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10 April 2015

The Chair of the External Advisory Panel Hon. John Brumby

Dear Mr Brumby

# East Gippsland Food Cluster Inc submission to the review of the Department of Economic Development’s regional service delivery model and the best policies to drive economic growth in regional Victoria.

I write on behalf of the Board and Management of the East Gippsland Food Cluster, and thank you for the opportunity to provide comment in relation to the above.

Whilst we appreciate the scope of both the requirements and the review is broad, in our submission we would like to focus on the concept of ‘industry clusters’ as positive models for supporting regional development outcomes.

The East Gippsland Food Cluster Inc (EGFC) is a not-for-profit member-based collaborative network of regional food and wine producers committed to supporting the sustainable development of our region’s vital agrifood sector. Whilst agrifood underpins our regional economy and is likely continue to do so well into the future, it is also subject to a complex set of systemic challenges and opportunities, which means it is anything but a ‘business as usual’ environment.

Since the cluster’s inception in 2011, the EGFC has grown from a membership base of eight (8) to almost thirty (30) regional agrifood businesses of all sizes, and with more members in the pipeline. We consider we are good example of how ‘collaborative’ and ‘innovative’ approaches support positive and integrated development outcomes for regional areas. Just a few examples of our positive achievements to date include:

1. Implementation of a traineeship programme which connects young people with the agrifood sector thereby delivering win-win outcomes for businesses (i.e. new talent), young people (i.e. career pathways in an area of high social disadvantage) and the broader community (i.e. keeping young people engaged in their community). This initiative, which is now into its fourth year and reflects a collaboration between EGFC, Federation Training, Gippsland East Local Learning and Employment Network (GELLEN), and Link Employment, was the ‘winner’ of the ‘Victorian Training Awards – Industry Collaboration’ category in 2014.
2. The imminent launch of a new trading entity which connects regional food and wine producers directly with new customers (consumers and businesses) via innovative eCommerce and logistic systems. This is aimed at regional, domestic and export markets.
3. Joint procurement initiatives which have achieved significant productivity gains through aggregating collective demand and tendering for common services and products.
4. Collaboration across local value chains for more value-adding and new product development within the region.
5. Moving to an operational pilot of co-digestion (anaerobic) of manufactured food waste and sewage sludge for achieving optimised methane production and other mutually beneficial outcomes, as part of a broader collaboration between East Gippsland Water, East Gippsland Shire Council, Federation University and the EGFC.

As the relationships and ‘trust have developed within the cluster, we see businesses more freely sharing their knowledge, ideas, and concerns, and as a result have a significant ‘pool’ of ideas to potentially work up into further projects for the benefit our business and our region. Our network continues to strengthen and extends across researchers, education and training organisations, investors, financial institutions, industry associations and business partners.

We greatly appreciated the support of the former labour government’s ‘clusters programme’, which facilitated the launch of the EGFC in 2011.

We have also appreciated the strong partnership arrangements that have existed with all levels of government; particularly Regional Development Victoria. We have representatives of East Gippsland and Wellington Shire Councils, and Regional Development Victoria (Gippsland) sitting on our Board in an ‘ex- officio’ capacity which has strengthened meaningful industry/government engagement.

In particular we have valued the knowledge, skills and support of the RDV team in Gippsland and their understanding of local issues. We look forward to those strong working relationships continuing.

We therefore strongly urge the Victorian government to continue to invest in supporting best practice tools and approaches that underpin successful clusters. Now into our fifth year as a successful and ‘maturing’ cluster we reflect on our own outcomes and learnings, along with the increasing body of knowledge that is emerging around the globe in relation to clusters and their particular impact on regional economies; inclusive of higher value added growth, higher profitability growth, and higher wages per employee (a proxy for

productivity)1.

We therefore firmly believe that effective clusters can play a critical role in supporting development in regional Victoria through enabling members to better leverage their existing regional business environment capabilities, and to innovate and develop new capabilities that further enhance that business environment.

Clusters thereby provide a genuine and meaningful opportunity for government to engage with industry in order to develop and deploy appropriate policy and programmes. They also provide an opportunity to support a more seamless alignment of a range of initiatives from government at all levels, and avoid what is often seen as unnecessary duplication and/or overlap, as well as policies and programmes that sometimes do not match real needs and/or levels of readiness.

We recognize that we still have much to learn about enhancing cluster effectiveness, and how to organize a broader cluster based-economic development strategy, but we welcome further opportunities to continue this journey through ongoing support and partnership arrangements with the Victorian government, and for the broader benefit of regional Victoria.

Please do not hesitate to contact us for more information.

Yours sincerely

signature of Dr Nicola Watts, executive officer, East Gippsland Food Cluster

Dr Nicola Watts Executive Officer

1 [www.tci-network.org](http://www.tci-network.org/)