# (Extract) Victorian Economic Development Suggestions February 2015

* Serious and real Economic Development initiatives for Victoria driving jobs for regions
* Perception has become reality – Local Government and council “infrastructure” rollouts being seen as the end result of Regional Growth Fund (RGF) i.e State Government not being seen as driving policy in the regions
* RDV has become irrelevant and has no *raison d’etre* in light of RGF rollout
* How about addressing Generational Infrastructure – not simply Social, Sporting or Recreational infrastructure i.e. the future for business in the regions particularly as it relates to agriculture and agribusiness. Yes – farming is a business

## Approach to Policy – Evidence Based and Gap Analysis

##  Historic Background

* The Regional Growth Fund (RGF) did not translate or permeate the regions business or community consciousness simply because it overall did not translate into obvious or “real” Jobs. It was buried in the public’s perception that this was simply local government funding MORE local government infrastructure. It was not seen as a State Government initiative but rather local government building more “infrastructure” – needed or not.

**Reality** : The average punter had no idea that the fund was either in existence of being implemented as the entire operation was the domain of planning by a “high level regional policy advisory group[[1]](#footnote-1)” i.e. The RDA’s whose structure is totally local government centric. This is fine when you have Councils who are economically driven e.g. Maryborough – genuinely creating jobs and contributing to the Victorian Food and Fibre target and exposed to the real business community - but the rest of the Councils are in it for issues which fund the traditional “ rates/roads and rubbish” model of local government thinking.

**Reality:** Due to the prevailing structure (since 2009) and use of Victorian RDC’s[[2]](#footnote-2) unfortunately in actual fact 40% of the RGF went to the 4 Metro RDC’s. Only 60% was ever going to the Regions i.e.$ 600M overall and $300M in the first tranche not $500k (4 of the 9 RDA’s are dealing with points North, South, East and West of Melbourne – not Regional Victoria).

**Reality:** Other regional state issues sprayed with funding by RGF fund in the areas of health and education were buried in Health and Education portfolios – not seen as “Regional”.

**Reality: The Department of Regional Development Victoria (RDV) became irrelevant in its role to promote true State Wide and commercially realistic economic development in Victoria simply due to the fact that virtually all the money from the RGF was funnelled through the Councils. Some of the Councils e.g. Ballarat on the other hand learned how to play the game early and reaped the benefits.**

**Reality:** Funding of local government and recreational infrastructure is not seen by business (or a large sector of the community) as a serious attempt to generate jobs in rural communities – basically because it is not

**Reality**: This is further underpinned by the reality that the majority of major contractors for the most work in local government (including RGF projects) is carried out by non-local companies. This only re-enforces the view of what is going on with local government and is not helping the local and regional communities directly.

Reality: Business wants projects that generate jobs for the future – and not just for the duration of the infrastructure build. The Bendigo Aquatic centre disquiet currently is a good example of the indifference to recreational infrastructure projects.

**Reality:** Geelong election result. The Labor margin in **Geelong** increased from 2.1 per cent to an estimated 4.0 per cent. RGF funding (plus others which I cannot track ) is roughly estimated as - $15 million to the City of Greater Geelong to design, construct and commission a new integrated Geelong Library and Heritage Centre as well as $10 million for the Deakin University expansion plus $30 million manufacturing innovation hub for Ringroad $2M Geelong total $57M. This does not include any monies for Sporting Facilities which I believe were significant. What this says to me is that the Government were not delivering what the regional voters wanted. How much sporting infrastructure do we really need? – it does not appear to be translating into younger generations overall increasing their participation in sport past a certain age. (?? Not sure of this area)

**Reality:** Major Victorian Councils go direct to Canberra anyway (Melbourne Geelong and Ballarat) and so the impact/reliance/interest of the RGF and regional funding bodies or directives (from RDV) as seen as immaterial. This is one of the reasons RDV’s in Bendigo and Ballarat are not seen as main players in State Government by the business community. The RDA Boards simply re-enforce their view as they are mainly composed of Local Government CEO’s.

**Reality**: In Victoria the downturn in manufacturing is hurting the economy and Victoria’s unemployment rate is worse than any of the states except for Tasmania and Queensland. The Coalition was again being seen to do nothing in relation to job creation. The RGF did not raise its head anywhere **– being buried in Councils carrying out the spending.**

## Summary:

Why are the regions feeling left out? During the last election both leaders embarked on endless visits to schools, hospitals, factories and railway stations. They visited the same handful of marginal seats, making similar or even identical promises on a range of bread and butter issues and were in furious agreement about everything.

