



A Government Agency Relocation to the Fraser Coast?

A Discussion of Key Issues and Questions

**A Report prepared for
Maryborough Chamber of Commerce**

by

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Outline of the Issue

The Maryborough Chamber of Commerce has proposed investigating the feasibility of a strategy of attracting a government agency or agencies to the Fraser Coast. This brief report provides a summary of the key issues and suggests a way forward for regional efforts.

This coincides with the State Government's recently released Regionalisation Strategy (*Strengthening Queensland Regions*) which, on the face of it, might be seen as indicating a Government commitment to decentralisation.

The Regionalisation Strategy states that there are currently 11 165 Queensland public service jobs in the Wide Bay Burnett region. There is potential for building a case for a much greater public sector presence on the Fraser Coast, but there are also difficulties in making the case:

- A general lack of government commitment to decentralising agencies beyond the metropolitan area ;
- Likely public service resistance;
- The fact that other regions are likely to be making the same case, and with equal claims; and
- The fact that increasing government jobs on the Fraser Coast would still beg the question of determining the region's competitive advantage as the only serious way of driving economic development.

Any strategy for making the case has to find evidence for the benefits as well as meeting the likely objections and having a strategy for implementation of the relocation.

Also, a number of strategic issues are raised by the question of decentralising government jobs, in particular, whether the Fraser Coast should attempt to secure the relocation of a whole agency (or a significant part of an agency) or simply an increase in government jobs in the region, across a number of agencies. In some respects, the region would benefit from either option, for example in relation to bringing new skills to the region and kick-on economic impacts. In some ways, securing a whole agency would be preferable, in terms of related organisations/businesses that might develop from the agency's presence. A good example of the latter is the considerable development of agribusiness in Orange NSW following the relocation of the (then) Department of Agriculture in 1992.

There are three elements required in order to advance the case for a Brisbane-centric State Government to consider greater decentralisation of government functions/personnel to the Fraser Coast (or, indeed, to any regional location):

- To make the case for the Fraser Coast as a high quality lifestyle destination for government sector employees;
- To underscore the benefits for the Fraser Coast of government jobs relocations that a State Government would find compelling; and most importantly
- To help make the business case for the agency to relocate to a region, based on what is in it for the agency (not the region), for example to align the region with the work of the agency, for instance if its clients are located here in significant numbers.

A public presentation at a local UDIA event in mid 2011 by a senior public servant involved in implementing the regionalisation strategy made it very clear that any agency considering a relocation would have to benefit clearly from any decentralisation of jobs or functions in order for government to consider it. In other words, projected benefits to the region or lifestyle benefits for employees of the agency are not sufficient. There has to be a business case, and, on the evidence of successful relocations in other jurisdictions, a demonstrated net benefit to the state and (of course) political benefit to the government as well.

Background

There is a long history in Australia of non-metropolitan regions supporting the need for greater decentralisation – of people, of industry and of governance and decision making – and of governments seeking to give effect to this non-metropolitan push through a range of (typically under-funded and often half-baked) initiatives. One of the initiatives attempted from time to time is the decentralisation of government functions, agencies or parts of agencies.

Decentralising government jobs has a number of advantages for the recipient regions and for the governments concerned. It creates new job opportunities in the regions (where the new jobs can be filled by locals), it brings in new talent and bolsters the ranks of the professional sector in regions that sometimes lack a professional class, and it provides through the families who in-migrate more children for the schools as well as the talents of the spouses. For government, it shows that governments are trying to do what they can (which sometimes is not much) to assist regional development, and that they are leading the way by example for other industries to consider a regional relocation.

Whether government agencies also benefit from decentralising their jobs and functions is not so clear, and perhaps this explains why such relocations (particularly of whole agencies) are infrequent and why there is sometimes resistance from agencies and senior officials to attempts at decentralisation.

Public Sector Employment in Queensland

Queensland Government employees are concentrated in the South East, despite the fact that the State's population is relatively (by Australian standards) decentralised.

