



Regional Economic Development and Services Review

FINAL REPORT
July 2015

Authorised by the Victorian Government
Department of Economic Development,
Jobs, Transport & Resources
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Acronyms and Abbreviations

DEDJTR	Department of Economic Development, Jobs, Transport and Resources
DELWP	Department of Environment, Land, Water and Planning
DET	Department of Education and Training
DHHS	Department of Health and Human Services
DMP	Destination Management Plan
DJR	Department of Justice and Regulation
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GSL	Guaranteed Service Level
HPFVs	High Productivity Freight Vehicles
IDC	Inter-Departmental Committee
IT	Information Technology
LGA	Local Government Area
LLENs	Local Learning and Employment Networks
MW	Megawatts
NBN	National Broadband Network
R&D	Research and Development
RDA	Regional Development Australia
RDV	Regional Development Victoria
RMF	Regional Management Forum
RRL	Regional Rail Link
RTB	Regional Tourism Board
STEM	Science, Technology, Engineering and Mathematics
VGBOs	Victorian Government Business Offices

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The scale and pace of global change requires a new approach from Government – both to secure new investment and jobs, and to ease the impact of structural adjustment



1. Foreword from the Chair

The world around us is changing rapidly and profoundly, creating enormous new opportunities for regional and rural Victoria.

From the rise of Asia, to transformations in technology and infrastructure, powerful global forces are shaping and changing our state.

Regional Victoria's most important industries are positioned to benefit from these global changes.

Our regions excel at producing premium, safe food and beverage products. We excel at drawing domestic and international visitors to natural, cultural and culinary attractions. Our regions also boast a significant reserve of resource endowments and a burgeoning renewable energy industry.

China for example, is already Victoria's biggest trading partner and consumer of food and tourism exports. It is also Victoria's fastest growing source of foreign direct investment.

Technological advances mean that smaller businesses – from Mildura to Mallacoota – can export through eCommerce channels, tapping into Asia's sophisticated sourcing and distribution systems at a relatively low cost. With increasingly fast and efficient regional rail services, it's now also easier than ever to work in Melbourne and experience regional living.

These opportunities are occurring as a direct result of powerful global forces. But these global shifts also bring challenges.

For many decades regional Victoria thrived on its traditional manufacturing and agricultural base, supplying domestic markets with iconic consumer goods and bulk commodities. But as global markets have become more interconnected and tariffs continue to fall under new Free Trade Agreements, these industries have faced a difficult period of transition. Pockets of regional Victoria now experience youth unemployment rates of close to 20 per cent. The transition is far from complete.

The scale and pace of global change requires a new approach from Government – both to secure new investment and jobs, and to ease the impact of structural adjustment.

Over the last four months the External Advisory Board has developed a comprehensive package of reforms which together can do just this. Importantly, we have also made a number of recommendations to clearly tackle socio-economic disadvantage in regional Victoria and address the long tail of educational performance.

I commend the Minister for Regional Development for commissioning this timely Review, and urge the Victorian Government to continue to show leadership in prioritising and investing in regional and rural economic growth.

On behalf of the External Advisory Board I would also like to thank those who have provided submissions, agreed to be interviewed, made presentations and attended staff workshops. Our reach has been significant. I would also like to thank the Review Secretariat – James Flintoft, Sam Rosevear, Bethany Burke, Jason Lange, Chris McDonald, and Laura Trengove – for their outstanding work in helping prepare such a substantive report under significant time pressure.



The Hon John Brumby
Chair
External Advisory Board
*Review into Regional Economic
Development and Services*



2. Executive summary

2.1 A new approach to regional development

Every generation of regional Victorians has had to adapt to change. From the expansion of regional cities during the post-war boom, to the increased exposure of manufacturing and agriculture industries to global competition, each generation has faced and dealt with significant economic, social and environmental shifts. Each time, government has had to renew its approach, working in new and different ways with regional industries and communities to build prosperity and create opportunity in regional Victoria.

Regional and rural Victoria is now experiencing another wave of profound change with the continued rise of Asia, rapid advances in technology and infrastructure, fierce international competition, the impacts of climate change and the need to transition our economy to reduce greenhouse gas emissions in ways that grow the economy and increase jobs.

This Review recommends a new approach to regional development, one that is able to meet the challenges and grasp the opportunities of the early 21st century. It recommends 48 policy reforms – spanning transport and planning, industry and innovation policy, trade and investment, education and skills, and regulation reform. While there are no ‘silver bullets’, collectively this policy agenda can make a real difference in helping regional industries and communities build prosperity in the decades ahead.

Equally important, the report recommends fundamental changes to improve governance and service delivery in regional Victoria. Policy reform is important, but will only have impact if the machinery to implement it is in good working order. In recent years, too little has been done to listen to – and act on – the voice of regional Victoria in State Government. This has to change. The seven recommended governance reforms would ensure the ideas in regional strategic plans are heard ‘loud and clear’ within government and actively considered for funding in the Budget process. A further six recommendations will reinvigorate service delivery, ensuring regional businesses and communities are better supported to grow and prosper.

2.2 Government has an important role to play in driving regional growth

This report is underpinned by one fundamental belief: that the Victorian Government – by working in partnership with regional businesses and communities – can have a transformative impact on the future of regional Victoria in the coming decades. We can create a future where regions generate prosperity in their communities and an ample supply of quality jobs for their people. We can create a future in which every region is known for its competitive strengths – from food, wine and agriculture to energy, advanced manufacturing and tourism – and builds on them to create strong, resilient economies tapped into fast growing Asian and global markets. And we can create a future where children get the education, health and community services they need to build lives of opportunity and financial security within regional Victoria.

This is the promise of a renewed regional policy, service delivery and governance framework: a strong economy; a fair society; and genuine opportunity for everyone in regional Victoria.

2.3 While there are challenges to growth, the opportunities are unprecedented

Regional Victoria faces some barriers to growth, including increased global competition for its products and services, shifting workforce requirements, significant pockets of socio-economic disadvantage and climate change. However, the opportunities for growth are enormous.

Regional Victoria has significant competitive advantages

Regional Victoria is positioned to significantly grow its internationally competitive industries. Victoria is Australia's largest food and fibre exporting state. Regional and rural Victoria also has a unique set of tourism offerings, underpinned by healthy natural environments and iconic places. These offerings range from nature-based, spa and wellbeing to food and wine and arts and culture, which form an important part of the state's visitor economy. There are also significant resource endowments, clusters of manufacturing strength and a burgeoning renewable energy sector.

Regional Victorian businesses can tap into the growth of Asia

With these strengths as a starting point, there are unparalleled opportunities for regional Victoria to tap into the growth of the global middle class, especially in Asia. The Asian middle class is set to expand from 525 million in 2009 to 3.2 billion in 2030 – adding more than 120 million new middle class consumers each year. Regional Victoria's key sectors are well-placed to service the demands of this growing cohort, which is increasingly seeking high-quality and 'clean and green' products and services.

Technological advances are connecting regional Victoria to global markets

Advances in communications technologies give regional Victorians the capacity to trade globally on a more competitive basis. New technologies have significantly increased the pace and reduced the cost at which people, ideas and resources move around the world. For example, small businesses can now sell their goods through eCommerce channels, tapping into Asia's sophisticated sourcing and distribution systems at a relatively low cost. In China alone, online sales amounted to more than AUD \$500 billion in 2014 with growth of 50 per cent over sales in 2013.

Victoria's regions are better connected than ever

Victoria is a compact state with nine out of 10 Victorians living within 150 kilometres of the Melbourne central business district. Progressive upgrades to regional road and rail networks have led to a revolution in transport connectivity between Melbourne and the regions. This connectivity creates a range of opportunities for regional growth. It efficiently links regional businesses to key markets within the state, across Australia and around the globe. It allows tens of thousands of regional Victorians to commute to work in metropolitan Melbourne or in other regional cities and towns and enables more people to visit and enjoy regional Victoria. It creates major opportunities for growth in regional Victoria, particularly in regional cities like Geelong, Ballarat and Bendigo.

Future population growth can be accommodated in regional Victoria at lower cost

Current projections indicate Victoria's population will rise from 5.8 million to 7.7 million by 2031, with 5.8 million in Melbourne and 1.9 million in regional Victoria. Fostering regional growth could allow Victoria to better balance its population growth between Melbourne and the regions. This would deliver an important efficiency dividend: the costs of congestion and adding new infrastructure in Melbourne are high when compared to regional Victoria, where there is already considerable infrastructure and land to absorb greater population at a lower cost.

Addressing disadvantage in regional Victoria will create inclusive growth

The Government also has a critical role in addressing disadvantage in regional Victoria and creating the conditions for inclusive growth. In regional Victoria, there is a higher proportion of disadvantage, lower educational attainment and lower labour force participation than in Melbourne. Every Victorian should have the opportunity to reach their full potential through equitable access to education, training, health services and jobs. Addressing disadvantage delivers a triple dividend: it allows people to reach their potential; it creates a stronger economy; and it produces a fairer, more inclusive society.

These opportunities present a compelling case to act now. The Victorian Government has an opportunity to show strong leadership and pursue a brighter future for regional and rural Victorians.

Over the last four months the Regional Economic Development and Services Review External Advisory Board has consulted widely with stakeholders and undertaken extensive analysis to develop 61 recommendations on regional policy, governance and service delivery.

Together, this amounts to a comprehensive reform agenda to secure new jobs and investment in regional and rural Victoria.

2.4 Positioning regional Victoria for future growth and prosperity

To maximise the economic potential of regional Victoria, it is critical that the Victorian Government focus on the policy settings we know are the most effective in driving economic growth. There are five powerful 'policy levers' which can foster economic development and job creation in regional and rural Victoria.

- ***Transport, infrastructure and land use planning***
 - investing in more productive transport services and infrastructure, integrated with efficient land use planning to spur productivity and job creation. Major reforms must focus on:
 - improving the productivity of the road network (by fixing 'first and last kilometre routes' and expanding access for more high productivity freight vehicles) and the rail network (by allowing trains to carry heavier loads, growing the standard gauge network and increasing competition in the freight industry) will reduce transport costs for regional producers, creating scope for regional businesses to grow and expand their international trade;
 - setting trigger points for the Victorian Government to intervene on planning applications will fast-track consideration of major regional projects capable of delivering growth and job creation in regional communities;
 - ensuring the planning system better facilitates more productive uses of non-urban land so regional Victoria can grow its key industries;
 - optimising the use of Victoria's investment in the water grid to provide secure, safe and sustainable water to support the growth of regional industries and communities; and
 - addressing access to broadband, mobile and data infrastructure in regional areas to drive productivity and innovation.
- ***Industry and innovation policy*** – creating the environment for firms to grow, develop new products and processes, build on competitive strengths, and ease the pressures of structural adjustment. Major reforms must drive growth in regional Victoria's priority industries, including food and fibre, the visitor economy, and energy. Key reforms include:
 - a suite of initiatives to foster growth in the critical food and fibre sector through promoting innovation and value-adding, boosting sector branding and international market access, and improving information on consumer insights. These reforms build on broader measures to lower transport costs, reform the planning system, and better link skills and training to industry needs;
 - fast-tracking the development of significant tourism projects so regional Victoria can capitalise on the rapid growth of the global middle class, offering quality tourism experiences at its iconic tourist destinations;
 - capturing the benefits and managing the risks over the coming decades of an expected redevelopment of our energy system under carbon constraints; and
 - boosting innovation – the primary driver of productivity growth – by supporting regional city innovation clusters and engagement between industry and researchers to drive innovation, skills formation, export growth and new business start-ups.

- **Trade and investment facilitation** – enabling access to international markets for firms in regional Victoria and facilitating investment to increase productivity and new job opportunities. Recommended reforms include:
 - working with industry and local government to identify and build a pipeline of significant prospective investment opportunities, which can be used to attract substantial investment by Australian and international investors in regional Victoria;
 - better supporting regional firms to tap into fast growing markets overseas by expanding the Government’s Export Skills and Training Program; and
 - more proactive investment facilitation services to help regional firms work through regulatory requirements, access land and get their investment projects off the ground.
- **Education and skills** – increasing workforce participation by improving education and training outcomes, and aligning training with industry needs. Key reforms include:
 - expanding access to early childhood education programs to all three year old children from disadvantaged backgrounds to break the cycle of disadvantage and ensure young people get the best start in life;
 - implementing a place-based approach to addressing socio-economic disadvantage to improve outcomes for vulnerable Victorians;
 - attracting and retaining more of the very best teachers and school leaders in regional locations;
 - measures to improve the breadth of curriculum offerings for students, including an expansion in access to quality science, technology, engineering and mathematics education;
 - measures to improve school retention and success at year 12 (or equivalent) for regional students to rates similar to those of their metropolitan peers; and
 - bringing together industry, training providers and the community at the local level to ensure training meets the needs of local industry, so local students get skills that lead to local jobs.

- **Efficient tax, regulation and public sector reforms** – ensuring taxes are competitive and sustainable, regulatory systems are efficient and government is easy to work with. Major reform must focus on:
 - transforming the regulatory and environmental assessment processes for energy and earth resources projects;
 - working with the Commonwealth Government to introduce cost-reflective road pricing to address the underfunding of regional roads; and
 - removing the unnecessary regulatory burden on supply chains to support firms in expanding international trade.

Collectively, these reforms can have a transformational impact on the opportunities available to Victorians across the state.

2.5 A new approach to regional governance and service delivery

Government can make a real difference in economic development and job creation in regional and rural Victoria. But it’s not just about getting the right programs, initiatives and policy settings in place. It’s also about how government works at the regional level.

Business, community and civic leaders across regional Victoria are taking a lead role in identifying priorities and taking action to grow regional economies. However from a regional perspective, government decisions can often appear fragmented, with decisions made without proper engagement.

Successive Victorian Governments have continued to evolve governance and service delivery at the regional level to improve coordination and better engage communities in decision making. Regional Strategic Plans for example have strong ownership within regions and are continuing to evolve. In service delivery, Regional Development Victoria (RDV) is rightly regarded as Australia’s leading regional economic development agency.

However, there is more that can be done

This Review has developed a new approach to the way Government works at the regional level, broadly within two categories: regional governance and regional service delivery.

Enhancing regional governance

This Review found that a ‘place-based’ approach to regional development is critical. Regions must play a leading role in developing their own growth strategies and government must organise itself to enable local decision making and integrated services. This approach continues to be essential to building regional prosperity. However, in recent years, too little has been done by the Victorian Government to examine the priorities outlined in regional strategic plans and actively consider them for implementation. Put simply, Government needs to do more to listen to – and act on – the voice of regional Victoria.

To address this, this Review recommends:

- Creation of five new Boards, to be called Regional Development Partnerships, bringing together state government departments, businesses, local government, and regional leaders to link Regional Strategic Plans and priorities to Victorian Government decision making and drive economic development and social outcomes at the regional level.
- Greater Ministerial accountability for regional development, with a new Ministerial Committee for Regional Development to consider regional priorities in state-wide policy processes.
- A mechanism to connect regional priorities to Government’s Budget process, ensuring Ministers across government properly consider regional priorities and commit new and existing funding streams to implement them.
- Developing Cabinet-endorsed responses to regional plans and priorities to give clarity to regional stakeholders on Government’s policy priorities and funding initiatives.
- An annual summit on regional priorities in each region, bringing together elected officials across local, State and Commonwealth Governments with regional stakeholders to build ownership and understanding of key regional priorities.

Improving regional service delivery

RDV, established in 2002, has made an enormous contribution in regional Victoria and is rightly regarded as Australia’s leading regional development agency. The Review identified several reforms to build on this success, so regional firms and communities can access the services they need to build prosperity and opportunity.

Major recommendations include:

- Lifting the seniority of Department of Economic Development, Jobs, Transport and Resources (DEDJTR) Regional Directors, so Government leadership in regional areas is best equipped to drive regional prosperity.
- Re-invigorating RDV and regional economic development with a greater focus on proactive investment facilitation, sector-specific expertise (especially in food and fibre, tourism and energy and earth resources), workforce and skills outcomes, and infrastructure planning and coordination.
- Adopting a ‘one-stop-shop’ approach to service delivery through co-location of DEDJTR, other local and state government and public sector agencies over time, firstly in Bendigo and Ballarat, followed by Geelong and other regional centres.

The Board urges the Government to adopt these recommendations in full and at the earliest opportunity. These are the key reforms that will support sustained and inclusive growth and job creation in regional and rural Victoria for years to come.



3. Review approach

3.1 Regional Economic Development and Services Review

On 12 February 2015 the Minister for Regional Development, the Hon Jaala Pulford, announced a review of DEDJTR's Regional Economic Development Strategy and Service Delivery Model (the 'Regional Economic Development and Services Review').

The Review has been conducted at a time when regional and rural Victoria is experiencing significant change. Many traditional industries are either struggling or are in transition and the rise of Asia presents new growth opportunities as well as significant threats. Regional Victoria must ensure it continues to be in a position to grow.

Victoria is recognised as a leader in regional development. However, it is some years since there has been the opportunity to step back and evaluate how we are going and identify the best possible approach for the future.

The Review identifies actions to better position regional Victoria for future growth and prosperity. Major economic, social and demographic trends and an examination of what the evidence tells us about how to drive regional growth have been considered in developing these recommendations. Lessons learnt from regional planning and implementation have also been considered.

The Review also identifies proposals to develop the best possible governance and service delivery arrangements to promote economic development and job creation in regional Victoria. Consideration has been given to existing functions within the Victorian Government and regional delivery models in Victoria and other jurisdictions.

3.2 External Advisory Board

Strong leadership has always been a key feature of regional and rural Victoria. Business, civic and community leaders have enabled the regions to benefit from successive changes in the economy and build strong and cohesive communities.

The Review has been overseen by an External Advisory Board made up of representatives with a broad range of experience in regional and rural development:

- The Hon John Brumby, Chair
- Dr Bronte Adams, Director, Dandolo Partners
- Ms Jo Bourke, Executive Director, Wimmera Development Association
- Mr Ross Brown, Executive Director, Brown Brothers

- Prof Jane den Hollander, Vice-Chancellor, Deakin University
- Mr Richard Elkington, Chair, Gippsland Regional Development Committee
- Mr David McKenzie, Chair, Committee for Greater Shepparton
- Mr Craig Niemann, CEO, City of Greater Bendigo

The Board has ensured that regional and rural Victorians have a strong voice in the Review.

Submissions were received from 95 external organisations and individuals in response to the terms of reference. Each of the submissions were analysed and considered by the Board. The full list of submissions is provided in Appendix A2, as well as a map showing the spatial distribution of submissions by local government area (LGA).

