with the South Australian Departments of State Development, Primary Industries, Regions SA, Investment Attraction SA, Tourism Commission, Defence SA, Department of Transport, Infrastructure and Planning and Department of Environment and Natural Resources, would be an important first step in reconnecting the public sector with regions.

It would enable key information and opportunities of the region to be identified and relayed back to Adelaide/Canberra-based agencies and would also "spread out" the benefits of these agencies beyond metropolitan areas and provide highly skilled jobs to the region. The rollout of the NBN across the three Upper Spencer Gulf cities substantially reduces the need for workers to be based within a metropolitan CBD.

Specifically at a state level, we have sought for the Premier's *Modern Public Service* document to provide greater employment certainty in the community services sector, to also be applied to all public sector employees in the Upper Spencer Gulf and broader regional areas of the state. The commitment to a default 3+3+3 year employment contract length, with at least six months prior notice regarding whether long term contracts are going to be renewed, not only prevents unnecessary loss of staff and impact on those people who rely on these services, but, in the case of regionally-based employees, assists in attracting and retaining staff and avoiding relocation of entire families out of the local community.

In addition, opening up application for South Australian/Australian Government jobs to non-government employees based in regional centres such as Whyalla, Port Pirie and Port Augusta would also provide additional opportunity for many of the USG's skilled workforce to remain in the region.

We would be very pleased to provide you with the reports and references contained within this submission and wish your inquiry every success and look forward to your final report.

Yours sincerely



Mayor Sam Johnson  
Chair – Spencer Gulf Cities

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<sup>i</sup> USGCPG; July 2015; Opportunities for Growth -Renewable Energy and CleanTech Sectors, Upper Spencer Gulf, South Australia

<sup>ii</sup> BM Gillanders, AIT Tulloch and S Divecha. 2015. Regional Biodiversity Management Plan. Upper Spencer Gulf Regional Sustainability Planning. Report prepared for the Upper Spencer Gulf Common Purpose Group

<sup>iii</sup> 'Transforming the Upper Spencer Gulf' - Synthesis of existing reports and strategic initiatives; Report to the SA Upper Spencer Gulf Economic Transition Taskforce; Prepared by the Upper Spencer Gulf Common Purpose Group (10/05/16 – V6)

