

**Bernard Young** GAICD Principal and Director

**May 5, 2015**

# Submission to DEDJTR’s Regional Economic Development Strategy and Service Delivery Review

I provide this submission to serve the purposes of the review process.

I declare that I am currently contracting to provide Small Business SuccessMap services via Group Training Association of Victoria and ATEL to businesses in the North East of Victoria.

I have worked in government and business roles in the arena of business and economic development since 1997. So, I provide a perspective that takes into account the needs and timeframes of business and government.

## Observations

My key observation is that the timeframes of business and government are not aligned, especially for small business.

* Small business, because it operates at a generally low level of financial reserves, needs to move rapidly to take advantage of opportunities and respond to threats that emerge.
* Large corporates are better placed to work with government and take advantage of business support and investment grants, as their decision timeframes can be more closely aligned with those of government.

There are ways to address this problem and to provide opportunities for small business.

One would be to enable access to government supply purchases for small business on a bigger scale that at present.

Governments, local and state, are comparatively large purchasers of services in the regions, and do so generally via contracts that aim to give best value for (taxpayers) money. Melbourne based bureaucracy is established to manage these contracts.

One of the outcomes of the best value approach to purchasing is that small Business in regions are rarely able to participate. They don’t have the administrative capacity of large corporates to engage in government purchasing processes, and so are locked out of a major regular revenue opportunity. A commitment by government to purchase a local component set aside from the best value contracts would enable local providers to supply.

Business and the community are not currently engaged with government strategic planning.

There is currently limited connection and engagement between local and regional business and government, apart from the RDA committees. The RDA committees have been deeply engaged in ongoing deliberations with state and local government executive on regional planning and regional infrastructure processes and programs. That work is now demonstrated with the two major strategic documents: The Hume Strategy for Sustainable Communities (2010) and the Hume Regional Growth Plan (2014). However, only the first strategy had a process for business and community engagement, with three meetings between May 2008 and May 2010.

There is still a need to engage more widely with business and community leaders in the region. I submit that a high level region forum be setup and run to inform the review process.

These two strategic plans provide the context and rationale for identifying projects that can be proposed to government for funding in the future. However, there may need for some funding to be provided to the Hume Region to develop projects to the point of being “shovel ready” for future government funding.

Submissions on the Terms of Reference

**Identify best practice evidence-based policy directions to foster regional growth and job creation**. This will include:

* **Identifying the major economic, social and demographic issues facing regional Victoria**. This analysis should include but not be limited to:
  + Industry profile – key sectors, strengths and weaknesses etc.
  + Education and training participation and attainment levels
  + Inter- and intra-regional transport connectivity
  + ICT/broadband capacity
  + Inter-regional variations, cross-regional issues and flows

State Government is a major employer as well as the source of funds. It is itself a driver in regional economies.

Best practice evidenced based policy directions to the major economic and other issues facing regional Victoria should acknowledge some realities:

* Government investment in funding services, in particular in health, education, police and emergency services, plays a major and increasing role in the economies of regional cities and rural towns. Evidence: the largest employer in Wangaratta was for decades Bruck Textiles, and then IBM in the 1990’s. Now it is the hospital, North East Health.
* More broadly, the shift away from dependence on the manufacturing sector in regional cities to the services sector is also evidenced by the emergence of the health and allied health as the major employer in most localities.

State government can therefore play a strategic development role in regional city and rural towns’ economies by relocating staff from the CBD to build employment and capacity in regions. This will have the benefit of, amongst other things, developing grounded as well as evidenced based policy because contributing staff will be working in regions, and engaged in communities.

Promotion of relocated employees should take into account their demonstrated involvement in community and service organisations. Something to ensure they are connected with the communities where they are living.

*Undertaking a broad, ‘first principles’ examination of what the evidence tells us about how to drive regional growth, with examination of key policy levers including: transport, infrastructure and planning; innovation and industry policy; trade and* ***investment facilitation****; education and training; and measures to foster a sound business environment such as regulation settings.*

For businesses looking to invest in regions, the complexities and timeframes of local and state government approvals is a major disincentive. Government should provide resources that can help businesses negotiate the maze, and provide a quick determination that enables a business to minimise their time in making their Go/No Go decision, and move on. For business time is money; time wasted is time wasted.

**Confirming key priorities for each region and broad policy directions, possible actions, and recommendations for further work to drive regional economic growth.**

The key priorities need to be reviewed and confirmed with the input from regional business and community leaders. I suggest government run facilitated workshops in each region to test what’s known and what’s not known. Workshops should be held in times and places to suit business and community.

**Identify the approach to regional service delivery best able to deliver regional growth and job creation.**

This will include:

* Reviewing the history of regional delivery models in Victoria.
* Reviewing other jurisdictions’ regional delivery models.
* Reviewing key functions in DEDJTR (notably Regional Development Victoria, including the domestic Victorian Government Business Office network; Agriculture Services and Biosecurity Operations; regional transport planning and investment facilitation; and the structural arrangements in place to drive tourism in regional Victoria), regional planning arrangements; and across Government (where appropriate).
* Having regard for the Government’s election commitments for regional service delivery (e.g. establishment of new Regional Business Centres and Regional Cities Clusters).
* **Recommending the mix of structural, governance, and strategic models for regional service delivery best suited to promoting long term prosperity in regional Victoria**.

Best Practice principles should include: timely, responsive, supportive actions that are couched in language that business and communities can understand.

Currently, programs and grants are written, assessed, awarded, and managed in language and processes that are completely foreign to people outside of government. Whilst that ensures due process and creates work (jobs) internally for government, it also means that most businesses and communities that seek to engage with government on an as needs basis are at a significant disadvantage. They often “give up”. Regular users of government services are more likely to be repeat recipients.

I would submit that this current process of reform of regional policy and service delivery models should aim to ensure that the broadest reach of services and support to regional businesses and communities is achieved as a high level outcome.

I am available to provide more evidence and information and observations during the review process.



Bernard Young GAICD

**PRINCIPAL**

**Bernard Young and Associates Pty Ltd**