Mr Ben Hubbard of Creswell Advisory also undertook an independent program of targeted one-on-one interviews. This involved consultations with 74 leaders across industry, local and state government and the community. A mix of sectors and regions were consulted, including key regional employers and businesses covering food and fibre and tourism, local government, education providers, and regional and economic organisations.

Creswell Advisory's interviews were largely undertaken in regional Victoria. A list of these interviews is provided in Appendix A3. Findings highlighted that, just as each region has a clear set of economic advantages, they also have distinct priorities, as well as a particular set of challenges in developing and implementing their strategic plans.

In addition to detailed consultations with departmental staff, and consideration of briefings, supporting material and submissions from stakeholders, the Board held five meetings over the course of the Review where it considered the range of inputs and provided their expert opinions on directions and recommendations to take forward. This included presentations from peak industry and local government organisations, education providers and businesses.

The work of the Board has been supported by a Secretariat within DEDJTR. The Secretariat prepared research and analysis, engaged other areas of government, and held 11 staff workshops across Victoria, attended by more than 380 staff.



4. Promoting growth in regional Victoria: the case for change

4.1 Victorians can adapt to change

Regional and rural Victoria is entering a period of transition driven by global forces. The emergence of Asia, advances in communication technology and infrastructure, changing demographics and climate change will generate both opportunities and challenges into the next decade and beyond.

Previous periods of economic, social and environmental change in regional Victoria provide context on ways to adapt to the changes ahead.

- During the early phase of Victoria's economic development, the agriculture and mining industries were major drivers of growth. The gold rush transformed Victoria's economy and society – by 1858 half of Australia's population was in Victoria.¹ Large-scale pastoral interests focused on wool production gradually gave way to more compact settlement, with a more diversified agricultural base. Regional cities such as Geelong and Bendigo grew through their manufacturing industries and as service hubs for rural hinterlands. Government opened up new development opportunities through investment in railway and irrigation infrastructure and secured markets to Britain.
- During the post-war boom, manufacturing became increasingly important in regional Victoria. Food, textiles and clothing, transport, and machinery and equipment manufacturing grew, aided by the protection of tariffs. The energy industry in the Latrobe Valley and oil and gas resources in the Bass Strait were developed, and the population of cities such as Geelong, Shepparton and Ballarat expanded on the back of the post-war boom. Government took a lead role in promoting growth through investment in highways, housing, universities and incentives to attract new businesses.

- Over the last 30 years, regional Victoria has been increasingly exposed to global competition. Farms have consolidated and manufacturing has declined and modernised. Employment has increased in health, education, professional and construction services. Regional cities and townships close to Melbourne have grown, while the population of many rural towns has decreased. In more recent times the Victorian Government has upgraded the road and rail network, decentralised government agencies, invested in economic infrastructure including major investment in irrigation and rural water infrastructure, and better education and health services.

The Victorian Government has been able to adapt its approach in each of these transition periods to ease structural adjustment and ensure regional growth. The scale and pace of today's global changes have led to this Review and subsequent recommendations. A new approach from Government is needed to deliver new investment and supporting jobs growth.

4.2 Key shifts: challenges and opportunities

Economic growth in Asia is an opportunity to build on our strengths

Economic growth in Asia, including its industrialisation, urbanisation and integration into the international economy is the defining economic trend of this century. Free Trade Agreements (FTAs) with Asian countries are removing barriers to trade and investment. More affluent Asian consumers will generate a range of opportunities in premium and safe foods, education and tourism related services. Investment from Asia will unlock new economic development and job opportunities here in regional Victoria.

The Asian middle class is set to grow from 525 million to 3.2 billion, or from 28 per cent to 66 per cent of the global middle class, between 2009 and 2030.² By way of comparison it is projected that Europe will have only 14 per cent of the world's middle class by 2030.

1 Australian Bureau of Statistics, DELWP analysis

2 OECD, *The emerging middle class in developing countries*, 2010

Providing products and services to Asia's growing middle class is a huge source of potential growth for regional Victoria. The growing middle class will demand increasing quantities of premium and safe food and tourism experiences and regional Victoria is well-placed to provide them (Table 1).

TABLE 1: OVERVIEW OF ASIAN MARKET OPPORTUNITIES FOR REGIONAL VICTORIA

PREMIUM FOOD AND BEVERAGE	<ul style="list-style-type: none"> • Fresh vegetables, fruit and nuts • Wine • Cereals, including specialised products • Processed grains • High value dairy products, infant formula, nutritionals and retail ready products • Beef • Lamb
EARTH RESOURCES AND ENERGY	<ul style="list-style-type: none"> • Mineral sands • Derived coal products • Solar and hydroelectricity skills and technology • Mining equipment, technology and services • Oil and gas equipment, technology and services
TOURISM	<ul style="list-style-type: none"> • Food and wine • Nature-based • Spa and well-being • Arts and culture, and cultural heritage
CLEAN TECHNOLOGY	<ul style="list-style-type: none"> • Energy efficiency and supply technology • Water and waste management technology • Water efficiency skills and technology
WOOL, SKINS AND HIDES	<ul style="list-style-type: none"> • Clothes • Leather goods
EQUINE	<ul style="list-style-type: none"> • Horse breeding and sales • Professional services
OTHER SERVICES	<ul style="list-style-type: none"> • Health • Education • Professional services (such as architecture)

Source: Analysis by the Regional Economic Development and Services Review Team, adapted from DSDBI, *Engaging China – Strengthening Victoria*, 2012; *Victoria and India: From Engagement to Partnership*, 2013; *Victoria – Gulf States Engagement Strategy*, 2013; *South East Asia Market Engagement Plan*, 2013; *Regional Tourism Strategy*, 2013

There will also be high value niche opportunities that present significant opportunities for regional businesses. This includes international education, and advanced manufacturing and services related to traditional strengths in mining, energy, water and agriculture.

The emerging economies of Asia are also becoming increasingly urbanised, generating new opportunities in earth resources, construction, urban design, and other professional services. The scale and pace of this change is unprecedented. For example, China has become the world's largest urban nation with today over 700 million urban citizens.³ By 2025, it is projected that China's cities will add a further 350 million people, which is more than the entire current population of the United States of America.⁴

Chinese foreign investment in Australia has recently increased, from less than 1 per cent of all foreign investment before 2010, to 2.3 per cent or \$64.5 billion in 2014.⁵ While this proportion is still dwarfed by those of the United States (27 per cent) and the United Kingdom (17 per cent), China has grown to be the largest source of proposed foreign investment in Australia, with \$27.7 billion approved (out of a total \$167.4 billion) in 2013-14.⁶ Regional Victoria is positioned to attract significant foreign investment from countries such as China, helping to promote regional growth and job creation.

The Victorian Government can play an important role in maximising opportunities by facilitating access to these markets. This engagement helps overcome barriers to trade and investment including understanding investor and consumer preferences, cultural differences, market trends and regulatory environments.

3 OECD, *OECD Urban Policy Reviews: China*, 2015

4 McKinsey Global Institute, *Preparing for China's urban billion*, 2009

5 ABS, *International Investment Position, Australia: Supplementary Statistics*, 2014, cat. no. 5352.0

6 The Treasury, *Foreign Investment Review Board Annual Report 2013-14*, 2015

Advances in technology are making the world more accessible

Advances in communications technology provide an unequalled opportunity for global trade.

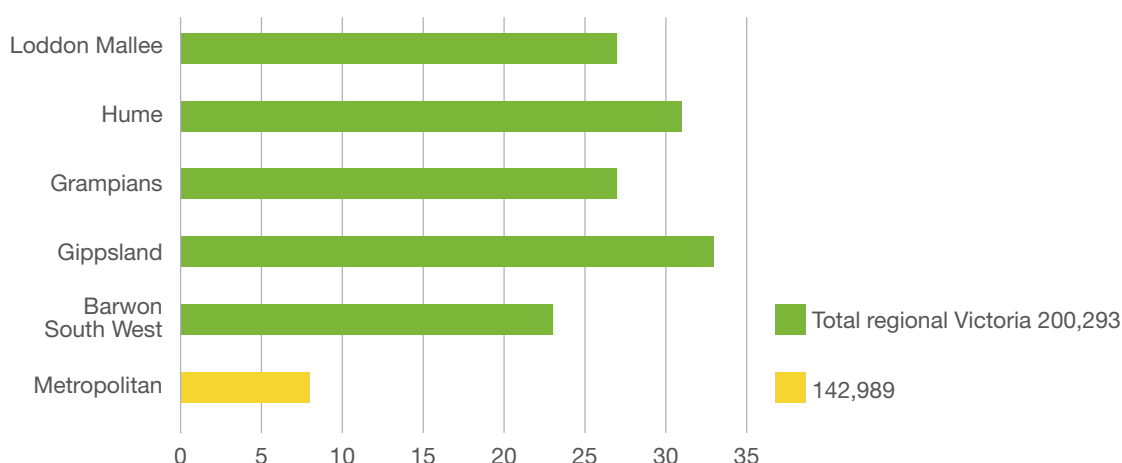
New technologies have significantly increased the pace at which people, ideas and resources move around the world. Businesses can utilise these technologies to access new ideas and open up new markets. The Victorian Government can support regional Victoria to capture these opportunities by improving access to quality mobile and internet technologies.

Technological developments have led to a more accessible and connected world, particularly for business. Widespread high-speed internet and mobile applications are allowing people and businesses to connect to global markets in real time. Mobile communications allow employees and managers to communicate effectively through calls, email and data exchanges while working remotely. More flexible work options including telecommuting are increasingly viable. These opportunities are backed by a cultural shift towards mainly online transactions, such as online shopping and business-to-business eCommerce.

Advances in communications technologies also open up possibilities for more efficient and effective service delivery. For example, e-health technologies such as electronic medical records, remote monitoring and videoconferencing facilities enable remote diagnosis and second opinions.⁷ These technologies help improve service access, increase information sharing, and provide a wider range of workforce skills and capabilities in rural health care settings. Regional Victorians will benefit from better health care as their clinicians utilise these new technologies.

However, access to broadband infrastructure is significantly constrained in regional Victoria, with slower and more expensive broadband services than metropolitan Melbourne. Figure 1 illustrates the disproportionate share of regional premises (average of 28 per cent) that cannot access broadband services compared with their metropolitan counterparts (8 per cent).

FIGURE 1: PROPORTION OF PREMISES WITH UNMET DEMAND FOR BROADBAND (2015)



Source: Victorian Government modelling undertaken by Deloitte Access Economics. Note: Broadband is classified as a service with a speed of 8MBPS – 50MBPS in this figure.

⁷ Victorian Department of Health, *Victorian Health Priorities Framework 2012-2022: Rural and Regional Health Plan*, 2011

This equates to more than 200,000 premises in regional Victoria who do not have access to the broadband services they demand, compared with 143,000 in Melbourne. These figures have increased significantly over the past four years as demand for higher capacity broadband has increased with little improvement in broadband infrastructure in regional areas. Given the increasing reliance on information technology (IT), increasing access to broadband in regional Victoria can help to accelerate growth.

The Victorian Government can support regional Victorians to take advantage of these opportunities by working with the Commonwealth Government and the private sector, and leveraging its own infrastructure assets, to expand access.

Increasing transport connectivity is creating new opportunities for growth

Victoria is a compact state with nine out of 10 Victorians living within 150 kilometres of the Melbourne central business district.⁸ Progressive upgrades to regional road and rail networks have led to a revolution in transport connectivity between Melbourne and the regions. A growing number of Victorians commuting to metropolitan Melbourne is generating new growth opportunities for regional cities and towns close to metropolitan areas. The Victorian Government has a role to manage urban growth and ensure industries such as intensive agriculture can thrive.

Road investments over the past 15 years have significantly improved connectivity between Melbourne and regional Victoria. Dual carriage freeways linking Geelong, Ballarat, Bendigo and Latrobe to Melbourne now give people in these regional cities easier access to economic and social opportunities.

Public transport use between Melbourne and regional cities has also increased. The Regional Rail Link (RRL) will significantly boost accessibility for those travelling between regional Victoria and Melbourne. The \$3.65 billion RRL project will move V/Line trains onto dedicated tracks, allowing an additional 200 services every week between Geelong and Melbourne. The project will also improve Ballarat and Bendigo services.

Over time, all of these investments have led to increased traffic flows and public transport use. An estimated 33,000 people commuted along the corridors linking Melbourne and the major regional centres of Geelong, Ballarat, Bendigo and Traralgon in 2013-14 (Table 2).

8 DTPLI, *Plan Melbourne*, 2014

TABLE 2: ESTIMATED NUMBER OF DAILY COMMUTERS TO MELBOURNE FROM REGIONAL CENTRES ⁹

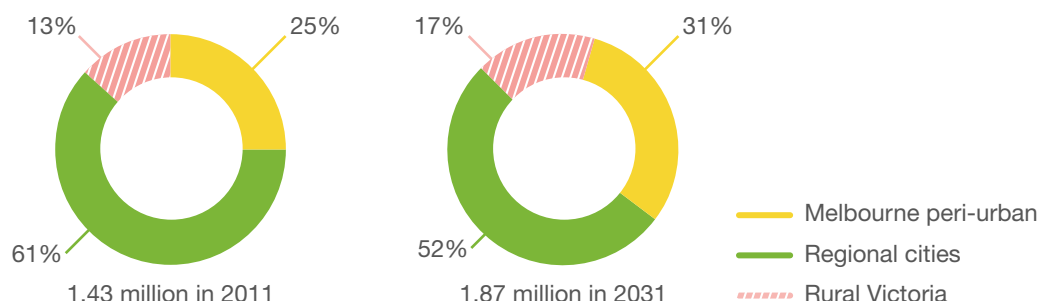
		2009-10	2010-11	2011-12	2012-13	2013-14
GEELONG	Cars	6,611	6,933	7,091	6,947	7,304
	Rail	7,318	8,027	8,424	8,350	8,746
	Total	13,929	14,960	15,515	15,297	16,050
BALLARAT	Cars	2,051	2,129	2,206	2,281	2,430
	Rail	4,357	4,782	4,939	5,075	4,959
	Total	6,408	6,911	7,145	7,356	7,389
BENDIGO	Cars	954	1,036	1,017	1,001	1,005
	Rail ¹⁰	4,147	4,442	4,567	3,605	3,037
	Total	5,101	5,478	5,584	4,606	4,042
TRARALGON	Cars	2,452	2,842	3,155	3,233	3,113
	Rail	2,274	2,365	2,446	2,420	2,497
	Total	4,726	5,207	5,601	5,653	5,610
TOTAL	Cars	12,068	12,940	13,469	13,462	13,852
	Rail	18,096	19,616	20,376	19,450	19,239
	Total	30,164	32,556	33,845	32,912	33,091

Source: VicRoads, V/Line.

⁹ V/Line data includes stations within the regional cities and peri-urban towns such as Ballan, Bunyip and Woodend. Roads data based on counts on major freeways linking Melbourne to the regional cities (excluding trucks).

¹⁰ From 2012-13, the drop in commuter numbers reflects incorporation of the Sunbury service in the metropolitan network. This is expected to flatten out from 2014-15 onwards.

FIGURE 2: SHARE OF ABSOLUTE REGIONAL POPULATION GROWTH, 2001-2011 AND 2011-2031



Source: ABS, cat no 3218.0, DTPLI, *Victoria in Future 2014*, 2014.

Over the last five years, commuting from these regional centres has increased by 10 per cent in aggregate terms, with increases along the Geelong corridor accounting for more than 70 per cent of this growth.

Increasing connectivity is an important factor in current and future population growth trends in regional Victoria. Regional cities and peri-urban towns near Melbourne have accommodated almost 90 per cent of regional Victoria's population growth over the past decade. Strong population growth has occurred in cities such as Geelong, Ballarat, Bendigo and Shepparton. This trend is projected to continue.

Population growth in regional cities and peri-urban areas has and will continue to lead to land use conflicts. Conflict over land use between 'lifestyle' residential use and larger scale development of peri-urban and rural land is particularly common.

Increasing connectivity between Melbourne and its hinterland will deliver an economic dividend for Victoria. Greater connectivity reduces transport costs for businesses located in these cities, and increases labour mobility. More people will be able to live in regional Victoria and still access economic and social opportunities in the metropolitan area. In addition, local or international tourists coming from Melbourne will have greater access and ability to visit regional Victoria. An important role for the Victorian Government will include proactive growth planning and management to ensure an appropriate balance between urban and rural land uses.

Future growth can be accommodated in regional Victoria at lower cost

Strong growth in Melbourne is creating major infrastructure and associated economic costs, while further growth could be accommodated in many regional areas at a lower cost.

Victoria's population is projected to rise significantly from the current level of 5.8 million to 7.7 million by 2031 with 5.8 million in Melbourne and 1.9 million in regional Victoria.¹¹ Regional and rural areas have an opportunity to take on a greater share of future growth.

Melbourne's growth is putting enormous pressure on the city's infrastructure and quality of life. In the decade to 2011, 46 per cent of Victorian population growth occurred in Melbourne's outer suburban areas.¹² Melbourne continues to be a predominantly low-density city with the vast majority of journeys undertaken by car. As a consequence the social costs of congestion in Melbourne are estimated to triple from \$2.8 billion in 2011 to \$9 billion by 2031.¹³

The cost of providing infrastructure and services for an increasing population is lower in regional cities than in Melbourne.¹⁴ In general, regional cities have the residential and employment land capacity to accommodate larger populations without the inefficiencies associated with population growth in Melbourne.

Policies that better integrate metropolitan and regional areas and encourage a higher proportion of population growth in the regions will reduce costs and provide greater choice and opportunity for all Victorians.

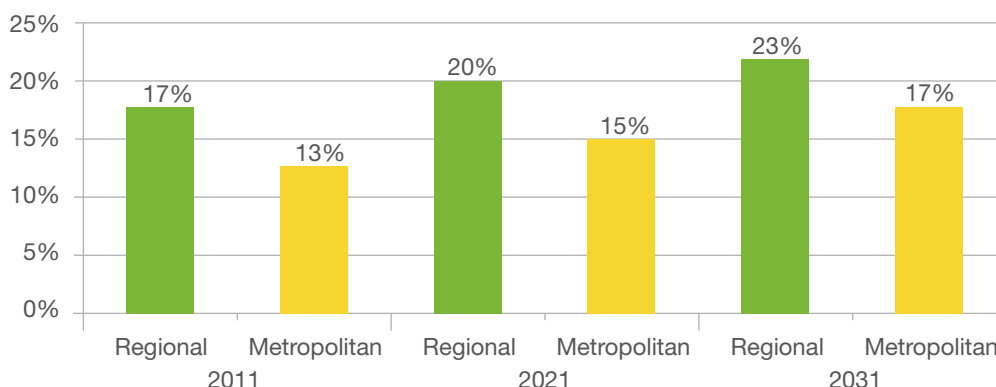
¹¹ DTPLI, *Victoria in Future 2014*, 2014

¹² Australian Bureau of Statistics, *Census of Population and Housing*, 2001 and 2011

¹³ Infrastructure Australia, *Australia Infrastructure Audit Report*, 2015

¹⁴ Essential Economics, *Implications of Population Growth on Infrastructure and Resources in Regional Cities*, 2012

FIGURE 3: PROPORTION OF PEOPLE AGED 65 AND OVER IN REGIONAL VICTORIA AND METROPOLITAN MELBOURNE



Source: DTPLI, *Victoria in Future 2014*, 2014

Population ageing will create challenges, but also new economic development opportunities

Regional and rural Victoria's population is ageing. Regional Victoria has affordable and liveable communities that attract an older demographic and therefore drive further demand for health and ageing related services. Health and social care is a growing industry and will generate new economic development and job opportunities for regional and rural communities.