Distribution of Public Sector employment in Queensland's Seven Regions

Region	Number of Public Sector Jobs
South East Queensland	128 984
Far North	14 100
North	13 623
McKay/Whitsundays	5 854
Central	10 718
Wide Bay Burnett	11 165
Darling Downs/South West	12 387
TOTAL	196 731

Source: Strengthening Queensland Regions, 2011

It is not just public sector employment that is concentrated in the South East, and in Brisbane in particular. Public sector employment concentration reflects the geography of employment generally. Burke, Dodson, Gleeson refer to the “hyper-centralisation” of employment generally in Brisbane city. They claim that:

White collar employment in Brisbane is extremely concentrated in the CBD and its frame. There are many reasons for this ‘hyper-centralisation’, including the accessibility provided by the radial road and public transport system, planning and investment at state and local government levels and restriction of commercial office opportunities elsewhere. Though Brisbane is not completely mono-centric, none of its suburban centres contain more than 15,000 jobs. Suburban office parks are relatively small and few in number compared with many US cities. And decentralisation, either to the regions or the suburbs, has not been a strong policy objective in Queensland.

There are two debates going on. One relates to the spread of employment opportunities in the Brisbane metropolitan area, and the other relates to the capacity for decentralisation of jobs to regional centres, particularly those (like the Fraser Coast and Wide Bay Burnett generally) which are crying out for the creation of new jobs. Unlike mining boom towns like Mackay and Gladstone, other regional centres have high unemployment, low jobs growth and very low labour force participation rates.

Current Queensland Government Policy and Practice

The Public Service Commission is the lead agency within the Queensland Government in relation to the location of government jobs.

The current State Government’s main focus is on decentralisation WITHIN Brisbane – to centres such as Bowen Hills, Carseldine and Ipswich.

According to the Public Service Commission:

The Queensland Government’s decentralisation program aims to relocate workplaces from inner Brisbane to various urban locations within South East Queensland (SEQ), to improve service delivery access for local communities and stimulate urban growth.

The Queensland Government has a strong commitment to decentralisation, and in July 2008 approved a staged approach to decentralisation within SEQ between 2011 and 2017. This commitment was reaffirmed in May 2010, when the Premier released *Shaping Tomorrow’s Queensland: A response to the Queensland Growth Summit*.

This is driven by a number of objectives:

- To allow employees to work closer to home;
- To reduce congestion;
- To stimulate employment growth in suburban Brisbane; and
- To achieve cost savings for the Government.

The aim is to move 5 600 public servants out of the city centre by 2017.

There is little evidence that the current Queensland Government has any intention of serious decentralisation of government jobs beyond the metropolitan region and the South East. Hence any campaign for a relocation to the Fraser Coast would have to address the Government's limited decentralisation focus, and suggest arguments for broadening the focus to include potential regional locations for government functions.

These arguments would need to stress that the benefits of a suburban Brisbane relocation would also be available in non-metropolitan regions, AND that there would be other benefits, AND that the perceived negatives of a move beyond the city limits are either non-existent or exaggerated or capable of being overcome.

It is noteworthy that three of the above four arguments for suburban relocation could be met by non-metropolitan relocations. A balanced approach that included BOTH metro and non-metro relocations could meet ALL the Government's objectives, and add another – regional development. Reminding the Government of its strong commitment to regional development would need to be part of the case.

The Australian Experience of Government Agency Relocation

What have the other states and the Commonwealth done? And what can Queensland learn from these?

The short answer is – generally not much. The exceptions are those governments that see relocation of government jobs (though not necessarily of whole government agencies) as a way of giving the impression they believe in decentralisation, as a salve to regional voters, and those governments with a pro-decentralisation philosophy who actually moved whole agencies or parts thereof.

