

# The case for decentralisation



# Think outside the CBD

**Cities have long been viewed as the engine room of growth in Australia. But with the rapid shift to distributed work due to COVID-19 and greater reliance on – and investment in – digital connectivity, the timing is right for more regional areas to become growth hot spots.**

For years now, Australia’s economy has been undergoing a fundamental shift towards digital, which is reflected in the rise of sectors like professional, scientific and technical services as Australia’s largest employers.<sup>1</sup> Simultaneously, more than 90% of Australians have clustered in or near urban areas to take advantage of the centralised resources on offer, with CBDs reigning as hubs of economic activity.<sup>2</sup>

However, COVID-19 has hit the accelerator on the move to digital, upending previously held orthodoxies about how and where work needs to happen in the process.

Fortunately, the maturity of technology infrastructure in Australia, exemplified by the completion of the **nbn™** network initial build (with some complex connections ongoing) means organisations can begin to plan a path to recovery from the pandemic that might look to regional centres as frontiers for growth.\*

\* NBN Co’s initial volume build completion commitment was that all standard installation premises in Australia would be able to connect to the **nbn™** access network as at 30 June 2020. This excluded premises in future new developments which would be an ongoing activity for NBN Co beyond 30 June 2020. It also excluded a small proportion of premises defined as ‘complex connections’ – which includes properties that are difficult to access, culturally significant areas and heritage sites – where connection depends on factors outside of NBN Co’s control such as permission from traditional owners, and where network construction to allow such premises to connect will be an ongoing activity of NBN Co beyond the build completion date.

The Regional Australia Institute’s recent report *The Big Movers* found regional areas have slowly been luring more people away from capital cities over the past decade. Now that the notion of how work gets done has been turned on its head, fuel has been added to the fire.

“From 2011 to 2016, our two biggest cities, Sydney and Melbourne, lost more residents to regions than they gained – and this was before COVID-19,” says Liz Ritchie, CEO of the Regional Australia Institute.<sup>3</sup>

“Over the last few months, we’ve all had to change how we work, and this has allowed staff and employers to see that location is no longer a barrier for where we choose to work.”





# Technology and connectivity

Some of the momentum to decentralise is dependent on widespread access to enabling infrastructure right across this vast continent, with a fast and secure broadband network as the foundation.

Work to meet this demand was already underway pre-pandemic. In its 2018 *Regions at the Ready* report, the Federal Government committed to investment in digital connectivity, and cited information technology as critical to supporting decentralisation.<sup>4</sup>

Part of this obligation was fulfilled this year, when at the height of the COVID-19 pandemic the **nbn**<sup>TM</sup> network quietly reached an important milestone: the completion of the initial network rollout, with 11.7 million premises now eligible to connect to the network, with some complex connections ongoing.<sup>5\*</sup>

The initial network build was only the beginning, though. Businesses have very different needs to residential users, and the tools and systems they use demand more from the network.

Business use cases, such as relying on VPNs to support remote workers or having a low tolerance for any type of data interruption, are just two examples where data use and intensity can increase the requirements and expectations that are put on network performance.

\* See disclaimer on page 2.



Not all data is equal or performs the same. Business-grade network features such as higher bandwidth with symmetrical upload and download speeds and prioritised data on the **nbn**<sup>™</sup> network are optional features available on the **nbn**<sup>™</sup> Enterprise Ethernet wholesale products that service providers can leverage to create fit-for-purpose solutions for businesses looking to address current challenges and adopt digital agility to stay innovative in this new normal.<sup>^</sup>

Now that digital technologies have more than proven their value in keeping businesses moving at a time like this, more organisations are investigating ways to bring in systems and tools that provide flexibility and reliability.

Businesses around the world report plans to accelerate investment in technological initiatives such as improving network and app performance, increasing cloud services and re-evaluating their IT environment to better facilitate a distributed workforce.<sup>6</sup>

Combined with the rise of cloud-based applications and communication technology including more use of video, the scene is set for more organisations be able to conduct business as usual, no matter where they are located.