Victoria is already feeling the effects of an ageing population. However, this trend is accelerating and is also projected to have a bigger impact in regional Victoria. The proportion of people aged over 65 is expected to increase over the next 20 years, as more 'baby boomers' (the generation born between 1945 and 1960) reach retirement age.

This proportion is projected to remain higher in regional Victoria than metropolitan Melbourne, making up 23 per cent of the population in regional Victoria by 2031.

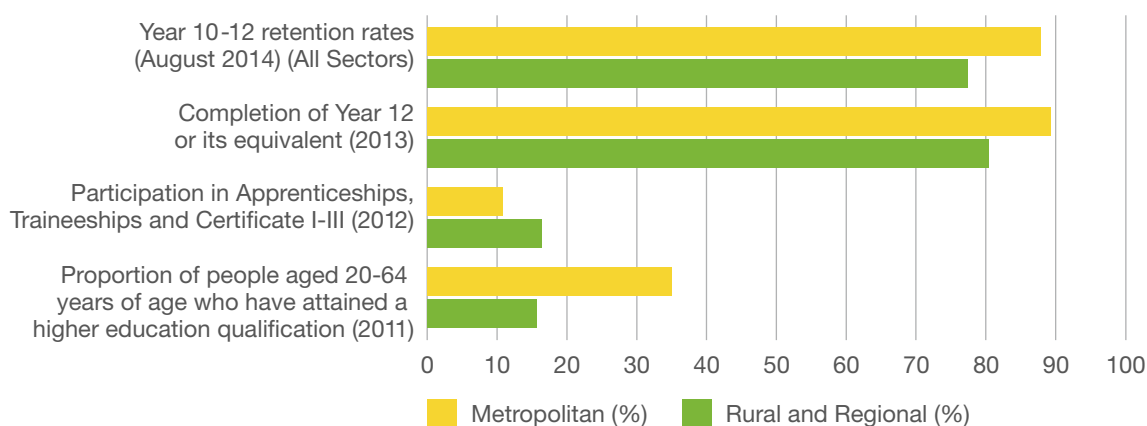
An ageing population will generate new economic development and job opportunities. Current projections suggest that health care and social assistance will be the fastest growing sector of the Australian labour market over the next five years.¹⁵ Employment in health care and social assistance sectors is projected to grow in regional Victoria by 3.7 per cent per year in Gippsland and 4.5 per cent in Hume to 2031, indicating high demand for these services.¹⁶

Greater demand will drive investment in better health facilities, which is increasingly recognised as an opportunity to leverage a broader range of benefits for regional cities and centres. The co-location of hospitals with universities, accommodation providers, and other services within a precinct can have exponential benefits for associated local economies. For example, Bendigo businesses, local councils and the community are currently working together to realise wider benefits from the Bendigo Hospital redevelopment. There will also be smaller-scale opportunities in aged care and other medical services across regional communities.

¹⁵ Department of Employment, *Industry outlook – health care and social assistance*, 2014

¹⁶ RDV, *Regional Economic Profile – Hume*, 2013; *Regional Economic Profile – Gippsland*, 2013

FIGURE 4: DIFFERENCES IN EDUCATIONAL ATTAINMENT AND PARTICIPATION BETWEEN METROPOLITAN MELBOURNE AND REGIONAL AND RURAL VICTORIA



Source: Data provided by DET, 2015. Notes: Year 10-12 retention rates (Aug 2014) (all sectors): DET School enrolments, August 2014. Completion of Year 12 or its equivalent (2013): DET Year 12 or equivalent attainment rates at age 19.

Skill and workforce requirements are changing

The nature of work and employment is changing due to an increasingly competitive global economy and rising incomes. Businesses have a growing demand for workers with higher levels of skills and more jobs will be generated in service-based industries. The Victorian Government can help drive regional prosperity by improving educational attainment in regional Victoria, ensuring future generations can take advantage of career opportunities that require higher levels of skills.

An increasing number of regional and rural Victorians are employed in service based-industries. There was growth in the health care and social assistance, public administration, and safety and construction sectors between 2001 and 2011.¹⁷ This growth is part of a longer-term shift from employment in agriculture and manufacturing towards employment in services within the Australian economy.

State-wide, the Victorian workforce is becoming more educated and highly skilled. For example, in the last decade the share of people employed in professional and managerial roles increased in Victoria, whereas those engaged as machinery operators and labourers declined.¹⁸ Most of the new jobs of the future will require post-school qualifications.

To realise these opportunities, workforce participation and skills outcomes in regional Victoria will need to improve. Labour force participation rates in regional Victoria are 63 per cent compared to 66 per cent in metropolitan Melbourne.¹⁹ Completion rates for Year 12 or equivalent and tertiary qualifications continue to be lower than metropolitan Melbourne. A higher proportion of regional students go on to vocational training and courses, reflecting current preferences and demand for labour in growing industries such as construction, health and human services, hospitality and retail.

The Victorian Government can drive improved workforce participation and skills outcomes through investment in initiatives to lift attainment, and by providing additional pathways to higher education and training.

¹⁷ ABS, *Census of Population and Housing*, 2001 and 2011 data

¹⁸ Department of Business and Innovation, *Jobs and Skills Growth*, unpublished

¹⁹ December quarter, 2014. ABS, *Labour Force*, Cat No. 6291.0.55.001

Addressing socio-economic disadvantage will maximise growth potential

Too many people in regional Victoria face multiple and interconnected barriers to economic and social participation. Unless this disadvantage is addressed the growth potential of regional Victoria will not be realised. The Victorian Government can help break this cycle and produce a stronger, more resilient and fairer society.

Regional Victoria has a higher proportion of population groups that experience disadvantage than Melbourne.²⁰ These groups are also increasingly concentrated in a smaller number of geographic areas, many of which are poorly serviced and lack job opportunities.

Unskilled and semi-skilled workers are vulnerable to economic change, such as restructuring in manufacturing. Unemployed workers find it difficult to get back into employment without proactive responses. People with fewer skills and disadvantaged groups risk long-term disengagement from the workforce.²¹ This is particularly important in the context of a softening labour market, where regional unemployment has been rising since 2011 and currently sits at 6.2 per cent.²²

Skills and workforce participation is also an issue for young people. Youth unemployment in regional Victoria is currently 15.6 per cent and has risen since the global financial crisis.²³ Regions affected by industry transition issues have a higher rate of youth unemployment, such as Geelong (18.1 per cent) and Shepparton (19.2 per cent).

Unfortunately, this problem may well become worse. Children in regional and rural Victoria currently experience similar levels of wellbeing to those living in metropolitan Melbourne, although they show greater developmental vulnerability when starting school.²⁴ This means some regional children are not getting a fair or fast start in life. These children have less chance of realising their potential without having the same opportunities as their metropolitan counterparts, particularly in education.

OECD research suggests that education and training is the most important factor influencing regional economic performance.²⁵ Addressing disadvantage with a focus on skills development and workforce participation is a pivotal role for any government focused on realising the potential of all people and for promoting growth across regional and rural Victoria.

Climate change will generate new risks and opportunities

Climate change will result in drier conditions, and greater weather variability across regional and rural Victoria. Industry and communities will need to be part of efforts to reduce the future impacts of climate change and manage the associated risks. There are also new economic opportunities for regional Victorians to transition to a low carbon future, for example through Victoria's renewable energy industry. Businesses and communities are adapting to the impacts of climate change that are already underway. For example, Victoria's wine industry is investing in land in Tasmania because climatic changes have already affected where grape varieties can grow, harvest times and wine quality.

20 Department of Planning and Community Development, *Change and disadvantage in regional Victoria: an overview*, 2011

21 Weller, S, Sheehan P, and Tomaney, J, *The Regional Effects of Pricing Carbon: an Adjustment Strategy for the Latrobe Valley*, 2011

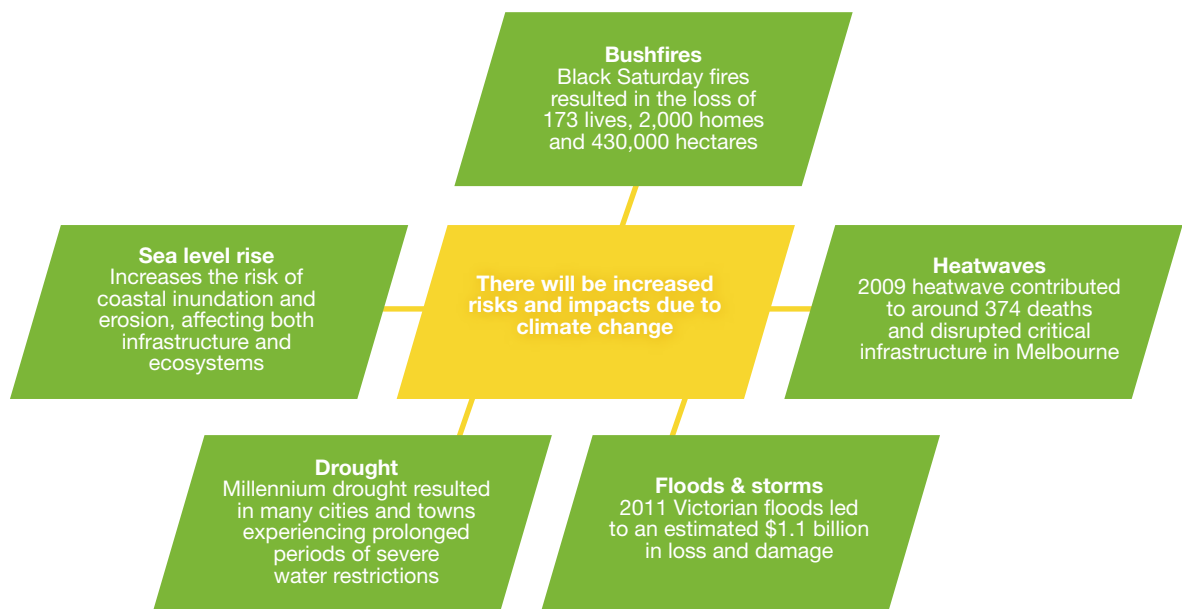
22 December quarter, 2014. ABS, *Labour Force*, Cat No. 6291.0.55.001

23 At April 2015. Australian Bureau of Statistics (ABS). Defined as between age of 15- 24; 12 month moving average.

24 Regional Policy Advisory Committee, *Research into Education Aspiration for Regional Victoria*, 2013

25 OECD, *Promoting Growth in All Regions*, OECD, Paris, 2012

FIGURE 5: RISKS AND IMPACTS OF CLIMATE CHANGE



Source: DEPI, *Victorian Climate Change Adaptation Plan*, 2013

Current climate projections indicate there will be more days over 35°C and reduced rainfall over most of Victoria for the remainder of the century.²⁶

Climate change risks include drought and increased weather variability including heatwaves, bushfires, floods, storms and sea level rise, all of which can have devastating impacts on regional communities and businesses (Figure 5).

26 CSIRO and Bureau of Meteorology, *Climate Change in Australia: Projections for Australia's Natural Resource Management Regions*, 2015.

The cost of natural disasters includes damaged property, infrastructure and production, emergency response, loss of life, injury, relocation and stress. The impacts on resource-dependent industries of agriculture and forestry include:

- reduced runoff of 20 to 30 per cent for every 10 per cent decline in average annual rainfall, reducing flows to waterways and inflows to storages for productive use;²⁷
- a 20 per cent reduction in rainfall could lead to a 15 per cent reduction in pasture productivity and a 12 per cent reduction in livestock weight gain;
- pests and diseases are likely to move southward as these regions warm; and
- a greater fire risk including for the timber industry.²⁸

However, climate change also presents opportunities to build a low carbon economy that will benefit regional Victoria. Regional and rural communities and businesses are already harnessing renewable energy technology, such as wind, solar and biofuel, and households are using energy-saving technology to reduce costs and their environmental footprint.

The Victorian Government has a role to support communities and businesses to adapt to a changing climate and grasp associated economic development opportunities. Land use, transport infrastructure, energy and water, and emergency response planning will require continued consideration of climate change risks. New energy proposals such as wind and solar should also be supported through effective regulation and investment facilitation.

4.3 A new era for regional development in Victoria

Regional Victoria is facing a new set of opportunities and challenges driven by the emergence of Asia, the revolution in communications technologies, increasing connectivity, Victoria's changing population, the impacts of climate change and the need to transition to a low carbon economy. Collectively, these trends make a compelling case for Victorian Government action to support Victoria's regions in maximising opportunities to build prosperity and to create jobs. As in previous times of change, a new approach from government is required to capture the opportunities and manage the risks.

27 CSIRO, *Climate and water availability in south-eastern Australia: A synthesis of findings from Phase 2 of the South Eastern Australian Climate Initiative (SEACI)*, Australia, p41, September 2012.

28 Anwar, MR, O'Leary, G, McNeil, D, Hossain, H and Nelson, R, *Climate change impact on rainfed wheat in south-eastern Australia*, Field Crops Research 104, 139-147, 2007; Cullen, BR, Johnson, IR, Eckard, RJ, Lodge, GM, Walker, RG, Rawnsley, RP, and McCaskill, MR, *Climate change effects on pasture systems in south-eastern Australia*, Crop and Pasture Science 60, 933-942, 2009.



5. Actions to promote regional growth

5.1 Policy settings to grow regional Victoria

To maximise the economic potential of regional Victoria, it is critical the Victorian Government focuses on policy settings that will be most effective in driving economic growth.

The recommendations in this report will drive economic growth opportunities in regional Victoria. These recommendations have been brought together under five ‘policy levers’:

1. Building more productive cities and regions through **transport, infrastructure and land use planning**;
2. Growing Victoria’s competitive advantages through **active industry and innovation policy**;
3. Connecting Victoria globally and driving growth by increasing **trade and investment attraction**;
4. Building capabilities and economic inclusion through **education and skills**; and
5. Improving business conditions through **taxation, efficient regulation and public sector reform**.

Across these policy levers, there are 15 high priority actions that the Board urges Government to implement without delay. These have been identified as necessary to support sustained and inclusive growth and job creation well into the future.

In addition to these 15 high priority actions are an additional 33 complementary actions focused on improving and refining the State Government’s regional policy settings.

The following section identifies how each of the five levers can enable regional economic growth, details the case for reform and outlines the proposed recommendations.

5.2 Transport, infrastructure and land use planning

Investment in more productive transport services and infrastructure, together with efficient land use planning, can spur growth and job creation in a number of ways. Not only does it facilitate the transport of goods, services and people, it also enables communication and collaboration, leading to increased innovation.

Transport

Reducing the cost of businesses to connect with customers, suppliers and markets

Investment in transport provides both short and long term benefits. The construction phase of transport and infrastructure projects creates jobs and economic activity, in addition to the associated multiplier effects. In the longer term, reduced costs through improved transport and logistics chains provide an opportunity for investment and growth, and help maintain international competitiveness and capture opportunities in new markets.

Across regional Victoria, transport infrastructure needs upgrading as well as maintaining. The urban transport systems in regional cities also need improvement. While more sophisticated transport systems are emerging in Geelong, Ballarat, Bendigo and other regional centres, there is more to be done as regional cities increase in size. Growth pressures are creating similar challenges in the peri-urban area of Melbourne.

Reducing the cost for businesses to connect with customers, suppliers and markets can deliver strong economic benefits for regional areas, as transport and supply chain costs can make up a sizeable proportion of operating costs for regional firms. Better links to ports, airports and interstate corridors can help position regional Victoria for future growth.

Reducing road transport costs and planning for growth

The first and last kilometres of supply chains are often the least efficient links in the transport network and add significant cost and delays for regional businesses to transport goods. For example, it can be difficult for large trucks to get past the farm gate to load product. There can also be gaps in connecting local roads and major transport links, challenges navigating goods onto ships or planes, congestion at or near the ports, or even complications involved in meeting customer operating hours for delivery.

More freight could be carried by high productivity freight vehicles (HPFVs). These are more efficient and can safely carry more freight, and ultimately support fewer trucks on Victorian roads. Significant work has been done to open up Victoria's roads to HPFVs but gaps in the network remain.

The management and maintenance of Victorian roads is shared between all levels of government. Local governments undertake road maintenance to ensure the road network is maintained to standards suitable for all users, including the maintenance, repair, reconstruction and rehabilitation of local roads. VicRoads is responsible for state highways and declared arterial roads. Given the large network of roads in Victoria, it is important that economically significant roads and routes receive proportionate maintenance and attention. More strategic management of road maintenance would ensure that effort is directed to where it is most needed to ensure high quality roads are able to maintain freight efficiency.

Government also has a lead role in long-term planning of the transport network. Projected economic and population growth will change the demand placed on this network. For example, population growth in peri-urban towns and regional cities will increase demand on road use along key transport corridors between these areas and Melbourne. Regional and rural businesses particularly rely on good freight connections to Melbourne and Victoria's ports and airports. Maintaining the competitiveness of regional products and services will depend on long-term investments that maintain and improve connectivity to metropolitan markets, ports and airports.

RECOMMENDATION 01

HIGH PRIORITY – IMPROVING THE PRODUCTIVITY OF THE ROAD NETWORK

DEDJTR to, within 12 months, lead and manage a work schedule of initiatives that will **improve the productivity of the road network for regional producers**, by:

- a. identifying, prioritising and developing **'first and last kilometre' routes** to be fixed, working in conjunction with industry, local councils and the community;
- b. completing access to key parts of the road network to **enable high productivity freight vehicles to operate across the state**;
- c. enhancing the road maintenance prioritisation approach in regional areas by **focusing efforts on the most critical roads for regional economic growth**, working with local councils to ensure a coordinated approach is undertaken; and
- d. ensuring long term transport network planning undertaken by DEDJTR includes **new transport infrastructure initiatives** that improve connectivity of regional businesses to markets.