The best example of the former was the Carr ALP Government in NSW, which had a very good track record of decentralising government jobs under the tutelage of the Premier's Department (see Case Study below). However, many of these jobs went to nearby semi-metropolitan locations such as Wollongong and the Central Coast, which hardly counted as genuine decentralisation and which were no doubt easier to implement than most distant relocations. As well, the largest relocations took place within the Sydney metropolitan area. Yet there were still substantial relocations to more remote locations, and in some cases these were whole agencies or parts of agencies, not simply a few extra jobs. The Carr Government generally did not believe in decentralisation.

The best example of the second type of government approach occurred under the Whitlam Government and various State Governments in the 1970s, in which government agencies were decentralised as part of a deliberate regional development strategy. Agencies were relocated to the Bathurst-Orange and Albury-Wodonga growth centres. Another example was the relocation of the NSW Department of Agriculture to Orange in the early 1990s.

Generally, governments have retained most of their agencies in the capital cities, and have been even more reluctant to devolve decision-making to regional locations and regional offices.

Objections From Within Government to Decentralisation

All machinery-of-government changes and government reorganisations are complicated and difficult, especially where they involve relocations. They involve bureaucratic politics and turf battles, and typically take years to bed down. They generally occur with changes of government.

There are a number of specific reasons why government agencies resist decentralisation moves.

First, agencies and their leaders fear being sidelined from the core power structures and players, and fear loss of access to ministers and central agencies.

Second is the cost of relocating. While relocation might, in the long term, mean cost savings for governments (this is often the main argument put forward in their favour), there are short term costs, not necessarily monetary.

Third, there is the impact on employees of the disruption, and the fact that many employees will not want to move, even if the relocation is simply to another part of the city. The new location will favour some employees and disadvantage others. A move out of the capital city altogether requires a massive shift for employees, often with spouses in employment and children settled in schools. Many simply will not move. Organisations do not want to lose valued employees. The most successful relocations are accomplished through strong partnerships between management and employees and unions.

Fourth is the question of easy access by client groups. One of the key benefits of having agencies, especially agencies that provide services to clients, located in Brisbane is that the capital is generally the easiest place to get to for the main stakeholders. Even if the end users of the services are dispersed, interest groups tend to be located in the city – mainly for the reason that they can easily access all parts of government. In any case, client groups of an agency tend not to be concentrated geographically, so the making the case for a relocation based on client access in the NEW location may be difficult.

Fifth, there is a fear, especially among senior public servants, of career isolation and lack of access to professional development opportunities.

Any strategy to attract government agencies and functions to the Fraser Coast needs to take on board these objections and meet them. They are facts of life within government. Some of the barriers are easier to overcome than others. Assistance packages for employees to cover the cost of residential relocation may help. Having good transport and communications links to the capital city will be an advantage, particularly with advancing broadband technologies and tools such as video conferencing. Moving parts of a department rather than the whole department is more likely to find favour with ministers and departmental leaders.

Other counter arguments will not work so well. Focusing on the high costs for agencies of rental accommodation in Brisbane's central business district may simply be an argument for moving to the suburbs rather than to a regional city.

Previous Studies of the Issue in Australia and Overseas

Queensland UDIA Study (2007)

In 2007, the UDIA commissioned a study entitled *The Decentralisation of Core Government Services*. This excellent report covered the risks and benefits for government agencies of relocations, and provided case studies showing how the processes were managed.

The UDIA argues that the following are needed to make a successful case for decentralisation:

- A feasible business case (including a net economic benefit to the State)
- Alignment with government real estate policy
- Effective planning and project management
- The receiving location must possess sufficient infrastructure
- The workforce must be convinced the move will be beneficial (both corporately and personally)
- A good communications strategy
- The key employees have to relocate (in order to retain core expertise and business intellectual property)
- The importance of incentives
- A favourable demographic in the agency's workforce (a preponderance of those most likely to move ,eg young, unmarried, residentially mobile)
- Limiting the number of employees who refuse to relocate
- Timing the move
- Appropriate technology to overcome disadvantages of distance

The report also identified drivers, benefits and risks from government relocations, as follows:

Current Queensland Drivers:

- High office rents in Brisbane CBD
- Low vacancy rates in Brisbane CBD
- High labour costs and low labour availability in Brisbane city
- Modern technology and globalisation
- State of Brisbane infrastructure and traffic congestion
- Growing population placing increasing pressures on the South East
- Increasing emphasis on the quality of life
- Finite level of State Government real estate in Brisbane city

Benefits:

- Lower costs of real estate, capital costs and labour costs
- Cost savings through economies of scale and co-location (more applicable in the case of suburban relocations)
- Regional growth and increased employment
- Relocation can change business practices

- Cost savings through improved technologies
- Better communications between regional offices and city offices
- A better image for the organisation
- Reduced commutes for employees
- Higher quality of life has productivity benefits
- Environmental sustainability

Risks:

- Cost savings may not be sustainable
- There are job losses as well as jobs created
- Upfront labour costs (redundancies)
- Experience and leadership skills may be lost
- Distance can be problematic, eg career isolation, increased travel to the city, a “two tier” civil service, lost face to face networking and inter-agency networking, problems with technology

Overall, the UDIA report finds considerable benefits in a decentralisation strategy and argues that while there are risks (for government and agencies), these can be averted through proper planning.

The UDIA report strongly advocates a greater government emphasis on relocation of offices, though it does not specifically favour decentralisation to non-metropolitan locations, or distinguish between metropolitan and more remote relocations in its analysis of benefits, risks and drives. The UDIA report referred to jobs multipliers in some cases without providing an in depth analysis of this.

Experian (UK) 2004

Experian was involved in the independent Lyons Review (Sir Michael Lyons of the University of Birmingham) in the UK in 2004.

Lyons recommended a radical shake up of the location of government jobs as follows:

He concludes that the pattern of government has to be reshaped. The concentration of national public sector activity in and around London is no longer consistent with Government objectives and does not reflect the large cost disparities between London and the rest of the country or benefits of dispersal for the efficient delivery of government business or for the regional economies.

Sir Michael acknowledges that London, as capital, needs a governmental core supporting ministers and setting the strategic policy framework. However, in every other respect, the status quo is open to challenge. And, if Government wishes to make a significant impact on the pattern of its locations across the country, it will need to take firm action.

Experian found considerable benefits to relocated agencies and greater than expected benefits to the regions receiving the relocating departments, in particular in the less tangible and

longer term benefits of boosting skills and investment and building confidence in the future of the region.

The key points of the Experian study are as follows:

- Relocation can deliver substantial cost benefits;
- Relocations that focus on delivering business change are likely to deliver greater benefits than those that focus exclusively on labour and rental cost savings;
- Organisations can benefit from improved labour force availability and better customer service;
- There are also instances where relocations can significantly advance wider Government imperatives, such as regional growth, regeneration and devolution;
- Effective planning and project management are required to deliver a successful move;
- Relocation benefits must be sustained. Long term success requires careful risk management and, critically, strong leadership and buy-in from the top; and
- The debate as to whether or not “policy” people can move from London will benefit from much tighter definition and challenge. “Policy” and other senior jobs have been successfully relocated in the past.

The Experian report also argues strongly that the risks to government and to individual agencies can be minimised successfully. Importantly, it argues that the case for relocation should be part of a wider argument about changing the business culture of organisations.

The Experian report also examines the case whether government office relocation provide benefits to the regions, and what, if any, costs there are as well. There is probably an assumption in regions that any new jobs, including from government agency relocations, will benefit the region, and will outweigh the costs. They may not even be any sense that there might be costs. However, Experian confronted earlier research from the 1970s which argued that, at best, the impact of office relocations to regional areas would be neutral.

Experian disputed this, arguing that:

- The receiving regions would benefit, as would the UK as a whole;
- Local spending by employees would have a substantial positive impact;
- Public sector jobs in the region would not crowd out regional private sector employment.

