

Media Release

The next wave of reform means Victoria's cities and regions – not just tax and competition

- **In addition to much-needed tax and competition policy reform, getting Australia's cities and regions right is yet another way to meet the productivity challenge**
- **Prosperous places will deliver productivity benefits, particularly in a knowledge economy**
- **Business needs to help unlock the potential of place by driving collaboration with government, communities, individuals**

13 October 2015: As Australia transitions to a knowledge-based service economy, and looks to deliver a prosperous future for its people, unlocking the potential of the nation's places needs to be reconsidered.

In its latest [*Building the Lucky Country*](#) series report, *The Purpose of Place: Reconsidered*, Deloitte calls on businesses, governments, communities and individuals to collaborate to create and nurture flourishing places that deliver economic prosperity for Australians.

The report makes three simple points:

- Australia is among the most urbanised nations on earth
- Our future living standards will depend almost entirely on productivity gains
- Our cities and regions (our 'places') are latent sources of productivity growth...if we get them right.

According to report author and Deloitte Access Economics partner, Professor Ian Harper: "Governments and businesses shouldn't just think about levers such as tax or competition reform, as important as they are, to meet Australia's productivity challenge.

"In the knowledge age, place matters for productivity, and prosperity, more than it has ever done, and getting our cities and regions right is therefore more important than ever.

"As Australia responds to economic shifts and challenges, understanding the huge potential of productive and liveable places – from inner cities to rural and remote communities – will be critical in delivering the future living standards that Australians have come to expect.

"Our national story has been shaped by place, from the first Australians to the highly urbanised country of today, and productive places present so much potential when it comes to prosperity. Our transition to a knowledge economy redefines the purpose of place.

"Place transcends landscape, climate, and buildings. It's about people and what they produce, the quality of life beyond work, the effectiveness of government, and the momentum of business.

"Flourishing places act as magnets for people, investment and industry, while languishing places give many people a reason to go elsewhere. We need to reconsider how Australian places can be made to flourish rather than languish."

Deloitte Victoria Managing Partner Tom Imbesi said that, while business, governments, communities and individuals could all contribute, investing in place should be imperative for business.

“Victoria is endowed with so many natural and man-made assets,” he said. “Melbourne, with its thriving city precincts, has topped The Economist’s liveability rankings for a fifth consecutive year. We have also developed thriving regional hubs in the likes of Geelong, Ballarat and Bendigo.

“But just like anywhere else, our ‘places’ also have their pros and cons. Some inevitably flourish, just as others languish.

“The value that can be derived from thriving places means changing purpose of place should make business, in particular, think again about place’s potential as a driver of commercial success.

“Business needs increasing returns to deliver growth, and driving innovation and raising productivity grows profits and return on capital invested. Ignoring the dynamics of flourishing places, or failing to act as a place languishes, can lead to missed opportunities.”

Imbesi cited a number of examples where Victoria, through the actions of business and government, as well as communities and individuals, was taking the initiative and creating flourishing, and productive, places:

- **Geelong:** In February 2009, the Victorian Government relocated the Transport Accident Commission (TAC) to Geelong. With 650 employees working from the new headquarters, the move boosted the local building industry, and provided flow-on economic benefits to the local community. This also complements Barwon Health (formerly Geelong Hospital) and Deakin University in establishing Geelong as a health hub, and the opening of Epworth Geelong in mid-2016 will add a comprehensive acute and rehabilitation private hospital to the mix
- **Nhill:** Over the past four years, Nhill in the Wimmera has resettled more than 160 Karen refugees from the northern border region of Thailand and Myanmar. Local duck meat supplier, Luv-a-Duck, employs 54 of these people, while another seven work in businesses that supply Luv-a-Duck. The gradual integration of these new arrivals into the community, and the commercial success of the factory, have breathed new life into a place that looked set to languish
- **Clunes:** The tiny hamlet of Clunes rescued itself from oblivion by holding an annual book festival, now one of the largest of its kind in Australia. People no longer think of Clunes as a dying former goldmining town. Instead, the community has rebranded itself and found new purpose and pride of place.