Encouraging more freight onto rail and addressing freight bottlenecks

Given the significant volume of regional goods transported to and through Melbourne, it is important that rail freight is as effective as possible in moving large volumes of goods quickly and cheaply.

Rail transport costs can be reduced by increasing axle limits to carry heavier loads on existing infrastructure, bringing greater economies of scale by moving freight and passengers more efficiently.

Converting more of the state's broad gauge rail track to standard gauge will reduce the complexity and cost of transporting freight and is likely to encourage more freight onto rail.

The Murray Basin Rail Project is one example where standardising and increasing the axle loading of the rail freight lines will benefit regional Victoria. This project will deliver efficiency improvements to support the freight industry in the Murray Basin region to deliver growing export volumes to Victoria's ports as cost competitively as possible.

The lack of rail connectivity means the majority of bulk freight in some regions is moved by road rather than rail, which is not only inefficient but also leads to unnecessarily high numbers of trucks on regional roads. The impact of this is felt across regional Victoria, but particularly the grain and mineral sands industries. Further key lines should be standardised where it makes economic sense to do so.

RECOMMENDATION 02

HIGH PRIORITY – IMPROVING THE PRODUCTIVITY OF THE RAIL NETWORK

DEDJTR to work with industry to improve the **productivity and capacity of the rail network** for regional producers by:

- a. lifting investment in rail infrastructure to enable an increase in axle loading to 21 tonnes for key Victorian freight rail lines that connect to major commercial ports, thereby enabling trains to carry heavier loads per trip and improving the **capacity of the existing rail network**;
 - b. standardising key rail lines where there are net economic benefits from gauge conversion, which will allow more operators to enter the Victorian market and increase **competition in the freight industry**; and
 - c. improving the **efficiency of loading and unloading** at freight hubs and terminals, including on access and scheduling.
-

Increasing public transport services

Melbourne is and will remain a key focus of Victoria's transport network. Access to Melbourne means access to employment opportunities, services and the city's social and cultural assets.

Population growth in the regional cities and peri-urban towns such as Gisborne, Ballan and Drouin is increasing patronage on passenger rail. For example, each day there are around 8,700 rail commuters moving from Geelong to Melbourne. Over the last five years, this figure increased at a rate of four per cent per annum. If this growth in commuter numbers continues it will mean around 400 extra commuters per year, rising to almost 13,000 by 2025.

The Victorian Government has an important role to play in providing more trains to connect regional communities to Melbourne. While the RRL and investment in rolling stock has taken a significant step toward addressing this growth, the Government should consider other options, such as electrification, to service growing commuter numbers over the longer term.

RECOMMENDATION 03

IMPROVING REGIONAL COMMUTER RAIL PASSENGER SERVICES

As part of **long-term transport network planning** DEDJTR consider options for improvements to:

- a. the **frequency, reliability and speed** of commuter rail passenger services between Melbourne and major regional centres and peri-urban towns; and
 - a. other **longer distance rail services** including the Hume corridor to Shepparton and Wodonga, and south west Victoria to Warrnambool.
-

Reducing the time taken to get goods to international markets

The time and cost taken to move cargo through Victorian ports has a direct impact on the competitiveness of Victoria's exports. Unnecessary delays in getting the cargo out of the port and to the customer costs time and money, particularly in the context of perishable goods.

While quarantine approval processes play an important role in maintaining Australia's strong reputation for biosecurity management, they should be as efficient as possible to minimise the costs to producers and the potential for bottlenecks to impact on product quality. Agricultural products in particular must meet the export requirements of the Commonwealth Department of Agriculture, and in some cases, specific standards imposed by the importing country, prior to export.

Current quarantine approval processes can mean goods face delays getting to market. One solution to increase the efficiency of quarantine approval processes could include in-land customs and quarantine processes in large regional centres during peak production times, or accrediting third party providers to perform this function.

RECOMMENDATION 04
RESOURCING IN-LAND CUSTOMS
AND QUARANTINE PROCESSES

DEDJTR to advocate to the Commonwealth to resource **in-land customs and quarantine processes**, or accredit third party providers to perform this function, where industry is prepared to fund or expand private freight facilities.

Land use planning

Progressing projects of key regional significance

Land use planning is an important tool in facilitating regional economic development. The challenge for the planning system is to facilitate development that can deliver economic growth and jobs in regional Victoria, while managing competing views on land use.

Large-scale development proposals considered through planning permits should be progressed as quickly and efficiently as possible by local government, but the often complex nature of large proposals can raise issues where local governments require further capacity or support. Shifting the role for this analysis and consideration for all large proposals to the Victorian Government, while still ensuring that local government is effectively engaged in the assessment process, would ensure not only timely consideration of development applications but also a consistent approach across the state. To provide certainty to all stakeholders, projects greater than \$50 million, or 100 jobs, or where a proposal is of regional significance (being major, strategic or having a significant regional impact), could automatically be captured by the Government's 'call-in' power. It is anticipated that such a power would only be used in a small number of instances each year.

An increased role for the Victorian Government on large-scale projects could also enable it, where required, to address community concerns for particular projects. This could include stakeholder and community engagement programs to build an understanding of the issues, opportunities and risks associated with sensitive developments, such as intensive land use by agri-business, tourism, coal and gas development and renewable energy projects.

RECOMMENDATION 05
HIGH PRIORITY – CALL-IN POWERS
FOR PROJECTS OF SIGNIFICANCE

The Victorian Government to set a threshold point of \$50 million, 100 jobs, or where an item is of regional significance, which could trigger **Ministerial 'call-in' powers** for the Victorian Government to intervene on planning applications, to give greater certainty and consistency to stakeholders on the development of projects of state significance.

Improving the capacity and expertise of local government to administer the planning system

There is considerable variation in the capacity and technical expertise in local government in administering the planning system. In particular, planning processes in local government produce a range of outcomes across regional Victoria and in some areas can be criticised as lengthy, unpredictable, and lacking consistency.

Although there has been considerable human and financial investment by Government in strategic planning in recent years, the capacity of local governments to work on strategic planning issues remains variable.

Clear strategic guidance along with greater support from the Victorian Government is required to assist local governments to make and implement decisions. This will help ensure that land is used for the highest net benefit for the community while at the same time meeting community expectations.

This work could include the development of partnership programs between the Department of Environment, Land, Water and Planning (DELWP) and regional cities that sets out agreed priorities and areas for urban improvement and key infrastructure delivery.

RECOMMENDATION 06 IMPROVING STRATEGIC STATUTORY PLANNING

Build local government **capacity for strategic statutory planning** and refocus the 'Rural Council Planning Flying Squad' on significant projects and initiatives of high value to the local economy.

Ensuring the productive use of non-urban land

In recent years there has been a lack of clarity around how the land use planning system can support opportunities for economic growth in non-urban areas across multiple uses such as agriculture, tourism, rural industry and commercial activity as well as valuable natural resources. Although regional cities and centres do not generally face land supply constraints, a relaxation of planning requirements for houses in non-urban areas has created greater potential for conflict between different uses.

Issues of competing land uses are a growing concern in regional Victoria, where more engaged communities expect to have an effective voice in how areas change through development. Pressures between urban and non-urban uses are more overt within 100 kilometres of Melbourne and at the edges of the regional urban cities. This has resulted in an increase in pressure on industrial, commercial, farming and agriculture related activities and operations, potentially restricting and compromising businesses' ability to undertake development.

Land use planning should ensure that regions can grow in a way that offers real choices and alternatives to Melbourne and assists with the sustainability of declining small rural towns. A focus on the growth of key regional cities will ensure that places identified for growth have adequate land supply for residential, industrial and commercial needs, and that these are supported by infrastructure development.

RECOMMENDATION 07 HIGH PRIORITY – MORE PRODUCTIVE USE OF REGIONAL NON-URBAN LAND

DELWP and DEDJTR to support **more productive uses of regional non-urban land** across regional Victoria through a package of reforms which:

- a. clarify the policy position and direction on issues of **competing land uses** to enable economic development while balancing environmental needs;
- b. align strategic frameworks, tools and processes, including legislation, to ensure the **economic development potential of non-urban land** for agriculture, industrial, resource development, tourism and transport corridors are well articulated and provided for through strategic planning and statutory mechanisms;
- c. enhance government facilitation services to ensure **industry is able to understand and utilise any changes** and successfully navigate through land use planning issues;
- d. work with industry, community and local councils to develop **codes of practice and industry strategic development plans** that appropriately balance the need for economic development with the management of environmental and amenity risks; and
- e. work with industry and local councils to **address land use planning conflicts** relating to intensive agricultural systems commencing with planning and reform to realise strategic regional growth opportunities for the broiler industry.

Ensuring underutilised land is available for development

As a significant landholder the Victorian Government must ensure its assets (such as land and buildings) are being fully utilised to drive regional economic development.

The Victorian Government should ensure that agencies that have landholdings justify the basis for this ownership or control. Land that is underutilised or surplus to agency requirements should be identified for development or sale. DELWP currently oversees established processes to review public land use and classification (through the Victorian Environment Assessment Commission's state-wide Assessment of Public Land) but there are assets managed by other portfolios that are not picked up through this process.

Without a clear state-wide policy framework, the economic potential of these assets remains untapped. The Government must build on existing land use planning processes and act on opportunities where further development or alternative uses of these assets will help to realise their economic potential, noting that not all land or assets can be sold or leased. There can be community, cultural or environmental considerations that may influence whether and how land can be used for new purposes and whether land can be made available for development, lease or sale. This will also assist and complement the investment pipeline initiatives raised in Recommendation 34 as well as supporting the role of DEDJTR's regional economic teams in proactive investment and project facilitation.

RECOMMENDATION 08

REALISING THE ECONOMIC POTENTIAL OF STATE OWNED ASSETS

DEDJTR to work with the Department of Treasury and Finance, and other Victorian Government departments to fully realise the economic potential of **assets owned by the government** in regional Victoria by:

- a. **reviewing landholdings** in regional Victoria of all government agencies pursuant to the Victorian Government Landholding Policy and Guidelines;
 - b. where land has been identified as surplus or underutilised, working with local government to **understand and resolve the barriers** to making this land available for development, lease or sale, for uses such as aged care facilities or reserved for essential future services; and
 - c. providing a **report back to Government**, within 12 months, on the actions taken.
-

Infrastructure

Improving regional infrastructure planning

Approximately \$8.7 billion was spent in Victoria across state and local governments on infrastructure projects, covering roads, rail, schools, hospitals, water and other local infrastructure during 2013-14.²⁹

Optimising the growth potential of regional Victoria will require strategic and integrated infrastructure investments across state and local government. The first step to support regional transformation through longer term regional investment planning requires better engagement between governments to identify, prioritise and develop Victoria's current and future needs.

²⁹ Victorian Government, *2013-14 Financial Report (Incorporating Quarterly Financial Report No. 4)*, 2014

RECOMMENDATION 09

INTEGRATED REGIONAL INFRASTRUCTURE PLANNING

Local Government Victoria (DELWP) to develop a more consultative, integrated approach between state and local governments on **regional infrastructure planning**, including through the confidential sharing and integration of strategic medium to long term service and infrastructure plans; as well as greater sharing of data, information and analysis on long term service and infrastructure needs and opportunities.

Optimising the use of Victoria's water grid to make the most of Victoria's water

Access to secure, safe and sustainable water supplies is a critical input to regional economic development, particularly in agricultural production. The water industry itself is also one of the largest sectors in the Victorian economy with an asset base of \$38 billion, and is a major source of economic activity in regional Victoria through its expenditure on services and capital projects.

Previous reforms and investments in sustainable water management have yielded significant benefits in improved productivity and water security for agricultural and regional industries and townships.

In the irrigated agricultural sector, which uses around 75 per cent of Victoria's water resources, water entitlement and trading reforms along with significant investments in system and on-farm modernisation have helped farmers to maintain and improve productivity and adapt to a future with less water.

Significant investments in the state-wide water grid have also provided a means by which water can be moved to where it is needed, providing greater water security for the future of agriculture and regional townships and industries. This includes transformative investments such as the Wimmera-Mallee pipeline that has dramatically increased water security in the north and west of the state.

While the infrastructure is largely in place to move water around the state to where it is most needed, there are opportunities to consolidate and enhance past reforms and better capture the potential of the significant infrastructure investments already made. For example, there may be opportunities to ensure regional economic development through further market reforms and additional infrastructure, such as modernisation in the Macalister and Werribee irrigation districts.

There is a need for more properties to be connected to the water grid and to clarify rules or conditions for the movement and substitution of water around the state. Better use of the water grid will enhance opportunities for economic growth and prevent the negative economic and social outcomes associated with water restrictions.

There may also be opportunities to ensure further regional economic development through additional infrastructure and further water grid connections to towns such as Wedderburn.

RECOMMENDATION 10

HIGH PRIORITY – MAXIMISING THE BENEFITS OF VICTORIA'S WATER GRID

DELWP to enhance the **use and movement of water around Victoria** by:

- a. **optimising the use of Victoria's investment in the water grid**, enabling water to be moved to where communities and industry most need it;
- b. ensuring current infrastructure can **meet future demands** to maximise regional development opportunities;
- c. identifying volumes of **underutilised water** available to industry and communities and promote the related opportunities to attract investment in the optimal use of this water;
- d. realising the full **efficiency benefits of irrigation modernisation projects** through assisting farmers to effectively consolidate land holdings and utilise new water delivery and management technologies (DEDJTR to lead); and
- e. in the Hume region specifically, DEDJTR to dedicate resources to focus on **maximising the economic opportunities** from investments in the northern irrigation water scheme.

Improving access to broadband, mobile and data infrastructure in regional Victoria

IT is now a vital component of all industries. New investment, jobs growth, productivity and innovation will be limited in regional Victoria where access to high quality broadband and mobile infrastructure is also limited.

Expanding access to broadband infrastructure is a key issue for regional businesses. Low revenue density in regional areas (even in Victoria's relatively compact regions) means the telecommunications market does not necessarily work to meet economic development objectives, which heightens focus on the role of government.

Regional businesses are geographically dispersed and de-centralised but will be big winners from expanding access to technology. Improved business productivity and decision making can be achieved through better and more timely access to quality information enabled by telecommunications infrastructure.

The slow and uncertain roll out of the National Broadband Network (NBN), combined with large areas of Victoria lacking reliable and appropriate broadband and mobile coverage, must be addressed. The NBN and its rollout are driven by supply-side factors with not enough concern for demand considerations and specific regional needs. For parts of regional Victoria, the NBN has uncertain rollout plans and where they are known, it is slow to arrive.

Another significant concern is that the rollout may not provide the appropriate technology for economic and social development (such as demand for mobile broadband or business demand for fibre optic infrastructure). While the NBN, once delivered, will bring greater competition in the wholesale broadband service market to regional Victoria, significant gaps in data and mobile provision will remain.

Public sector policy levers, including procurement, funding, assets and regulation can be used to drive further competition and contestability, and address service gaps where government is a major market presence and source of demand. For example, Victorian Government broadband procurement was instrumental in accelerating the regional rollout of the first generation of ADSL broadband services. The Government's significant assets, recurrent spend and investments should be coordinated with Commonwealth cross-subsidies to support infrastructure investment, higher quality services and competition in mobile, Wi-Fi and NBN services.

RECOMMENDATION 11

HIGH PRIORITY – IMPROVING TELECOMMUNICATIONS ACCESS IN REGIONAL AREAS

By the end of 2015-16, DEDJTR to develop a suite of initiatives to **address telecommunications access in regional areas**, including:

- a. a program to deliver **improved mobile** and/or **Wi-Fi** on key rail lines to increase the productivity of rail passengers, to commence in 2016;
- b. further expansions to the Regional Connectivity Program to more broadly improve **regional mobile and Wi-Fi coverage** targeting transport routes and hubs, high fire risk areas, agriculture producers, and areas with peak seasonal populations;
- c. a new initiative to assist key regional businesses and education and industry precincts to take advantage of a time limited opportunity under the NBN Technology Choice policy, where businesses have a once-off chance to split with the NBN the costs of **upgrading their connection to higher quality fibre optic**;
- d. opening up Government's regional fibre optic and radio communications facilities for public use and using the expected transition of emergency services communications onto broadband networks to implement a new initiative to **expand broadband access for regional communities** from 2016; and
- e. using whole of government procurement to drive greater contestability in regional telecommunications to **reduce prices and improve services**.

Addressing the accessibility, reliability and cost of energy in regional Victoria

Energy is an essential service and a key input into many economic activities in regional Victoria, such as agriculture and food processing. The key energy issues affecting regional and rural Victoria are the accessibility, reliability and cost of energy – the combination of which is essential to industry development.

Network reliability is a key driver of costs in the National Electricity Market and regional customers are significantly more likely to have below-average reliability. However, the cost of providing a reliable supply through the grid is much higher in rural areas. This is mainly because networks in regional and rural areas are sparser with longer lines serving fewer customers than in urban areas. The cost of supplying these customers is higher, and they bear higher network charges.

Energy access is backed by obligations on energy distributors to connect customers, and on energy retailers to make an offer of supply to small customers. To help ensure appropriate minimum standards of service, the ‘worst served customers’ – disproportionately rural – are entitled to Guaranteed Service Level (GSL) payments from electricity distributors where the reliability of supply is below certain thresholds specified by the regulator. Victorian GSL payments were last set in 2006 by the Essential Services Commission. It is important to ensure that GSL payments reflect the current cost and value of reliability to worst served customers.

Supporting development of the battery storage market could help reliability at the network fringe. Increased take up of battery storage technologies, combined with back-up power generation solutions, could facilitate improved reliability in regional areas. Affordable electricity storage could provide backup power during interruptions, or be paired with on-site generation equipment to provide isolated supplies, negating the need for a costly grid connection. Energy network service providers may be able in future to provide such systems at competitive cost.

The Victorian Government could begin developing ways for network service providers to provide supply through anything other than a standard grid connection, with a focus on enabling least-cost outcomes for rural customers. This could also be supplemented by funding trials for regional customers.

RECOMMENDATION 12 **ENERGY ACCESS AND SUPPLY**

The Essential Services Commission to assist regional and rural energy customers by **reviewing the Guaranteed Service Level regime**, and DEDJTR to develop a framework for the supply of electricity utilising storage technology, including non-grid remote power supplies.

5.3 Industry and innovation

Industry policy aims to facilitate an environment in which firms grow and prosper. In regional Victoria industry policy can help drive growth in our strongest and most internationally competitive sectors, including food and fibre and the visitor economy.