The report stated:

On balance, our analysis suggests that receiving locations would *probably*, but not *necessarily*, benefit from public sector relocation, depending on the precise circumstances applying. This is because there are conflicting tensions within the overall impact. That is, the receiving location will benefit from spending by the relocated department and its employees on local goods and services, but this will be partially offset by any loss in private sector jobs (‘displacement’). Such losses may occur because an influx of better paid public sector jobs drive up local demand for staff and wages, reducing the competitiveness of private sector jobs. The extent of displacement also depends crucially on the amount of spare capacity in the local labour market, and the flexibility of the available labour to take up the type of jobs

which become available. In general where the labour supply has spare capacity and flexibility, the receiving location would benefit.

This last point is important, and the considerable spare labour market capacity on the Fraser Coast and in the Wide Bay Burnett region strengthens the case that our region should be considered before others in relation to any relocations.

Experian argued that senior level jobs will bring higher incomes to the region, which is beneficial for the region, and are less likely to be picked up from the local labour pool, again, meaning that there will be a lesser displacement effect. On the other hand, this would mean fewer opportunities for local people to attain those higher level jobs. Lower level public sector jobs are more likely to be picked up by locals, with some displacement effect and (perhaps) lost skills to the private sector.

Experian recommended that public sector jobs and agencies be clustered in regional locations (to provide more career mobility for the relocated public servants). While this would provide greater benefits to the region(s) concerned, this is less likely to be considered by governments who would wish to minimise the political instability caused by agency relocations. These relocations can be quite controversial, as the experience with the Victorian Transport Accident Commission (see below) demonstrated. It is far more likely that a campaign for one agency relocation would succeed, than a campaign for several.

More importantly for the regional development argument for relocations, Experian found substantial (though less quantifiable) longer term benefits to the region in terms of skills, investment and innovation. This is precisely why regions such as the Fraser Coast favour these relocations. The relocated agency in effect becomes an anchor industry with spin off firms and activities. This has occurred in Orange NSW with the relocation of the Department of Agriculture in the 1990s and the subsequent burgeoning agribusiness sector.

On the other side of the debate, Experian found that removing public sector jobs from the capital would not have a negative impact on the region losing the jobs. Again, this has to be part of the argument for the Fraser Coast to the Queensland Government.

Overall, the report makes strong points which could be deployed usefully in an approach to the Queensland Government for a Fraser Coast relocation. One important lesson from the report is that the case made to government has to be robust in terms of the benefits to the agency, the benefits to the region and the benefits to the state. Issues like the displacement effect on local private sector employment need to be investigated and quantified, not simply guessed at, because the business case needs to be tight.

The Experian report suggests (quoting the UK Treasury) that the following factors contribute to productivity growth – skills, investment, innovation, enterprise and competition – and that these need to be ticked off in making the case that relocating public sector agencies will have a longer term impact on the region's economic fortunes. This suggests that the case must make a serious attempt to address the components of productivity growth that will accrue from the initiative.

Finally, Experian found there would be social and “regenerative” impacts from relocations to regions with “multiple deprivation characteristics”. This cannot be emphasised enough in relation to the benefits a relocation would bring to the Fraser Coast, which is currently

suffering from an investment drought and economic stagnation (due to a range of factors that are well known).

Centre for Urban and Regional Development Studies (CURDS) Study (UK) 2004

CURDS also examined the Lyons review and the issue of UK government relocations. Some of its key points are as follows:

- The UK Lyons Review in 2004 recommended the relocation of 20 000 jobs from London and the South East of England and the expansion of clusters of civil service employment in large provincial cities;
- The drivers of relocations in Europe have been cost reductions, improved efficiency and regional balance;
- The Lyons Review also stressed efficiencies for agencies rather than benefits to regional economies;
- It noted the issues of disruption, isolation, and communication problems for agencies;
- The savings for agencies from decentralised locations would be considerable, with more remote relocations providing greater savings;
- The regional case is strong as well, and the debate should not simply be about cost savings;
- The concentration of public service positions in the capital contributes to regional imbalance;
- There needs to be a more coherent approach to public sector relocations;
- Senior public servants need to be made less reluctant to move away from the capital city.