Professor Harper said; “As Australia moves from farms and factories to the networks and ecosystems of a service economy, our living standards increasingly depend on economies of scale and the knowledge capital of creativity and innovation, generated by people living and working closely together.

“The challenge for Australia therefore – and particularly for governments and business – is to create and nurture places where people want to live and work, and then to catalyse a virtuous circle of economic prosperity, rising living standards, and a vibrant society and culture.

“Reconsidering the purpose of place is ultimately a call for collaboration among four groups that, individually and collectively, have so much to gain from creating flourishing places.”

The framework

The Purpose of Place: Reconsidered presents a detailed framework that classifies place and identifies the forces and players that interact to create flourishing – as well as languishing – places.

A five-way classification of regions:

1. Inner city – the CBD and adjoining inner metropolitan areas
2. Suburban – the metropolitan areas that lie between the inner city and outer urban areas
3. Outer urban – the interface between metropolitan areas and non-metropolitan areas
4. Regional cities – non-metropolitan agglomerations of at least 10,000 people
5. Rural and remote – the rest of Australia

Ten often interacting and interdependent dimensions of prosperity in place:

Inputs (the building blocks of prosperity in place)

1. Human Resources – people power
2. Natural Resources – endowed wealth
3. Physical Capital – buildings and equipment

Boosters (that influence the effectiveness with which inputs are applied)

4. Social Capital – social connections
5. Innovation and Entrepreneurship – desire for the new and willingness to take risks
6. Leadership and Contribution – capacity and willingness to lead and collaborate

Outputs (the things that make for flourishing places and prosperous lives)

7. Material Standards – economic wellbeing
8. Health and Safety – physical, mental and emotional wellbeing
9. Natural Amenity – beauty of the surroundings
10. Local Amenities – convenience and accessibility of meeting everyday needs.

Four dynamic forces that interact to catalyse flourishing in place:

1. People
2. Community
3. Technology
4. Governance

Four ‘actors’(with much to contribute, and much to gain):

1. Individuals
2. Businesses
3. Communities
5. Government

Where to start

“The need to boost productivity growth to sustain rising levels of material welfare is clear. Our report is very much a call to businesses, governments, communities and individuals to collaborate, as each group has something to contribute, and much to gain, from creating flourishing places,” Professor Harper said.

Reconsidering the purpose of place begins with four questions:

1. What does flourishing look like?
2. Which of the 10 dimensions of prosperity most need to improve?
3. Which of the four dynamic forces will most likely catalyse a virtuous circle of prosperity?
4. How can each of the four actors best collaborate with the others to set the process in motion?

Building the Lucky Country: Business imperatives for a prosperous Australia

Deloitte’s [Building the Lucky Country](#) series was launched in 2011 and has been developed to prompt debate and conversations across business and government on issues facing the Australian economy.

The four reports released previously are:

1. [Where is your next worker](#) (2011)
Australia's problem in coming years won't be a lack of jobs – it will be a lack of workers...
2. [Digital disruption: Short fuse, big bang](#) (2012)
Australia's business and government leaders don't need to look far into the future to see the new wave of digital disruption headed towards them. It is already here...
3. [Positioning for prosperity? Catching the next wave](#) (2013)
Where will Australia's future growth come from? How can business and government leaders make the right decisions to position for prosperity?
4. [Get out of your own way: Unleashing productivity](#) (2014)
Australia is a lucky country, with a bright future. But we have a problem – and its colour is red. Red tape, that is.

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For further information:

Tom Imbesi
Victoria Managing Partner
T: +61 3 9671 7329
timbesi@deloitte.com.au

Simon Rushton
Corporate Affairs & Communications
M: +61 450 530 748
T: +61 2 9322 5562
srushton@deloitte.com.au

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