Innovation policy is critical – innovation is the primary driver of productivity growth for Victorian firms. In a high-cost economy, a core path to prosperity is to promote innovation – driving growth and higher wage job opportunities through new products and services, new enterprises, more efficient processes, new technologies and better ways of doing business.

The Food and Fibre sector

The continued success of the food and fibre sector is vital to the economic prosperity of Victoria. It is already a major driver of the Victorian economy as the top export industry, with exports valued at \$11.4 billion in 2013-14. The industry is the backbone of regional economies, employing about one in seven regional and rural Victorians. However, the industry cannot rest on its laurels and assume the opportunities presented by Asia's growing middle class will be easily achieved. Food and fibre firms must continue to innovate, up-skill and seek new growth opportunities. At the same time the Victorian Government's overarching policy settings must be constantly improved to manage risks and capture new growth opportunities.

Capturing new opportunities, adding value and maintaining Victoria's competitive edge

To capitalise on the national and global demand for premium and safe food and fibre products the sector must continue to innovate, add value, and maintain Victoria's reputation as a reliable supplier of differentiated, high quality products and services.

A key driver for improving innovation and growth in the food and fibre sector is human capital. The skill needs of the sector have and will continue to change as global markets drive demand for new goods and services. The current training system does not always meet industry expectations. It needs to be more responsive and partnerships between training providers and employers need to be forged. To succeed and grow, the sector increasingly requires the following: management and leadership skills (people management, strategic planning, customer service, risk management, entrepreneurship); marketing skills (an understanding of how to do business in other countries, market analysis and branding); as well as technical skills and technology integration.

Developing the food and fibre 'innovators of the future' should also be a high priority. Sending Victorian graduates to overseas markets can help build cultural awareness, market literacy, and form lasting professional networks.

International and domestic research contributes to the growth of Victorian food and fibre businesses. The industry needs to be part of the global innovation system to take advantage of new knowledge and technologies, wherever they are generated. Regional firms can access the skills and capabilities of metropolitan researchers and international research discoveries by partnering with tertiary institutions and larger firms, such as Mondelez International, which operates Australia's largest private sector food innovation facility.

The Victorian Government also plays a critical role in conducting and disseminating research, as well as forming research partnerships with local and global organisations. In partnership with industry and the Commonwealth Government, the Victorian Government maintains five food and fibre research centres around regional Victoria and in 2015-16 is spending \$59 million in agricultural research, development and extension, with matching investments from the Commonwealth and industry.

Although Food Innovation Australia Limited is progressing work to drive commercial collaboration and innovation in the Australian food and agribusiness industry, there is further opportunity to build on these initiatives to extend their regional reach through key DEDJTR sites, and to target small manufacturers and processors in regional areas.

RECOMMENDATION 13 MORE INNOVATION AND VALUE-ADDING IN THE FOOD AND FIBRE SECTOR

Promote innovation and value-adding in the food and fibre sector by:

- a. working with the Commonwealth-supported **Food and Agribusiness Centre** to extend its programs to target manufacturers and processors in regional areas;
 - b. working with universities and industry to support **internship and industry placement** for engineering, food safety and other relevant disciplines to work in regional firms (especially food and fibre firms) on research projects and increase the flow of graduates into the sector; and
 - c. **providing scholarships** to Victorian graduates in food and fibre related disciplines (e.g. food manufacturing, agricultural science) to study in selected Asian countries to build Asian literacy, forge links with key Asian tertiary institutions and develop in-market cultural understanding and networks.
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Addressing trade barriers and promoting food exports

Barriers to trade are a major obstacle to realising the opportunities for Victorian food and fibre exporters, particularly in the context of growing Asian demand. Food companies and exporters can face non-tariff barriers through inconsistent application of regulations, lack of transparency or bans or prohibitions on their products.

Australia has a good international reputation as a reliable supplier of premium quality and safe products. While provincial branding can be effective, feedback from importers and international customers suggests that 'Brand Australia' could be more compelling and coherent for Victorian food and beverages.

While the Commonwealth Government is responsible for managing international trade issues, the Victorian Government can through its international presence assist in the identification and resolution of market access issues. Intensive government-to-government and industry-to-industry engagement can help to remove barriers to market access. The Victorian Government can also support the food and fibre sector to operate under 'Brand Australia'.

RECOMMENDATION 14 ADDRESSING MARKET ACCESS ISSUES

DEDJTR to champion a **National Market Access and Trade Development Framework** for food and fibre and case manage key market access issues for Victoria in partnership with Commonwealth departments, focusing first on temperate horticulture.

RECOMMENDATION 15 A NATIONAL FOOD BRAND

DEDJTR to advocate that the Commonwealth Government, in consultation with Victoria and other states, continue to work in partnership with industry to develop, support and promote a **national food brand for food exports** by the end of 2016.

Regional Victoria is well known for its significant visitor attractions such as the 12 Apostles, the Great Ocean Road and Phillip Island



Capturing export opportunities through eCommerce

Increasing use of eCommerce presents enormous new opportunities for Victorian exports to key Asian markets. In 2014, online sales in China accounted for 2.8 trillion RMB (AUD \$568 billion), a growth of 49.7 per cent compared to 2013. By 2020, China's eCommerce market is forecast to be larger than those of the United States, Britain, Japan, Germany, and France combined.

This growth opportunity is especially relevant for agri-food exporters, with rising Asian consumer acceptance of online food and beverage purchases. Businesses can drive growth through a range of platforms to conduct business-to-business and business-to-consumer transactions, over and above traditional sales channels. Businesses can also use these platforms to directly engage their customers to seek feedback on their product and adapt faster to meet consumer preferences.

Despite Australia being ranked the most eCommerce ready business environment globally, industry take-up has been slow. The government has a role in ensuring industry is well informed and connected with successful eCommerce platforms through targeted domestic and in-market activities. This will increase uptake of the technology and ensure Victorian agri-food businesses capture immediate export opportunities and maintain international competitiveness.

RECOMMENDATION 16

ACCELERATE THE USE OF ECOMMERCE

DEDJTR to significantly **accelerate the adoption of eCommerce platforms** for regional businesses by working with Austrade, eCommerce providers, national business and trade organisations and its offshore network of international Victorian Government Business Offices to better capture export opportunities, particularly for agri-food exports to key Asian markets.

Increasing productivity in the food manufacturing sector

Victoria faces significant competition in the global food industry. While there are several countries that are better positioned to compete on price, Victoria is best positioned to target markets where credence values are important to the end consumer – such as clean, healthy, tasty, premium and environmentally sustainable products.

Best practice marketing is consumer driven and there are significant opportunities to move away from the production of basic produce and into more value-added and differentiated items, including drawing on coordinated market intelligence and consumer research. DEDJTR has access to a significant amount of market intelligence, informed by its international network of Victorian Government Business Offices (VGBOs), onshore analysis, and partnerships with stakeholder groups such as the Australia China Business Council.

Changing the nature of production away from minimally transformed products to a value-added and value chain approach can increase profits for all participants and build greater industry cohesion. DEDJTR should work closely with industry to pilot value chains for each of the four main food sectors (horticulture, dairy, meat and grains), with this information to be shared and publicised to encourage broader uptake of these principles and practices.

RECOMMENDATION 17

HIGH PRIORITY – ADDING VALUE TO PRIMARY PRODUCE AND SERVICES

DEDJTR to significantly extend and improve the facilitation and promotion of **opportunities to add value to Victoria's primary produce and services**, by packaging up and providing market intelligence and consumer research to food and fibre firms.

Maintaining market access

The impacts of biosecurity emergencies, such as Foot and Mouth Disease, can be significant and encompass direct, indirect and intangible (or non-market) costs. Consequences range from immediate and intense to long-term and chronic and could cost as much as \$50 billion nationally in revenue losses for producers over a ten-year timeframe,³⁰ extending across all aspects of regional communities and economies. The level of community and business preparedness and resilience to manage emergencies, and their ability to recover post emergency, has a significant impact on regional productivity and economic output.

Emergencies, including biosecurity incursions and natural disasters, are an inherent part of the Victorian landscape. Preparing for, and managing and responding to biosecurity incursions, emergencies and natural disasters is rightly a major focus for government, producers and the community. Government capability and capacity is critical to adequately respond to biosecurity incursions and enable and maintain market access for Victoria's agricultural industries. Improvements in innovation, technology and clarity of processes and roles can strengthen Victoria's preparedness. For example, electronic livestock identification is a tool that can assist in improving on-farm productivity and in managing a livestock disease outbreak.

RECOMMENDATION 18 STRENGTHENING BIOSECURITY ARRANGEMENTS

Strengthen **biosecurity arrangements** in Victoria by:

- a. reviewing resource (capability and capacity) requirements to adequately **respond to biosecurity incursions** and enable and maintain market access for Victoria's agricultural industries; and
- b. improving arrangements for **emergency preparedness**, including consideration of critical support systems required to enable traceability, such as sheep electronic identification.

Reducing the impact of wild dogs on food and fibre production

Wild dogs impact significantly on productivity, livestock welfare and social wellbeing. There are almost 20,000 agricultural properties within Victoria's eastern wild dog control zone and almost 400 within the western zone. The direct cost to Victoria's livestock industry is estimated at up to \$18 million per year.³¹ An evaluation of wild dog management in Victoria is required to understand the effectiveness of Government investment in reducing the negative impacts of these pest animals, including consideration of cost-sharing arrangements and the benefit of alternate management strategies such as the use of guardian animals. This type of review was last undertaken more than 15 years ago and given the changes to technology, policy and community expectations since this time, undertaking a new evaluation will ensure the government has the information to take appropriate action.

Community participation is central to wild dog management, which must consider the evolving needs of private and public land managers, and balance the need to protect livestock and support affected communities with the need to minimise the impact of wild dog control on Victoria's biodiversity, including threatened species. Effective participation is best supported by building the capability and capacity of communities. This will be achieved through training, knowledge sharing with community groups, and developing skills, relationships and networks.

In addition, the future use of new wild dog control technologies in Victoria could be investigated, including considering the impact of proposed new technologies on biodiversity and animal welfare.

³⁰ Australian Bureau of Agricultural and Resource Economics and Sciences, *Potential socio-economic impacts of an outbreak of foot-and-mouth disease in Australia*, Research report 13.11, October 2013

³¹ DEPI, *Action Plan for Managing Wild Dogs in Victoria 2014-2019*, 2013.

RECOMMENDATION 19

REDUCING THE IMPACT OF WILD DOGS

Reduce the negative impacts of **wild dogs** on food and fibre production by:

- a. reviewing **wild dog management approaches** to ensure that Victoria is using the right mix of approaches and technologies that reduce the negative impacts of wild dogs on livestock while minimising the impact of wild dog control on Victoria's biodiversity, including threatened species; and
- b. building the capability of the private sector to plan, lead and deliver **local approaches to wild dog management** on private land, including extending the specialist technical knowledge of state government wild dog controllers.

The Visitor Economy

The visitor economy is particularly important to regional and rural Victoria with 55 per cent of Victoria's total tourism employment located in the regions.³² Some parts of regional Victoria are highly dependent on tourism employment, for example, the proportion of people employed in tourism in Phillip Island is 34 per cent, Daylesford and the Macedon Ranges is 27 per cent, and Victoria's High Country is 22 per cent.³³ The tourism sector is also highly dependent on the healthy natural environments that make places attractive as tourist destinations.

Regional Victoria is well known for its significant visitor attractions such as the 12 Apostles, the Great Ocean Road and Phillip Island. Over the past 20 years regional Victoria has increasingly diversified the experiences available to visitors. People come to regional Victoria because of the nature-based activities such as walking and skiing, food and wine and cultural experiences, the variety of attractions, Aboriginal art and cultural experiences, and friendly communities. Visitation to regional Victoria is also driven by major events such as those tied to the horse racing industry – for example the Warrnambool Cup Carnival – which is also a significant regional employer.

Regional Victoria would benefit from capturing more visitors both from within Victoria and internationally. The intrastate tourism market has not grown over the past five years, and international visitation to regional Victoria is currently low.

Growing international visitation to regional Victoria will be challenging. Only a small proportion of visitors from growth markets such as China and India stay overnight in regional Victoria. The proportion of visitors staying overnight outside of Melbourne is 5 per cent for visitors from China, 5 per cent for Singapore, 6 per cent for Indonesia, and 7 per cent for India.³⁴

Regional Victoria is not sharing in the growth of international tourism expenditure and Victoria as a whole is falling behind other states in delivering signature regional projects of the scale needed to attract both visitors and private sector investment.

Regional Tourism Boards (RTBs) have been established to provide a formal structure through which regional tourism industries work with state and local governments and engage in industry development and marketing activities. However, RTBs currently lack the autonomy, resources and capability to play an effective role in growing the visitor economy. Strengthening the role of RTBs should be a future priority for how the Government delivers new initiatives.

Attracting investment into the visitor economy

Current regulatory settings related to land use and public land are discouraging significant tourism development projects that could help drive Victoria's regional economy and expand Victoria's tourism offering. One clear product gap is the relative absence in Victoria of iconic developments to attract visitors such as the Great Southern Lodge in South Australia, Peppers Cradle Mountain Lodge in Tasmania and Silky Oaks Lodge in Queensland. These developments have occurred adjacent to National Parks and have had a catalytic effect in attracting multiple associated investments, resulting in new jobs and sustained economic growth.

³² Victorian regional tourism satellite accounts 2011-12 via Deloitte Access Economics

³³ Victorian regional tourism satellite accounts 2011-12 via Deloitte Access Economics

³⁴ International Visitor Survey Year Ending June 2014, Tourism Research Australia

Addressing this product gap would change the way visitors engage with regional Victoria and capitalise on an opportunity to attract and retain visitors for longer. One compelling example is visitation to the 12 Apostles in the Great Ocean Road region (Corangamite Shire) where 2.2 million daytrip visitors are estimated to spend just 18 cents in the region.

Current approval processes are difficult to navigate, leading to a climate of uncertainty for potential investors. Investment in tourism is also a high-risk venture compared to investments such as commercial or industrial property and investors are deterred and chase opportunities elsewhere – resulting in lost investment opportunities.

Change is required to enable new iconic tourism developments and increase visitation for the benefit of regional Victoria. An important component of this will be to enable DEDJTR, through Statutory Ministerial powers, to actively facilitate projects right through the project development lifecycle. This includes steps such as arranging planning pre-approvals for projects by drawing on the Planning Minister's call-in powers, and arranging 'signature' sites by facilitating Crown leases for the best public land sites or acquiring private land via the Government's powers under the *Project Development and Construction Management Act 1994*.

Across the world, the trend is for resorts and similar tourism developments to be located outside national parks. There are more than 20,000 national parks worldwide and less than one per cent of those have any kind of private tourism infrastructure. There is abundant evidence and sound policy to support the case that large-scale tourism developments are better located outside national parks. Not only is this more likely to better support regional economies but it also reduces the risk of adverse impacts on the natural amenity that attracts visitors to parks.

Nonetheless, investors can be cautious of considering locations adjacent to national parks as some may perceive that such developments have a level of regulation similar to that applying to develop within national parks. The Victorian Government could address such a perception through more active facilitation of developments adjacent to national parks, accompanied by an education and promotion campaign.

It is essential that investment in regional tourism is delivered in alignment with the demands and trends of consumers. This will help to ensure more accurate data is available to prospective investors both on the demand potential for projects but also on consumer preferences and expectations.

RECOMMENDATION 20 HIGH PRIORITY – ATTRACTING INVESTMENT INTO THE VISITOR ECONOMY

Remove barriers to significant private sector investment in key regional tourism infrastructure by:

- a. identifying up to 10 **'signature' tourism projects** that will drive the visitor economy, and actively facilitating them right through the project development lifecycle;
 - b. encouraging tourism **developments adjacent to national parks**; and
 - c. developing better data for prospective investors on the demand potential for tourism projects and on **consumer preferences and expectations**.
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Understanding the needs of the visitor and developing strong tourism offers

An improved understanding of consumer needs, and compelling offerings based on this understanding is required to attract more visitors to regional Victoria. However, research into Australian consumers suggests Victoria is perceived as lagging other states in its regional tourism offering, placing fifth (of all states and territories) in terms of world-class natural attractions. Victoria also trails other states in regional food and wine experiences, boutique wineries, and iconic walks.

The Victorian Government – currently through Tourism Victoria – focuses on state-wide branding and strategic direction. It has undertaken targeted regional marketing campaigns, such as promoting Daylesford and the Yarra Valley into interstate markets, as well as a forthcoming intrastate regional marketing campaign.

Capturing a significantly greater market share will require a more collaborative approach with RTBs to identify and develop Victoria's unique regional tourism offer. With Victorians representing 84 per cent of overnight visitors to regional Victoria, a greater focus on this segment – especially Melburnians – is critical. Victoria hasn't targeted this segment with a dedicated marketing strategy for many years, and it is likely the greatest opportunity presenting regional Victoria's tourism industry.

RECOMMENDATION 21 **HIGH PRIORITY – UNIQUE REGIONAL TOURISM SEGMENTS**

DEDJTR to work with Regional Tourism Boards to **identify a number of unique regional tourism segments** (which could include for example: food, wine and cultural events; nature based tourism; and active leisure tourism) and develop associated 'unique selling propositions' and product offers, events, branding and marketing, that will drive visitation to regional Victoria.

Improving the Destination Management Plans

Destination Management Plans (DMPs) are an important mechanism to help identify and drive new investment in regional Victoria. Of the 10 existing regional tourism areas, six have produced DMPs, three are in the process of developing a DMP and one region is yet to commence.

The quality of each DMP varies between regions. Improving their quality would produce better results for regional tourism across Victoria and enable the identification of common priorities and themes. Tourism Victoria should ensure that RTBs have the resources and capabilities to improve the quality of DMPs.

RECOMMENDATION 22 **IMPROVING DESTINATION MANAGEMENT PLANS**

DEDJTR to collaborate with Regional Tourism Boards to improve the quality and consistency of **Destination Management Plans**.

Improving the experience for visitors

Visitors expect up-to-date online information and digital booking systems for their tourism experiences. Providing the information consumers need through the channels they want to use is an ongoing challenge for the tourism industry, and not just in regional Victoria. It requires additional investment in systems, skills and platforms.

Tourism Victoria's consumer website **www.visitvictoria.com** already receives nearly 9 million visitors per annum, with 51 per cent of visits via mobile devices. Nearly 7,000 'listings' of products, experiences, accommodation, events and tours are maintained on the database that sits behind the website, and this number continues to grow.

The Victorian Government must ensure this website is more navigable, accessible, and synchronised with the latest social media platforms to make it a 'go-to' resource for visitors to Victoria. Building the capability of regional Victorian businesses to develop their online booking systems and social media presence will also greatly benefit the sector.