Again, there are important lessons from this review for the Fraser Coast in its consideration of arguments to be made to government.

Australian Case studies

Victorian Transport Accident Commission (TAC), Geelong

The relocation of the TAC from Melbourne to Geelong was a substantial relocation of a government agency. It created new economic opportunities for the regional centre, but was achieved only over a long period of time, with losses of jobs from the agency and only after difficult negotiations. This case is an example of a relocation by a government committed to genuine regionalisation and regional development.

The following details come from the TAC's website, and give some of the flavour of the Government's marketing approach:

The Transport Accident Commission's (TAC) new Geelong headquarters is the largest relocation of a government body in Victoria's history.

Premier John Brumby said the new office would help create new jobs and drive economic growth in the region.

"We are taking action to deliver jobs and lock in the future of Geelong," Mr Brumby said.

“In a major boost to the local building industry activity, more than 800 people worked on the construction and fit-out of the new TAC over the past two years.

“And with 650 employees now based in the new Geelong headquarters, the TAC is expected to generate about \$59 million each year in economic benefits in for the local community.

“For example more than 160 TAC employees have purchased homes in the Geelong area so far as a direct result of the relocation with a further 30 employees renting locally.

“This project delivers on our Government’s commitment to ensure regional centres are well-placed to continue to grow and thrive in the future.”

The decision to relocate the TAC from Melbourne to Geelong formed a central part of Moving Forward, the Victorian Government’s \$502 million blueprint to make regional and rural Victoria the best place to live, work, invest and raise a family, released in November 2005.

It should be noted that approximately half of the agency’s 700 employees resigned rather than moving, even though the move was to the relatively close by Geelong. On the other hand, around 200 staff purchased homes in the Barwon region as a result of the move.

An important aspect of the TAC case study is that most of the agency’s interactions with clients are conducted over the phone. This reduces the argument for an agency to remain in the capital city location so as to be more accessible to clients.

One estimate of the annual benefit to the Geelong economy was \$59 million. However, it was also argued that there was no overall economic benefit to the state of Victoria as a whole.

The NSW Government Office Reform Program

The NSW program introduced in 1998 indicates the potential for decentralising significant government agencies or functions across a broad range of areas of government.

The Government, as indicated above, was not generally concerned with decentralisation of population and industry away from Sydney, despite the existence of a number of regional development initiatives. The era of serious decentralisation intentions and measures passed in the late 1970s and early 1980s. However, the Government was serious about government agency relocations, and the list below contains substantial shifts and large numbers of public servants.

The key agencies relocated under the program include the following:

- Workcover Authority *
- Registry of Cooperatives *
- Firearms Licensing Branch*
- Roads and Traffic Authority
- Native Vegetation Unit *
- Traffic Infringement Processing Bureau *
- Department of Local Government *

- Police Service
- State Debt Recovery Office *
- Department of Mineral Resources *
- Sydney Water

Source: UDIA report 2007

*Relocation was to a region outside the metropolitan region

In some cases, there is a clear connect between the agency's focus and the region of relocation (eg the Native Vegetation Unit to Wellington) while in other cases there is none. At least some of the relocations were to areas quite remote from Sydney, including Murwillumbah. They were not all to major regional centres, but sometimes included smaller towns. The relocations were generally of functional units, not simply random positions.

The important role of regional coordinators in the NSW public service should be noted. These provide regional coordination functions and advice to government on sensitive regional issues. They were therefore potential allies for the regions in the relocation process and were able to assist agencies to deal with key strategic issues as well as matters of implementation.

It should be noted that the three largest relocations (each with over 1 000 employees), remained within the Sydney metropolitan area (Parramatta).

The list is also suggestive in terms of the types of agencies that might be targeted in Queensland.