<sup>^</sup> business **nbn**<sup>™</sup> Enterprise Ethernet is only available in the **nbn**<sup>™</sup> Fixed Line network footprint and at limited premises served by the **nbn**<sup>™</sup> Fixed Wireless and Satellite networks. An end customer's experience, including the speeds actually achieved over the **nbn**<sup>™</sup> network, depends on the **nbn**<sup>™</sup> network technology and configuration over which services are delivered to their premises, whether they are using the internet during the busy period, and some factors outside of **nbn**'s control (like their equipment quality, software, chosen broadband plan, signal reception, or how their provider designs its network).



# Realising benefits

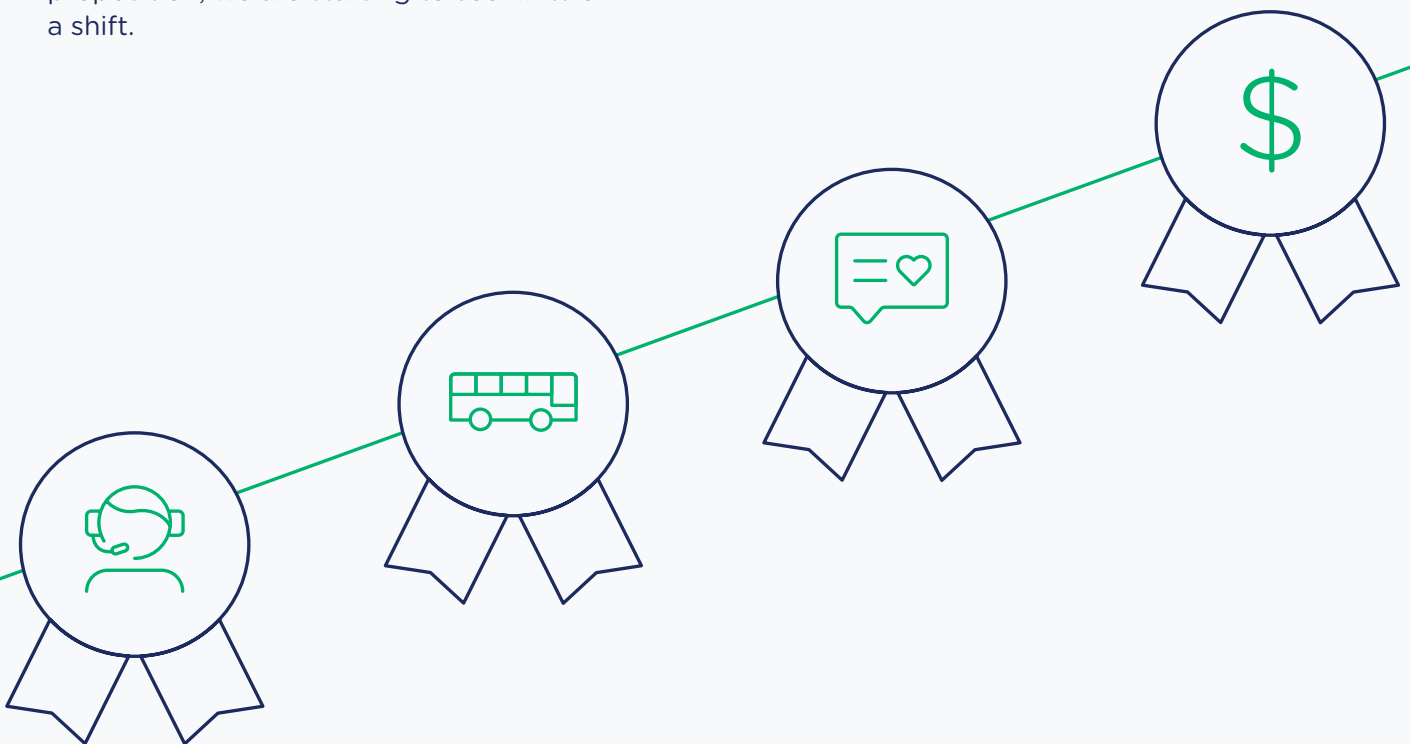
Since businesses have been operating remotely for some time, there is also growing appreciation for the benefits decentralisation can bring to employees and organisations, such as reduced travel times, improved productivity, better work-life balance and decreasing operational costs.