RECOMMENDATION 23 IMPROVING THE EXPERIENCE FOR VISITORS

DEDJTR to collaborate with Regional Tourism Boards, local government and industry to **improve the user experience for tourists** planning holidays in regional Victoria, by:

- further **increasing the availability of information** on regional events, shows, cultural options, attractions, accommodation and locations, on www.visitvictoria.com; and
- supporting regional firms to **build online booking capability** with targeted information and 'how to' guides.

Victoria's Energy Sector

Victoria has significant economic development opportunities across a diverse range of energy resources. The sustainable development of these and of new energy technologies will help provide for Victoria's current and future energy needs, against a background of future carbon constraints and changing economics of supply.

Supporting regional renewable energy projects will stimulate regional jobs and investment, with relatively low-cost and mature wind turbine and solar technology industries. In addition, the real prospects for sustainable, economic development of brown coal need to be assessed.

Using renewable energy to address regional energy supply issues

The share of Victoria's electricity generated from renewable sources has increased substantially in recent years, growing from 4.8 per cent in 2009 to 13 per cent in 2014. Over that period, Victoria's total installed renewable generation capacity grew by over 46 per cent, rising from over 2,800 megawatts (MW) to over 4,000 MW.

Victoria has excellent wind and strong solar resources. The comparative maturity and low cost of wind turbine technology has led to wind farms being the dominant source of large-scale generation technology growth in Victoria, including several major wind facilities that have over 100 MW capacity. Total energy generation capacity from wind sources is now approximately 2,500 MW.

To capitalise on these resources, the new energy technology sector strategy currently under development by the Victorian Government should identify ways to target Future Industries funding to grow jobs and investment and address energy supply issues in regional Victoria. This could include the development of policies to improve renewable energy generation in the Victorian wholesale energy market, remove barriers to distributed generation and storage, support community and household investment in renewable energy, and support project development.

RECOMMENDATION 24 PLACE-BASED LOCAL RENEWABLE ENERGY INITIATIVES

DEDJTR to support innovative **place-based local renewable energy initiatives**, including in regions with unreliable or costly energy supply. Possible projects could be a focus of the new energy technology sector strategy and funding from the Future Industries initiative.

Examining the future role for energy resources in the regional economy

Victoria's energy resource sector will experience significant change over the coming decades, both in the nature of the resources considered, the technologies used and the locations of energy production. These changes will play out in regional Victoria, and will be a source of new jobs and opportunity but also significant challenges.

In terms of gas, future projections indicate gas prices will increase due to a range of factors including higher production costs and greater exposure to global gas markets.³⁵ In regional Victoria, the impact of higher gas prices remains uncertain but it is likely that many businesses will face adjustment pressures, particularly firms in trade-exposed, gas intensive industries. The Victorian Government can play an important role in helping firms adapt to these pressures through investment and support to drive energy efficiency and other ways to reduce total gas use.

³⁵ Australian Government Department of Industry, *Eastern Australian Domestic Gas Market Study*, 2013

The majority of available gas resources are located off the coast of Victoria, in Commonwealth waters. Victoria's regional economy will continue to benefit from the close proximity to this resource. Onshore gas exploration and development are currently subject to a moratorium. This is likely to remain in place until the Government's Parliamentary Inquiry is complete and the Government has considered and responded to its findings.

The state's brown coal reserves have historically provided considerable value to Victoria's economy; emerging carbon prices and changes to the economics of supply require new consideration be given to the use of this resource. New and emerging technologies may have the potential to convert brown coal into value-added products such as hydrogen, fertiliser and transport fuels, but this potential has not been realised to date.

Industry continues to show some interest in exploring commercial opportunities for Victoria's brown coal, however long lead times, high capital costs and the need for projects to manage high water content and CO₂ emissions have challenged investors. Falling commodity prices and competition from other jurisdictions, such as Indonesia, may also impact on demand.

The future role of Victoria's energy resources in the regional economy will be shaped by the need to develop technologies consistent with a carbon-constrained future, community perceptions on the development and operations of the resources, infrastructure requirements, and land use competition issues.

The Victorian Government should explore options to clarify its long-term policy position on the use of these resources. A shared view between community, industry and the government on how best to develop the resources is needed.

RECOMMENDATION 25

EXAMINING THE FUTURE ROLE FOR BROWN COAL

DEDJTR to examine and clarify the **future role for brown coal** in Victoria's economy, including market analysis and opportunities for value added products such as hydrogen and fertiliser, stakeholder consultation and assessment of wider economic, social and environmental policy issues.

The International Education Sector

Global demand for education is growing, with up to eight million students expected to be studying at universities outside their home country by 2025.³⁶ While the sector is quite small in regional Victoria, accounting for just two per cent of state-wide export revenue from international education,³⁷ regional education providers have an opportunity to leverage growth in the sector. However, there are challenges to growing international education in regional Victoria. Most international tertiary students often prefer to study in metropolitan centres and smaller regional education providers seeking to set up offshore have challenges around limited scale and commercial resources.

The safe, community-focused lifestyle available in regional centres is attractive to many students and their parents across many key growth markets. Regional Victoria has the potential to attract larger numbers of school students to their campuses, increasing the subsequent flow of graduating school students to regional TAFE and higher education providers. With facilitation support from government, regional education providers can achieve this by partnering with other providers in their region to develop integrated education pathways.

In pursuing growth opportunities offshore, regional education providers should focus on leveraging the local industry expertise they have in key fields of national and global significance, such as advanced manufacturing in Geelong, dairy in Shepparton, dryland cropping in Mildura and Horsham, and logistics in Wodonga. Facilitation support could also encourage collaboration with larger Melbourne institutions to allow regional providers to overcome scale issues and win offshore business.

³⁶ Goddard, B, *Future Perspectives: Horizons 2025*, in IEA, *Making a Difference*, 2011.

³⁷ Includes fees and spending on goods and services; DEDJTR analysis.

RECOMMENDATION 26

OPPORTUNITIES FOR INTERNATIONAL EDUCATION IN REGIONAL VICTORIA

DEDJTR to capitalise on opportunities for **international education in regional Victoria** by facilitating and brokering activity to:

- a. support secondary schools, TAFE institutes and university campuses in regional centres to collaboratively develop and promote **integrated pathways for international students**;
 - b. improve the ability of smaller regional education providers to **win offshore business** by encouraging them to partner with larger metropolitan training providers and pool business development resources; and
 - c. **improve the profile of regional education providers** by highlighting their competitive advantages as part of expanded *Study Melbourne* marketing.
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The creative and cultural sector

Creative and cultural industries incorporate areas such as performing and visual arts, publishing, film, design and software development. The sector makes an important contribution to the economic development and liveability of Victoria's regional communities and plays an important role in attracting tourists. Growth in these industries presents an opportunity to generate new (and support burgeoning) sustainable employment for regional communities experiencing the impacts of declining industries.

Regional areas could better attract and retain creative and cultural industry workers by providing the necessary infrastructure (e.g. high-speed broadband, co-working hubs, galleries, performing arts centres and creative industry incubators). It is crucial to build capacity, both human and infrastructure, in regional communities to realise the potential of the creative industries in regional development.

Creative Victoria is currently developing Victoria's first Creative Industries Strategy, to be released in early 2016, which will provide a framework for strategic investment, including in the regions. The proposed Creative Industries Regional Impact Working Group will further refine the actions for investment. Greater linkages and development of mutual policy outcomes between Creative Victoria and other key partners such as Tourism Victoria, RDV and local government will be advanced through this process.

RECOMMENDATION 27

DEVELOPING CREATIVE AND CULTURAL INDUSTRIES

DEDJTR to ensure that the **Creative Industries Strategy** currently under development has a strong focus on developing creative and cultural industries in regional Victoria, and identifies strategic investment opportunities, with implementation overseen by a Creative Industries Regional Impact Working Group.

Industry policy and regional development

Industry policy can create a sound environment for the growth of regional businesses and can also support regions to build on their areas of competitive advantage. At the same time, regional economies are vulnerable to severe structural adjustments due to a heavy reliance on trade exposed industries such as automotive and lower value-added manufacturing. The Victorian Government has an important role to play in supporting business to respond to structural adjustment.

Refining the criteria for economic development funding

Regional industry policy focused on industry subsidies that do not genuinely drive growth will not be effective in building long term prosperity in Victoria. Current and future economic development funds and programs must ensure they focus on key challenges facing regional Victorian economies: supporting long-term competitiveness, securing new investment and growth opportunities, attracting and retaining a skilled workforce including through urban renewal and revitalising regional cities, and building regional capability to adapt to change.

Existing regional development programs may not always be expended in the most strategic way. For example, there is a risk that some businesses have been subsidised to undertake investment that would have occurred without government support. Subsidies have also supported firms that may not be viable over the longer term, or that deliver limited wider benefits.

RECOMMENDATION 28 CRITERIA FOR CURRENT AND FUTURE ECONOMIC DEVELOPMENT FUNDS

DEDJTR to set criteria for current and future economic development funds, including the Regional Jobs and Infrastructure Fund, that **optimise regional economic development outcomes**, by:

- a. building on regional Victoria's **competitive strengths**;
- b. focusing on investments which **deliver wider and broader public benefits**;
- c. ensuring grants are directed towards investment proposals which are strategic and which are footloose and **would not otherwise invest in Victoria** or are undergoing structural adjustment; and
- d. monitoring and evaluating the **longer term outcomes** of regional development programs and publishing this analysis to drive continuous improvement.

Support for businesses facing structural adjustment

Significant economic structural adjustments have forced closures in major car manufacturing companies and businesses such as Alcoa. Current government support measures mainly focus on reducing adjustment costs and tempering distributional or geographical impacts.

Further targeted and case management support is required for businesses in industries facing structural adjustment, such as helping affected firms to diversify. Consultation with businesses in the automotive supply chain has revealed that the majority are not investing in the long-term future of their businesses due to current production commitments combined with limited financial, product and business development capabilities. A similar scenario is likely across many industries facing structural adjustment.

Diversification by suppliers can generate strong links into international supply chains or with other industries and remains an area of opportunity. Business planning services can help refine business strategies, map out the direction that a business could take and assist in setting goals for the business to succeed. At a firm level, support could be provided through a voucher arrangement to access business planning advice which could include identifying growth opportunities, plan the transition into international supply chains or emerging industries and assist with changes in business structures such as through mergers and acquisitions.

RECOMMENDATION 29 SUPPORT FOR INDUSTRIES FACING STRUCTURAL ADJUSTMENT

DEDJTR to extend **targeted/case management support** for businesses in industries facing structural adjustment to assist with diversification. For example, provide access to professional advice on how to diversify into global supply chains or growth industries, and new product development.

Building climate ready businesses and communities

Climate change impacts all sectors of our community and economy and is a significant risk to the agricultural sector and the surrounding regional communities, including coastal communities. Reduced rainfall and higher temperatures will impact on agricultural production and impose adjustment pressures. This will prompt the need for a clear response to extreme weather events. Disruptions to agricultural production will impact on communities that are more reliant on food manufacturing for economic activity.

The Victorian Government plays an important role in ensuring the risks and opportunities associated with climate change are understood by communities and businesses in rural and regional Victoria. Investing in research, development and extension services will build industry resilience and capability to respond to climate change. Regional and rural businesses and communities also will require support and advice to develop appropriate plans and strategies to respond to the impacts of climate change (adaptation) and contribute to actions to reduce the future impacts of climate change (mitigation).

RECOMMENDATION 30

ENSURING CLIMATE READY RURAL AND REGIONAL BUSINESSES AND COMMUNITIES

DELWP to work with DEDJTR and local governments to ensure the new Victorian Climate Change Adaptation Plan addresses capacity building for **climate ready rural and regional businesses and communities**, through business advice programs that translate the findings of climate change research and development and provide options for mitigation, adaptation, management and adjustment.

Innovation

In a high-cost economy, a key path to prosperity for regional Victoria is to create a stronger knowledge-driven economy through innovation – driving growth and job opportunities through new products and services, new enterprises, more efficient processes, new technologies and better ways of doing business. A more entrepreneurial culture with a skill base supporting the start-up of more high growth, globally oriented firms could have a significant impact on realising the economic potential of regional Victoria.

Increasing research and development

Innovation is the primary driver of productivity growth and a key to competitiveness for Victorian businesses, yet there has been no overarching innovation strategy developed for Victoria since 2008.

While regional Victoria boasts a number of competitive advantages and innovative businesses, more could be done to encourage university, government and private sector partnerships in regional centres. This includes co-locating in clusters focused on the areas of regional competitive advantage and better networking with the predominantly Melbourne-based start-up community. Ballarat Technology Park is a good example of a cluster which has built on and driven Ballarat's competitive advantage in information and communications technology. The Park, which hosts around 30 private and public enterprises, has benefited from collaboration with the Victorian Government through both funding and networks.

Clusters can help catalyse regional innovation systems by bringing together and building capacity in their core components, notably key organisations, such as industry, researchers and government, and activities, such as research and development (R&D), education and training, technological diffusion and commercialisation. By bringing all elements of the innovation supply chain together and working across disciplines, clusters can deliver much stronger outcomes than researchers and businesses working in isolation.

Supporting industry-driven research is also critical to increasing innovation. The Victorian Government can drive this research by providing vouchers for business to engage with the research fraternity to address barriers to more productive, sustainable and globally competitive products. This would include value-adding to commodity products and achieving significant technological advancements.

RECOMMENDATION 31

INVESTMENT IN RESEARCH AND DEVELOPMENT

DEDJTR to work with regional universities and industry to encourage more **investment in research and development (R&D)** and the uptake of new knowledge by firms through:

- a. supporting **regional city innovation clusters** that drive innovation, skills and export growth; and
 - b. providing firms with vouchers/funding assistance to engage **researchers** to address business problems and challenges, with a particular focus on increasing the interaction of regional firms with innovation and R&D providers.
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RECOMMENDATION 32

AN INNOVATION STRATEGY FOR VICTORIA

DEDJTR to develop an overarching **Enterprise-level Innovation Strategy for Victoria** that takes into account the specific innovation challenges and opportunities facing businesses in regional Victoria.

Building capacity through data knowledge

The Victorian Government (through RDV) can help address information gaps by providing greater access to and knowledge of key data sets and analysis.

Making a greater range of data available in a more accessible format could help reduce time and resources expended by local governments, community groups and businesses on finding and interrogating data sources. It could also build the capacity of stakeholders to identify and track trends and inform regional planning and prioritisation.

Making consistent, quality data and analysis available will help drive collaboration and shared understanding. This could involve building on RDV's Information Portal and regional city profiles.

RECOMMENDATION 33 GREATER DATA, INFORMATION AND ANALYSIS

DEDJTR in collaboration with DELWP to increase the **availability of data, information and analysis** to support industry, community and local government economic development, decision making and investment attraction, which could cover transport, economic and labour market data and aggregated business intelligence.

5.4 Trade and investment

Trade is critical to regional Victoria's economy – it drives economic growth, supports jobs, raises living standards and provides access to goods and services. Investment is also a fundamental driver of productivity growth and job creation. Facilitating trade and investment can help Victorian firms to seize lucrative opportunities in fast growing Asian markets.

Using investment to expand regional economies

Investment matters. Foreign Direct Investment (FDI) plays a particularly important role, as it increases how much Victoria can grow and creates jobs beyond what can be achieved by drawing on local capital markets alone. FDI and reinvestment from existing firms can play an important role in business growth in regional Victoria. Investment also expands Victoria's access to new technology, builds links to global supply chains and supports research and development to grow productivity, production and competitiveness.

There is an opportunity for DEDJTR to build a comprehensive pipeline of regional investment-ready projects and market investment opportunities to prospective investors through the VGBOs. This should include continuing to closely target significant investor visa applicants to promote investment in regional Victoria. Ultimately, investors are best attracted by tangible commercial propositions. An important part of this in regional Victoria is facilitating larger investments in agriculture, which can benefit from business structures that parcel together land offerings in targeted areas.

RECOMMENDATION 34 **HIGH PRIORITY – A PROSPECTIVE INVESTMENT PIPELINE**

DEDJTR to work with businesses, local government, relevant associations and intermediaries, both across and within regions to identify, assess and build a **prospective investment pipeline** of regional projects. This pipeline should be provided to potential investors through DEDJTR's networks, including the international Victorian Government Business Offices and recipients of significant investor visas.

Enhancing facilitation services to drive regional investment

Government facilitation can support investment by assisting companies to select suitable sites, work through regulatory requirements, gain planning approvals in a timely manner, access information, find contacts and potentially access grants, and by providing aftercare to significant investors to encourage reinvestment. A greater focus from DEDJTR in regional areas, to embed investment facilitation services in local offices and ensure a focus on regional priority sectors, will help drive investment in regional Victoria.

RECOMMENDATION 35 INCREASED INVESTMENT FACILITATION SERVICES

Increase **proactive investment facilitation services** for regional Victoria, including better integration with other agencies to navigate and resolve regulation hurdles, planning and environmental approvals. This work could be more comprehensively extended to the food and fibre sector in particular.

Increasing export readiness

The rapid economic growth in Asian markets and new FTAs with some of the biggest economies in Asia will create significant opportunities for regional Victoria. Regional businesses can grow rapidly by selling to vast global markets. International market engagement can also enhance competitiveness by increasing exposure to competition and encouraging innovation.

Competing on the world stage also provides access to new technologies, products, skills, capabilities and business models. The dividend for the regional Victorian economy will be higher productivity.

The Victorian Government can lift growth and job creation over the long term by boosting regional trade outcomes through more intensively positioning local companies to be export ready. The Government could also do more to build the trade capability of regional Victorian firms, outside of the successful in-bound and out-bound trade mission program.

RECOMMENDATION 36

TRADE AND EXPORT SUPPORT

DEDJTR to work in partnership with relevant service providers and industry associations to strengthen the Government's **Export Skills and Training Program**, for the 2016-17 Budget, to significantly build the export readiness of Victorian industry and stimulate Victoria's export performance. The program should be developed by:

- a. **examining existing support** provided by the private sector, tertiary institutions, various peak bodies and state and Commonwealth governments;
 - b. undertaking **demand analysis** to understand what business wants, noting business needs are segmented and diverse across regional Victoria;
 - c. identifying any gaps in current service provision and removing duplication to better meet **business needs**;
 - d. giving consideration to a range of **innovative options** to be progressed jointly with education providers, such as: online options; more sector/ country specific training; in-country immersion programs providing practical experience with industry in export markets; and specialised mentoring support for firms to increase their business management and export readiness skills as they seek to break into export markets;
 - e. determining the potential for a **single entry point to accessing training**; and
 - f. determining the potential to **streamline and improve web-based information** for exporters.
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5.5 Education and skills

Investment in education and skills will ensure more Victorians have lives of opportunity, financial security, and are able to contribute to the community and the economy. In turn, a more skilled workforce is critical to both attracting new investment and the ability of Victorian businesses to compete, innovate and grow.