What a Relocation Would Mean for the Fraser Coast

The economic, social, cultural and institutional benefits to the Fraser Coast from a relocation of government functions would be considerable. While many of them have been stated or hinted at in the above analysis of other relocations, it is useful to summarise them here:

- Economic benefits in the form of well paid jobs, which will offer at least some local people job opportunities they would otherwise not have had;
- New opportunities for those with skills who have moved to the region recently but who may have given up looking for work;
- Increased salaries in a region which currently has below average incomes;
- Multipliers and induced effects, with the agency buying local goods and services and employees spending locally, including buying property;
- Demonstration effect whereby private sector companies dealing with the agency could relocate to the region, or open or expand operations here;
- Increased skills (of professionals) in the region, which would contribute to the knowledge economy and create opportunities for spinoff companies and start ups;
- Increased support for cultural activities and high end services;
- Increased diversity and vibrancy of student population in schools, TAFE colleges and the University of Southern Queensland.

The UK case studies demonstrate the importance of making the case for regional benefit in ways that are balanced and realistic, for example in relation to demonstrating how the relocation will avoid displacing private sector jobs.

The advantages spelled out should include long term as well as short term advantages. The case is easy to make for the Fraser Coast that only a long term strategy of building the region's competitive advantages will underpin prosperity. It is not simply a matter of getting in a few government jobs to make an impact on the short term unemployment rate.

As well, linking the public sector relocation strategy to a broader people attraction strategy is critical to demonstrate to government HOW moving one or more of its agencies to the Fraser Coast will really help the region in the long term.

What the Fraser Coast offers to Potential Public Sector Agencies and Staff

There are a number of strategies that could be developed to market the region to potentially relocating agencies and their employees.

For employees, many of the advantages are well known, and have already been used in previous campaigns to attract businesses and people to the region. They include climate, relaxed lifestyle, short commutes, more free time for the family, natural attractions, direct air access to Brisbane and Sydney, near access to other lifestyle regions such as the Sunshine Coast, and the broad range of attractions and services that flow from a large and growing urban population, for instance in health and education. The University is another source of potential marketing of the region, as is the presence of affordable housing.

(Other research being done by EDEC on people attraction strategies could be used to augment the case here).

For the agencies themselves, lower costs, direct air access to Brisbane and to its Ministers and other agencies, ample office space (this needs further detailed investigation and analysis), good local support services and infrastructure (with particular attention to broadband) will be critical. In areas of deficit, solutions to the problems and strategies need to be convincing. These include issues such as lack of career development (important for senior public servants) and career choices for spouses and children need to be addressed.

Selling the region is not the only part of making the business case, but it is an important one and should not be neglected. The case studies and examples from other jurisdictions outlined above provide ample material on the benefits of regional locations.

Kinds of Agencies that Could Benefit from Relocation to the Fraser Coast

It is not clear what, if any, changes there may be to the machinery of government following the March election. Agencies or parts of agencies may be disbanded or combined in new ways. Whether an incoming government would keep, reduce or expand the "super departments" is an example of the uncertainty.

One view is that there is a need to identify agencies whose clients have something to do with the Fraser Coast as part of the business case for the agency. This could apply in relation to agriculture or manufacturing (engineering), tourism, fisheries, construction and retail. The Department of Employment, Economic Development and Innovation, or parts of it, might be one target with Fraser Coast resonance, as might be the Department of Environment and Resource Management. Another area of potential could relate to the delivery of social services, such as aged care or rural health, in view of the large number of clients on the Fraser Coast.

However, this connection with clients is only one element of making the business case. Where it is difficult to make the geographical connection, then the business case should focus on OTHER advantages to the agency of a relocation.

Another approach would be to examine agencies in other states that have been relocated, in order to make the case that these relocations work for the agencies concerned. The Queensland equivalents of the agencies outlined above could be examined in this context.

Summary and Next Steps

According to the late Phil Day, a long time advocate for decentralisation, “commerce and industry and population are attracted to centres where public decisions are made”.