Greater flexibility has long been a stated aim for many organisations, though usually approached on a case-by-case basis. But with many forced to work remotely due to travel restrictions and lockdowns, suddenly the country's workforce became participants in one big experiment that proved it can be done without loss of productivity.<sup>7</sup>

While the movement of large organisations and public service departments to regional centres and towns will likely be a long-term proposition, we are starting to see hints of a shift.

For example, large Australian organisations have taken a step of support for developing industries in regional areas through the Regional Australia Council 2031, an initiative that lists KPMG, Commonwealth Bank, Aurizon and **nbn** as founding members.<sup>8</sup>

Technology has helped demonstrate the unessential nature of physical co-location of the workforce, and the potential to regionalise government services and industry. This could support the design of new business and government service models that incorporate regionalisation and regional economic development.<sup>9</sup>



For organisations and government departments, there are potential cost savings in moving operations from capital city CBDs to regional centres, not least of which is the reduced cost of real estate and rent. The [Australian Financial Review](#) reported that demand for commercial and residential real estate in satellite hubs is likely to surge as companies relinquish their expensive leases on CBD office spaces.<sup>10</sup>

In addition, the talent pool remains large, and potentially increases with the offer of remote work and flexibility built into employment contracts.

Individuals are also looking to regional areas as a way to side-step soaring property prices in the capitals, particularly in Sydney and Melbourne. According to the [Domain House Price Report](#), released in June 2020, regional NSW dwellings are now outperforming Sydney in terms of growth, and are on par with Canberra.<sup>11</sup>

Anecdotes from people working remotely have demonstrated how living and working outside city centres can improve quality of life, and that the change is not only possible but practical.<sup>12</sup>

These benefits are also starting to be quantified. Researchers at Swinburne University found 90% of study participants rated not having to commute as the biggest benefit of remote work, followed by greater flexibility and more savings due to less travel.<sup>12</sup>

For communities, less congestion has turned morning commutes into breezy drives for those still travelling, with less pollution and reduced impact on the environment.<sup>12</sup> Decentralisation also breathes life into regional cities and towns that have suffered from the effects of drought and a declining population for decades. As more people move away from cities, funds earmarked for urban development could instead be channelled into further developing and connecting regional areas.<sup>13</sup>



# The time is now

While we have lived in unsettling and uncertain times during the COVID-19 pandemic, it has given us a glimpse into a future of work and life in Australia that might have felt unattainable for decades.

**nbn** is driving key initiatives to help give businesses the flexibility and network reliability they will need to boost growth and productivity.

With the business **nbn**<sup>™</sup> fibre initiative, **nbn** is making business-grade fibre more accessible to more locations than ever before, allowing providers to offer solutions based on wholesale Enterprise Ethernet services.<sup>#</sup>

“The **nbn**<sup>™</sup> network exists to help people across Australia make the most of the social and economic benefits that fast broadband enables,” says Stephen Rue, NBN Co Chief Executive Officer.<sup>14</sup>

“Having helped level the playing field for residential internet services with the rollout of the **nbn**<sup>™</sup> network, we are now

turning our attention to accessibility for our premium-grade wholesale business services, helping businesses in regional areas access the benefits of competition, and helping service providers access enhanced wholesale broadband support services and better wholesale **nbn**<sup>™</sup> prices for the broadband services they offer.”<sup>§</sup>

There is movement behind the technology and infrastructure to support the decentralisation shift, and the interest is there from individuals, communities and organisations. Combined, the chance to embrace decentralisation is more within the reach of businesses than ever before.



<sup>#</sup> business **nbn**<sup>™</sup> Enterprise Ethernet is only available in the **nbn**<sup>™</sup> Fixed Line network footprint and at limited premises served by the **nbn**<sup>™</sup> Fixed Wireless and Satellite networks. Costs may apply; customers should contact their preferred service provider to ask about availability and any fees and charges that may be applicable.

<sup>§</sup> **nbn** is a wholesaler and does not control costs charged by service providers. Customers should contact their preferred service provider to ask about availability and any fees and charges from their provider that may be applicable. These pricing offers are not available for most premises in the **nbn**<sup>™</sup> Fixed Wireless or Satellite footprints or for most premises which have complex connections - further costs are likely to apply to these premises.

# Find out more about business nbn™ fibre

## Sources

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