Helping young children to get the best start in life

World-class education systems focus on developing their people from the earliest possible starting point. The evidence is clear that children make significant gains in cognition, social-emotional development, and educational performance when they participate in high quality early education programs.

The cycle of disadvantage begins early in life. Although disadvantage doesn't have a clear link to the cognitive abilities of infants, by the start of kindergarten the disparity with children from higher-income families begins to become clear. Studies show that gaps that arise early are often not overcome, leading to entrenched disadvantage.

Cost-benefit analysis of pre-kindergarten education programs demonstrates that the highest per child benefits are attributed to programs that focus on economically disadvantaged children. Therefore, access to early childhood education programs should be expanded to all three year old children from disadvantaged backgrounds. The definition of 'disadvantage' could include referrals from Child First, Child Protection or Maternal and Child Health professionals of families with multiple complex needs, or a Health Care Card holder. Expansion of programs will necessitate building the capacity of the early childhood sector to accommodate an increased workforce and the infrastructure required.

As there are stark gaps in preschool participation by lower socio-economic families, any expansion of pre-kindergarten programs would need to be coupled with mechanisms to increase uptake and greater support for children and parents to ensure children get the best start in life.

RECOMMENDATION 37

HIGH PRIORITY – EARLY CHILDHOOD EDUCATION

Department of Education and Training to expand **access to early childhood education programs** to 3 year old children from disadvantaged backgrounds; and provision of any necessary holistic support for children and parents to ensure children get the best start in life.

Addressing disadvantage to improve outcomes for all

The challenges and barriers experienced by vulnerable and disadvantaged Victorians can be exacerbated in regional areas, due to reduced availability of required services, lower quality education offerings, thin labour markets, and potential misalignment of training opportunities with the local employment market.

Place-based approaches to addressing disadvantage can effectively address the interconnected barriers that people and communities face to economic participation. A place-based approach would bring together key stakeholders to tackle disadvantage and build more inclusive communities. It would focus on improving employment, learning and local economic activity, enhanced housing and environment, and improved access to services and government responsiveness.

This is no easy task and would require an improvement of coordination across regional staff from DEDJTR, Department of Education and Training (DET), Department of Health and Human Services (DHHS), Department of Justice and Regulation (DJR), Victoria Police, DELWP and local government.

The previous Neighbourhood Renewal program was gradually wound down from 2010 due to a lack of available funding. A new program could build on the lessons from this program and consider how the additional focus on DEDJTR and economic development can be best incorporated.

This work would need to have regard to the excellent existing partnerships and initiatives such as the Children and Youth Area Partnerships, which bring together DET, DHHS, DJR and Victoria Police to work with local government and the community sector to improve outcomes for vulnerable children, young and indigenous people. It would also need to leverage Local Learning and Employment Networks (LLENs), which support partnerships between education and training providers, business and industry, community agencies, and parent and family organisations, to support young people that have disengaged or are at risk of disengagement to improve their participation, engagement, attainment and transition outcomes.

RECOMMENDATION 38

HIGH PRIORITY – ADDRESSING SOCIO-ECONOMIC DISADVANTAGE

DEDJTR, DELWP, DHHS, DET, DJR and Victoria Police to implement in multiple locations in each region, **a place-based approach to addressing disadvantage** with a focus on facilitating and brokering education and employment pathways, school, community and business partnerships, social procurement, and small business development, building on the Local Learning and Employment Networks, Regional Councils of Adult Community and Further Education, Children and Youth Area Partnerships and lessons of the Neighbourhood Renewal project.

Engaging with young people at risk of leaving school

Most young people attend school regularly and successfully complete schooling. However, a small proportion leave school early for a variety of reasons or remain enrolled but are disengaged. These children and young people need extra support to help them remain actively involved in learning.

While there are a range of strategies employed by DET to focus on completion and attainment rates, more must be done in regional Victoria. Dedicated officers should be funded to work locally, engaging young people that are at risk of leaving school.

This work would leverage existing partnerships and initiatives such as LLENs.

RECOMMENDATION 39

EDUCATIONAL ATTENDANCE AND ATTAINMENT RATES

DET to fund dedicated officers in regional Victoria to **increase educational attendance and attainment rates** by working at a local level with a cluster of schools that have poor attainment and attendance rates to engage with young people that are most at risk of leaving school to enable them to overcome barriers to learning and re-engage with education or training.

Attracting and retaining quality teachers

Teacher quality is by far the most crucial driver of student performance, more than all the other school factors combined. To address educational attainment in regional areas, it is critical to attract and retain the best and brightest teachers to regional Victoria.

As is the case for other skilled professionals, there are a range of issues in attracting and retaining teachers to regional and rural schools. More work is needed to pinpoint the key interventions that attract people to regional Victoria.

RECOMMENDATION 40

ATTRACTING QUALITY TEACHERS TO REGIONAL AREAS

DET to develop and publish a strategy to improve the attraction and retention of **a quality teaching and school leadership workforce** to regional areas.

Focusing on science, technology, engineering and mathematics education

Jobs requiring strong science, technology and mathematics capabilities are growing much faster than jobs that involve fewer skills and focus on routine, manual tasks. It is therefore critical that the Victorian Government ensures Victoria's future workforce has strong foundational and science, technology, engineering and mathematics (STEM) skills. This cannot be done without ensuring the proficiency of regional Victoria's teachers in STEM topics, including IT (coding).

RECOMMENDATION 41

INCREASING THE QUALITY AND ACCESSIBILITY OF STEM SKILLS

DET to develop a strategy to increase the quality and accessibility of **science, technology, engineering and mathematics (STEM) education**, including IT (coding), with attention given to measures to attract STEM graduates to teaching (and to do so in regional areas) and improving professional development support to increase the proficiency of teachers in these topics.

Increasing the range of topics for regional students

Some schools in regional Victoria do not offer the full range of courses available to students in metropolitan schools due to distance, focus or scale issues.

Partnerships between regional schools to share facilities – both physical and digital – teachers, or other assets to give students greater access to the breadth of curriculum options, are not new, but are not widespread. The Government should strengthen the role it plays in encouraging and promoting ways for schools to expand course offerings for students, be it physical (sharing of teachers between schools) or digital (greater access to online learning and improved broadband speed and connectivity through partnerships with local firms or universities).

RECOMMENDATION 42

IMPROVING THE BREADTH OF THE CURRICULUM

DET to strengthen **partnerships between regional schools** to improve the breadth of curriculum options that students can access.

Helping students make informed career decisions

The preceding recommendations aim to increase educational engagement and attainment in young people and to improve their transition to post-school education, training and employment.

A complementary initiative is to ensure strong career guidance and support is available to students to help inspire pupils to consider further study and maintain exposure to future career options.

Career guidance and support is important because it creates awareness of careers, including opportunities in STEM careers.

RECOMMENDATION 43

INCREASED ACCESS TO CAREER ADVICE

DET to improve access to **career advice and guidance** to better inform students in regional locations.

Improving pathways from school to work

Major skills and workforce challenges persist in regional Victoria. The main challenge will be to improve partnerships and linkages between regional education providers, businesses and individuals to help people, communities and industries get the skills they need to thrive.

The promising *Skilling the Bay* initiative provides a model for equipping local students to get local jobs. The initiative is a locally driven response where training providers work with industry and community support providers, to promote industry driven pathways in training and education. This aligns training undertaken by regional Victorians to current and prospective jobs in the local economy. The model provides funding to support development of partnerships between industry and training providers to tailor training to local industry needs. This principle should be implemented in regions across Victoria to set up local students for local jobs.

RECOMMENDATION 44

HIGH PRIORITY – BETTER PATHWAYS FROM SCHOOL TO WORK

Establish across Victoria regional partnerships between government, industry, training providers and the community to **develop pathways from school to work and link training provided to local industry needs**, so students are trained in fields where local jobs are or will be available (as in the promising *Skilling the Bay* model).

Attracting skilled migrants to regional Victoria

Migration streams are an important avenue to help address workforce gaps. Migration provides access to new sources of labour, skills and capital and facilitates the transfer of international expertise and technology. Maintaining a strong and diverse skill base is essential for regional firms to attract new investment and remain globally competitive.

The Post-Study Work immigration visa stream offers extended options for working in Australia to eligible graduates of a higher education degree. Under this stream, successful applicants are granted a visa of two, three or four years' duration, depending on the highest educational qualification they have obtained. To attract skilled workers to regional Victoria, graduates could be granted an extra year on their visa where they choose to work in regional Victoria.

RECOMMENDATION 45

EXTENDING POST-STUDY WORK RIGHTS

Advocate that the Commonwealth Government provide a one year extension of **post-study work rights** for graduating international students who choose to work in regional Victoria in identified skill shortage areas.

5.6 Taxation, regulation and public sector reform

Effective regulatory and public sector reform can deliver major economic benefits. Reducing regulatory burden can save businesses time and money, providing greater certainty and confidence to invest, grow and employ more Victorians. Major public systems (notably health, education and transport), and local government are significant parts of the economy, so increasing their productivity is important to the economic performance of regional and rural Victoria.

Changing the approach to earth resources projects

Victoria's earth resources offer significant potential to drive inclusive regional growth and create regional jobs. The Victorian Government supports development of earth resources through new minerals exploration projects, precompetitive geoscience investigations, and the release of tenements and provision of co-funding exploration grants.

The existing legislative arrangements for earth resource projects have evolved through the accumulation of assessment and approval processes over the last 30 years. A transformational regulatory reform package is required to make Victoria competitive in a global market for earth resources projects, particularly to overcome the excessively lengthy, costly and uncertain process to obtain environmental and planning approvals, while maintaining safeguards to protect public health, other land uses and the environment.

A key component of such a reform would include rewriting the regulatory governance, environmental assessment and regulatory processes for earth resources projects by:

- adopting established best practice standards (e.g. dust, noise, water and vegetation standards approved up-front by portfolio Ministers);
- enabling companies to engage third parties to certify projects against the standards;
- applying sanctions commensurate with the risks for noncompliance;
- introducing project facilitation powers to coordinate and conclude approvals across agencies;
- amending legislation for minerals, petroleum, quarry and geothermal resources to ensure efficient and timely decisions; and
- improving community confidence in the sector through better engagement practices.

RECOMMENDATION 46

IMPROVING ACCESS TO ENERGY AND EARTH RESOURCES

Transform the regulatory and **environmental assessment processes** for energy and earth resources projects by:

- a. adopting established **best practice standards**, such as up-front Ministerial approval of noise, water and vegetation standards, instead of existing upfront assessment and approval processes which can be excessively lengthy, costly and uncertain;
- b. enhancing **project facilitation powers**; and
- c. improving **community engagement practices**.

Addressing the underfunding of regional roads

Road reform in Australia has been slow compared to reforms of other transport infrastructure and utilities. Road users are currently subject to general revenue-raising taxes such as fuel excise, registration and licence fees.

This means road investment decisions are made without regard to price signals about road network use that would indicate where increased investment is warranted.

This inefficiency in road pricing distorts choices between different transport modes: between roads and rail for freight, and between roads and public transport for passengers. Further, fuel excise has limited longevity as a revenue tool due to diminishing reserves and increased fuel efficiency.

Introducing cost-reflective road pricing will lead to more efficient use of road infrastructure and more efficient investment based on clearly identified demands. Importantly, rural and regional drivers are estimated to benefit most from reforms because they typically pay large amounts in fuel excise while imposing little cost on the network in the form of congestion or road damage.³⁸ A key consideration must be the availability of sufficient revenue flowing to regional Victoria to fund and maintain regional road infrastructure.

RECOMMENDATION 47 INTRODUCING COST-REFLECTIVE ROAD PRICING

Work with Commonwealth and local government to introduce **cost-reflective road pricing** to ensure sufficient revenue is available for investment in regional roads as fuel excise decreases, with revenue flowing to areas where demand for transport is greatest.

Removing unnecessary regulatory burden on supply chains (including food and fibre sector)

The globalisation of international supply chains and sustained growth in emerging Asian markets offers potential to break into these markets and maximise the benefits of regional Victoria's competitive advantages.

However, regional exporters are currently subject to local, state and Commonwealth regulations across the supply chain, as well as requirements of the importing country. This leads to significant inefficiencies; for example, in Australia it takes an average of nine days to move goods from the factory through the port and onto a ship, compared to six days in the United States.³⁹

The amount of regulation, lack of coordination between various regulators, and long regulatory timelines may result in prohibitive costs on regional businesses, and restrict access to overseas markets. Victoria's red meat export sector is predominately located in regional Victoria and experiences many of these issues. Red meat exporters often face duplication in audits and export certification, with responsibility varying between state and Commonwealth regulators depending on the destination country and the type of meat product.

RECOMMENDATION 48 IMPROVING REGIONAL SUPPLY CHAINS

DEDJTR to examine a selection of **regional supply chains** (including in the food and fibre sector) to identify the most significant costs to business, with a view to introducing reforms to reduce unnecessary regulatory burden and improve the efficiency of the regulatory regime.

³⁸ Infrastructure Partnerships Australia, *Road Pricing and Transport Infrastructure Funding*, Sydney, page 9, 2014.

³⁹ World Bank index for the time and cost taken to export and import containerised cargo; www.doingbusiness.org/data/exploretopics/trading-across-borders



6. Regional governance and service delivery

6.1 Reform principles

The Victorian Government's role in driving economic and social outcomes in regional and rural Victoria is not just about the programs, initiatives and policy settings that are in place. It is critically also about how government works at the regional level. This Review has found a 'place-based' approach continues to be the best way to achieve regional development outcomes. Central to this approach is the idea that regions should lead their own growth strategies, that the three levels of government work in a coordinated way, and that services are integrated at the regional level to the extent it makes sense to do so.

There are many stakeholders in regional Victoria, across governments, business and the community. Getting the most out of the collective efforts of these dynamic and complex organisations and stakeholders requires coordination and collaboration at the regional level, ensuring all parties are working towards a common goal while avoiding duplication of effort. It also requires governance mechanisms to ensure that regional priorities directly inform government decision making and information flows back to regional leaders in a streamlined way.

Successive Victorian Governments have continued to evolve governance and service delivery at the regional level to improve coordination, collaboration and regional decision making. Regional Strategic Plans have strong ownership within regions and are maturing with each iteration. In service delivery, RDV is rightly regarded as Australia's leading regional economic development agency.

But there is more that can be done.

Based on the analysis and consultation conducted over the course of this Review, the Board has developed a set of principles to guide a new approach to regional governance and service delivery in Victoria (Figure 6). The recommendations in this section of the report align with these principles.

FIGURE 6: DESIGN PRINCIPLES FOR REGIONAL GOVERNANCE AND SERVICE DELIVERY

- **Local leadership and engagement** – harnessing the skills and resources of local leaders and entrepreneurs.
- **Facilitating and enabling** – proactively facilitating economic development and delivering services that are responsive within a clear state-wide policy framework.
- **Clarity about roles and responsibilities** – roles are clear, matched with capability and resources, and duplication is reduced.
- **Client focused** – decisions are viewed through the lens of regional citizens, communities and firms.
- **Simpler face of government in the regions** – co-located and shared services should be encouraged where it leads to better client experiences.
- **Devolution** – decision making about service planning and delivery occurs at the regional level.
- **Partnerships and collaboration** – economic opportunities and problems are addressed in an integrated way with businesses and communities.
- **Efficiency** – clear role for government and scarce resources are allocated in the most efficient way.

6.2 The importance of regional governance

Evidence shows that governance is a key factor in shaping the economic performance of regions.⁴⁰ Effective regional governance arrangements enable leaders across the private and public sector to engage in dialogue, set priorities collectively and mobilise resources towards common goals. The participation of business and community leaders is particularly important to regional development, as these stakeholders ensure local knowledge and skills are used to identify economic opportunities and solve problems.

40 OECD, *Promoting Growth in All Regions*, 2012.

All levels of government have a role in regional development

Cooperation between the three levels of government is central to delivering a place-based approach to regional development.

Local governments in particular can play a key role in driving strong regional economies. Many of their core functions have a direct impact on local economic activity. Bringing the community together through long term and strategic economic development strategies, delivery of social services, targeted infrastructure investment, as well as facilitating and supporting business investment has real and significant local impacts. In addition, ensuring that strategic land use and infrastructure planning contributes to economic development in local communities is a key local government responsibility.

National policy settings related to key infrastructure such as roads and rail, and telecommunications also have a significant impact on regional economies. The Commonwealth provides dedicated funding for regional infrastructure through the National Stronger Regions Fund. Policy areas such as higher education, employment services, and trade also directly impact the prosperity of regional Victoria. Regional Development Australia (RDA) committees are important because they provide a mechanism for the Commonwealth to work with other levels of government and community leaders to support regional development initiatives.

In this context, the Victorian Government needs to organise itself in ways that enhance collaboration with regions and ensure an integrated approach to delivery that is responsive to regional needs and aspirations.⁴¹

Victoria has already gone some way towards implementing a more collaborative 'place-based' approach to regional economic development.

The Regional Blueprint released in 2010 was informed by the development of a regional plan within each region. Eight regional planning groups each developed a regional strategic plan providing a framework for local governments, industry, community organisations, and the Victorian Government to set priorities over short, medium and long term aspirational timeframes.

These plans are being implemented and continue to evolve. Priority projects and initiatives that have been delivered include attracting funding and commitments for major projects such as the National Disability Insurance Scheme headquarters in Geelong, Horsham Secondary College, and the Macalister Irrigation District; development and implementation of Regional Growth (land use) Plans aligned with Regional Strategic Plans; and more focused priority project lists/ investment prospectuses.

More can be done to improve the approach to delivering these plans. The Board has developed a package of reforms, outlined in this section, to ensure these plans deliver what regions need to grow, and that government can better collaborate and respond to them.

Supporting better planning in regional Victoria

The Victorian Government needs to improve sharing of its knowledge, expertise and networks to support the evolution and delivery of regional strategic planning. By providing more high quality data, and consistent methodologies and frameworks for economic analysis, regional planning groups will be able to strengthen their analysis and advocate the best set of priorities for their region.

RECOMMENDATION 49

HIGH PRIORITY – REGIONAL STRATEGIC PLANS

DEDJTR to continue its **support for Regional Strategic Planning, and expand capacity-building activities** with regions to develop better plans over time.