Certainly, the capital cities in Australia are also its major centres of industry and commerce. Regional centres struggle to achieve critical commercial mass, despite the lifestyle benefits and the coming of modern telecommunications that reduce the impact of distance.

Day’s point is that if governments want decentralisation to occur, they need to lead by decentralising their own operations, and to do so by decentralising not just positions but agencies as well. The UDIA argument that locating government functions in a region can change perceptions of the region, both inside the region and beyond, is also quite important from a regional development perspective.

While shifting government functions to regional centres will not of itself ignite economic revival, it would provide leadership and at the same time bring professional skills and much needed human capital to the regions.

The case for decentralisation, however, is not self evident. Governments have shied away from major actions. Relocations of agencies are the exception rather than the rule. Government agencies do not like relocating, unless a very favourable set of conditions are in play. The current Queensland believes in decentralising government functions, but only to the suburbs of Brisbane.

Hence the case must be strong. Public servants themselves say that the case for a relocation must revolve around the business case for the agency itself, and for the government of the day. Pointing out the lifestyle benefits to employees of a relocation to the Fraser Coast is not enough. Equally, it is not sufficient to point out the benefits to the region of a relocation, important though this might be in allowing the government to show off its decentralisation credentials. A compelling case also needs to be made as to why the Fraser Coast, and not

some other regional location, should be the preferred site for a relocation. This would need to include evidence of readily available office sites.

Further, more serious research is needed in order to make the business case. The early identification of potential target agencies/functions should be the first step in the process, followed by a political campaign which identifies benefits and meets potential objections. The NSW Government's relocation list may prove to be a valuable starting point in the identification process, which should focus on agencies with some alignment to the Fraser Coast region and for which there is no compelling reason for a Brisbane location.

As well, the push from the Fraser Coast should be seen (by government and within the region) as part of a coherent strategy to attract professionals and their families to the region, in the private sector as well as the public sector.

In summary, the following issues need to be addressed in developing the case:

- A strong business case for the agency or agencies targeted, including but not confined to sustainable cost reductions and identification of benefits for the agency's clients;
- Identification of potential agencies for relocation on the basis of the business case;
- Satisfying government that the negatives of relocation (and they ARE considerable) can be overcome or eliminated, through carefully thought out strategies;
- Clearly spelled out points of specific advantage to be gained for both the agency and employees from a Fraser Coast relocation, eg in terms of infrastructure, lifestyle, and so on, that are either unique to the Fraser Coast OR are just as much present here as in other regions;
- Benefits for the region, including a rebuttal of arguments that suggest negatives for the region, and including long term benefits;
- Benefits for the State as a whole, including demonstrating how Brisbane would not lose out;
- Restatement of the extent to which the economy and population growth are Brisbane-centric, despite the decentralised nature of the State;
- Reminding government (whichever party) of its own commitments to regional development and the role that government agency relocations can play in this.

The strategy to be developed by the Maryborough Chamber of Commerce should be developed in detail after the forthcoming State election when future government policy directions are clearer and when decisions about future department structures are being made. Equally, a change of government, with its inevitable machinery of government changes, is an ideal time to be targeting agencies for decentralisation. This report should, of course, be brought to the attention of candidates in the State election.

An early action in support of the strategy should be to table a version of this paper at the regular Regional Development Working Group of public sector agencies, and to seek a briefing session between a group of leaders from the Fraser Coast and the Public Service Commission in Brisbane.

The purpose of this report has not been to "make the case" for a specific agency relocation to the Fraser Coast. Much further discussion among key local stakeholders, and further research, is required for that. Rather, the report has highlighted the key issues and pointed out those areas where the strongest arguments need to be focused, based on previous research

and case studies and on the current position of the Queensland Government. In other words, the report is a starting point. Its key message is to make the benefits to government and to government agencies the main focus, and to make a strong business case for decentralisation. Having made that case, the argument for the Fraser Coast must be compelling, based on alignment with agency objectives and not just on lifestyle attributes of the region.