The strategic flaw of State Government and RDV working with Councils is re-enforced by the business community who in the main hold Council’s in healthy suspicion at best and at worst are ignored except for the planning function – cannot see any value for money As an example if Mount Alexander Shire is any guide I can assure you that no-one in Harcourt was aware the $145k was spent on implementing the Harcourt Master Plan was thanks to the RGF/RDA. Councils generally do not aim for transparency and this goes to the source of funding transparency for anything

Lots of money was thrown around in the campaign, but most Victorians would probably struggle to recall a single major promise. Worryingly they would equally struggle to identify the government's achievements over the past four years. From a Regional Victoria perspective there appears to be a disengagement from State Government which sees the government working for Them (Metro) and no Us.

## Regional Policy Development & Implementation

This current approach with Regional Victoria is why zillions of non-strategic (i.e. not long term) budget dollars are thrown at the electorate with no tangible result that the public can see. Regional Victorian voters are sick of it and believe that their intelligence is being insulted.

Regional Development policies must be current and addressing issues and realities around an engine room - resulting “real”[[3]](#footnote-3) jobs in the regions

Key Suggestions and Approaches to Regional Policy Initiatives

* Growth and Jobs – TRUE economic development
* Security of work - offsetting unionization issues (e.g. CFA)
* Looking after our uniquely regional people and linking policies tangentially – eg. CFA/ Arson – our firefighter putting lives on the line – MFB trained guys cannot do it and readily admit it we have to support the CFA (beyond infrastructure – i.e. new stations) in regions or we are negligent.
* Differentiation and specializing of regional initiatives not just as an add on to metro (ref. RDA structure)
* Not leaving the work (and qudos) to Local Government i.e. having the Councils implement the policies – whilst this is necessary case in some areas – policies should not be local government centric.
* Providing more coherence to the structures of rural industry bodies. Work closely with VFF and others (APAL, HIA). Contributing to trade policy as it affects rural industries – exports from the regions

Dianne Baig

21 Feb. 2015

## Appendix 1 Historic Extracts - policy initiatives

Extract 16 May 2014 Public Accounts and Estimates Committee -- Ryan

Ms GARRETT — Minister, I refer to your presentation at the beginning of these proceedings in which you said it is all about jobs in rural and regional Victoria — I am not sure the people in rural and regional Victoria are feeling that kind of love, particularly when you note the budget papers — and I ask: why is there no commitment to be found in these budget papers to a jobs target for regional and rural Victoria? Mr RYAN — We deliver; we do not just talk. We actually produce the goods; we do not just speak about it. In fact, when you look at the history of the delivery of jobs in rural and regional Victoria, it bespeaks the delivery of a policy initiative which we hold dear — which I in particular hold dear. That is reflected in a number of ways. Through the Regional Growth Fund we have been able to deliver on just over 1440 projects of all sorts, shapes and kinds across the whole gamut of the operation of the fund. That has resulted from the investment of $400 million; that investment

Ms GARRETT — I note that there is a lot of talk going on this morning, but there has been a failure by the government to have a clear, black-and-white commitment to a target for jobs growth in rural and regional Victoria, and Victorians will make up their own mind about that. You talk a lot about producing the goods. Well clearly — — Mr RYAN — About what, sorry? Ms GARRETT — Producing the goods you **deliver. Obviously something went a bit awry around the cabinet table when only 4 per cent of the infrastructure funding in this year’s budget went to rural and regional Victoria, and I ask: how can you say that you are all about jobs for rural and regional Victoria when such a miserly proportion of this year’s budget actually** went to delivering infrastructure in those areas? Mr RYAN — What a myopic, narrow and patronising view of rural and regional Victoria that question contemplates. That is just so out of touch with the realities of rural and regional Victoria. The fact of the matter is that the regions of this state have a very strong interrelationship with this great city of Melbourne.

1. [↑](#footnote-ref-1)
2. [↑](#footnote-ref-2)
3. Real jobs as opposed to the short term situations around contractors for the infrastructure build (of whatever type) Talking here of industry in the de-centralization mode and model. [↑](#footnote-ref-3)