By working with regional strategic planning groups to understand their planning needs and expanding targeted support initiatives accordingly, regional strategic plans will continue to improve. Initiatives could involve better data, training to access and use data, consistent frameworks and methodologies, leadership and other professional development opportunities.

Ensuring regional governance arrangements are mindful of functional economic zones or 'communities of interest'

RDV currently operates in five Victorian regions: Barwon South West, Grampians, Loddon Mallee, Hume and Gippsland.

⁴¹ Regional Australia Standing Council, *Framework for Regional Economic Development*, 2013

Some Victorian regions have been split for the purposes of Regional Strategic Planning: Barwon South West (G21 and Great South Coast), and Grampians (Wimmera Southern Mallee and Central Highlands). These arrangements reflect the preferences of local stakeholder groups and continue to evolve. For example, separate plans for the Loddon and Mallee regions have been combined into one plan in their most recent iteration.

The Board also considered communities of interest and functional economic areas in its deliberations about regional boundaries. There is strong merit in further strengthening a sub-regional approach to planning and service delivery for the Goulburn Valley (covering the municipalities of Campaspe, Moira, Greater Shepparton, and Strathbogie).

The Goulburn Valley has a distinct economy that is currently shared between the Hume and Loddon Mallee Regions. Formalising sub-regional planning and service delivery arrangements will assist with realising the potential of the Goulburn Murray Irrigation District modernisation, and developing a consistent approach to business engagement and investment attraction for agri-business in this region.

RECOMMENDATION 50

TAKING REGIONAL DIFFERENCES INTO ACCOUNT

The Victorian Government should continue to **factor Victoria's sub-regions, e.g. 'functional economic zones' or 'communities of interest', into regional planning, governance and service delivery.** This includes formalising sub-regional planning and service delivery arrangements for the Goulburn Valley.

Strengthening understanding and ownership of Regional Strategic Plans across all three levels of government

A greater level of buy in and engagement with regional planning priorities at a political level will lead to better outcomes for regional Victoria. There is currently no consistent state-wide approach for ensuring democratically elected officials from Victoria's regions consider and own regional priorities. The participation of these leaders can strengthen advocacy of priorities in government decision making at all levels and unlock new opportunities for collaboration.

RECOMMENDATION 51

ANNUAL SUMMIT ON REGIONAL PRIORITIES

DEDJTR to coordinate an **annual summit on regional priorities** in each of the five RDV regions, with **elected representatives at all levels of government** as key participants.

Regional Summits will be used to engage and build understanding and ownership of regional priorities among each region's councillors and state and Commonwealth members of parliament. Regional Development Partnerships (outlined below) will shape and lead the Summit in each region.

Changing the approach to regional collaboration

Regional Management Forums (RMFs) were established in 2005 to enhance collaboration between State and Local governments. RMFs were designed to be chaired by a Victorian Departmental Secretary, with membership comprising representatives from each State Government department, along with local government and Commonwealth representatives.

This Review has found the greatest strength of RMFs is the breadth of their representation, and the improved understanding of local issues and collaboration this generates. In bringing together departments and regional community leaders at the regional level, RMFs provide useful networking and information sharing opportunities, and give departmental heads an 'up close look' at regional challenges and opportunities. During emergencies, and in emergency preparation and recovery, RMFs also play an especially critical 'linking up' and leadership role.

However, RMFs lack clear focus around economic development priorities and do not have the capacity to proactively address problems and coordinate the delivery of programs and initiatives. The private sector is not formally involved and there is an opportunity to better harness the entrepreneurial skills of business leaders. Another observation is that Secretaries would maximise their value to RMFs as champions rather than as meeting Chairs, as originally intended.

There is also an opportunity to provide more support for innovative approaches to the delivery of local economic development and other services within regional Victoria. This includes supporting councils to articulate shared resourcing arrangements and improved business practices. Local government is facing cost pressures and increasing responsibilities. Joint approaches to the delivery of infrastructure and services and procurement between councils are already delivering significant cost savings and better services for regional communities.

A new mechanism is required to focus collaboration between different levels of government and the private sector on priorities to grow the economy of the region.

RECOMMENDATION 52 HIGH PRIORITY – REGIONAL DEVELOPMENT PARTNERSHIPS

Establish Boards, to be named **Regional Development Partnerships**, in each region (5 in total) **to link Regional Strategic Plans and priorities to Victorian Government decision making**, and to drive economic development and social outcomes at the regional level.

Regional Development Partnerships will include representatives from Victorian Government departments, education and skills, local government, business and community. Departmental Secretaries will play a leadership role for each of these Partnerships. DEDJTR will provide secretariat support.

The roles of these partnerships will include:

- Advising on priorities within regions based on plans (including sub-regional plans) and across portfolios;
- Communicating these priorities to Victorian Government decision makers;
- Solving problems;
- Supporting collaborative regional approaches to local government procurement and service delivery;
- Informing and interpreting government policy including state budget outcomes;
- Maximising the local benefits associated with new investments; and
- Overseeing the implementation of regional priorities and programs.

The Partnerships will meet quarterly, and in time should replace Regional Management Forums.

Addressing the disconnect between priorities in regional plans and government's decision making and Budget process

While Regional Strategic Plans are highly valued and continue to evolve, overwhelmingly this Review has found the plans and priorities do not consistently inform Victorian Government decision making.

This Review has found that the Victorian Government does not look across the plans in a systematic way, consistently prioritise the projects advocated within them, or provide coordinated advice to portfolio Ministers about what should be funded through existing and new Budget allocations.

The Victorian Government needs to start doing this. But the department's systematic evaluation and advice to Ministers is not enough on its own to ensure better implementation of Regional Strategic Plans and better regional decision making.

New governance mechanisms are required to ensure that priorities and advice flows up to Ministers, Government formally assesses and responds to plans, and implementation is overseen at the regional level.

RECOMMENDATION 53 HIGH PRIORITY – BOLSTER AND REFOCUS THE REGIONAL DEVELOPMENT IDC

Bolster and refocus the **Regional Development Inter-Departmental Committee (IDC)** to **prioritise Victorian Government investments and initiatives** across regions, and to provide coordinated advice to Ministers.

The Regional Development IDC will oversee whole-of-government responses to regional plans, provide coordinated advice to Ministers on priorities for taking forward, and oversee the performance of partnerships.

The IDC will be co-Chaired by the Department of Premier and Cabinet and DEDJTR and include Deputy Secretary-level representation from each department.

The IDC should meet quarterly.

FIGURE 7: PROPOSED REGIONAL DEVELOPMENT GOVERNANCE STRUCTURE

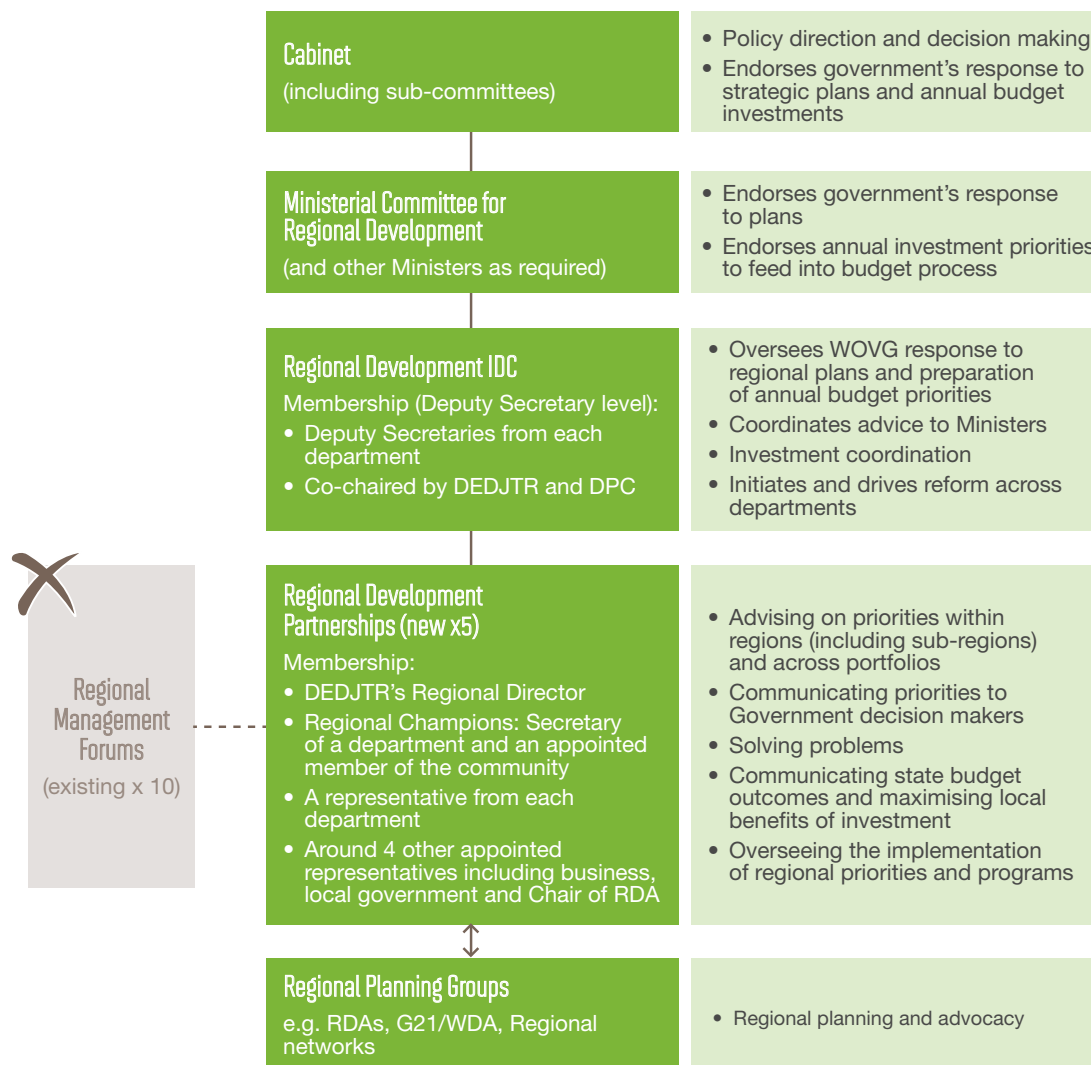
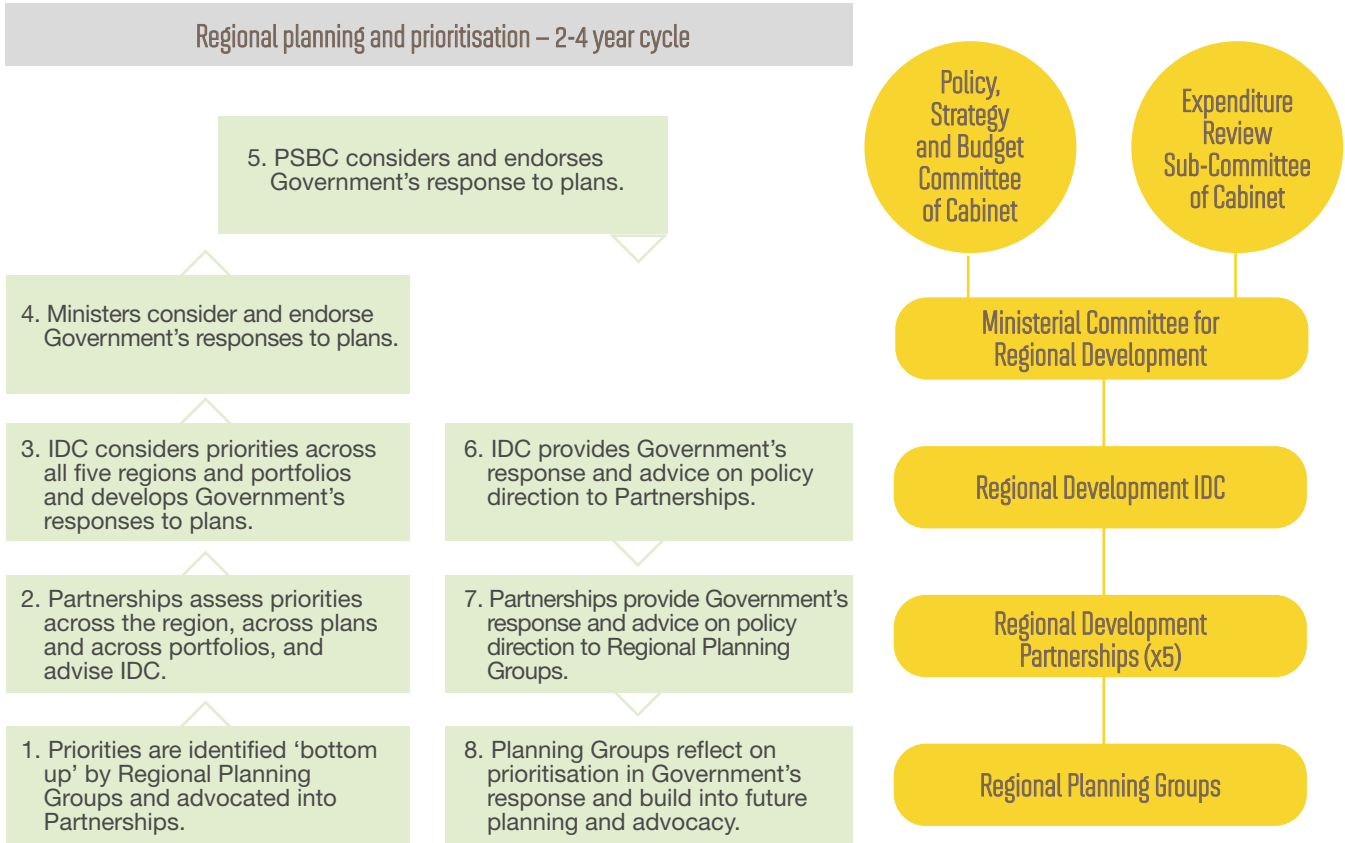


FIGURE 8: PATHWAY FOR REGIONAL PRIORITIES UNDER PROPOSED GOVERNANCE ARRANGEMENTS



RECOMMENDATION 54
A MINISTERIAL COMMITTEE
FOR REGIONAL DEVELOPMENT

Establish a **Ministerial Committee for Regional Development to consider regional priorities** in state-wide policy and budget processes.

The Committee will be chaired by the Minister for Regional Development and include Ministers for Transport, Planning, Environment, Education, Training and Skills, Health, and Emergency Services.

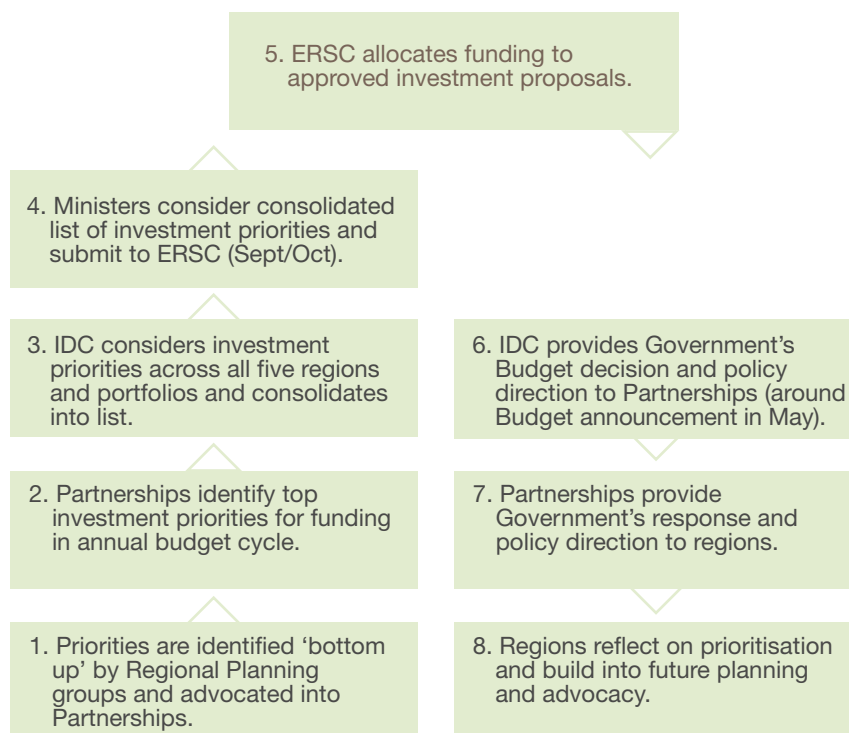
The Ministerial Committee will set strategic policy direction in regional development, consider and endorse whole-of-government responses to regional plans and priorities, feed regional investment priorities into the State Budget process in September/October, and have line of sight on implementation of key strategic projects.

RECOMMENDATION 55
**HIGH PRIORITY – RESPONDING
TO REGIONAL PLANS**

Provide clarity to regions by **developing Cabinet-endorsed responses to regional plans and priorities**, and by **feeding regional priorities into the annual State Budget** cycle.

- a. DEDJTR to develop responses to regional plans and priorities for the IDC to submit to the Ministerial Committee for endorsement. Regional Development Partnerships will be used as a forum to communicate endorsed plans and broader Victorian Government policy direction to regions. Government's responses will apply a consistent economic framework to the priorities advocated in plans through the Partnerships, assess them against state-wide priorities (such as industry 'sector strategies' and drawing on advice from agencies such as Infrastructure Victoria), and formalise the Victorian Government's position on regional priorities.

Annual budget cycle – Informed by longer-term planning



- b.** DEDJTR to develop a list of annual regional budget priorities for the Minister for Regional Development to feed into the State Budget process in September/October each year.

This reformed regional governance model combines the expertise, networks, and resources of the public and private sector around a shared endeavour to grow the regional economy. The regional structure and representation will be better equipped to set priorities, fix problems and oversee delivery. It creates a clear authorising environment and pathway for implementing regional plans with the oversight role of a Regional Development Inter-Departmental Committee and Ministerial Committee for Regional Development.

This framework aims to foster an ongoing, more coordinated and systematic dialogue between all levels of government and regional business and community leaders. Clear decision making pathways will enable Government to provide feedback and respond to regional priorities in the context of the budget process.

6.3 Regional service delivery

The proposed new approach to regional governance and the policy priorities set out in Chapter 5 will also require reforms to regional service delivery. The key aspect of this reform should be a renewed client focus – the client experience should be central to service design and decision making. Reforms also need to build on previous changes to regional economic development service delivery.

Service delivery reform in the 1980s and 1990s focused on increasing the efficiency and responsiveness of government services. ‘Mega departments’ that combined multiple portfolios and functions were created, and the service delivery roles of purchaser and provider were separated. Regional services were rationalised and consolidated into larger centres to achieve cost savings.

Services were outsourced and businesses and not for profit providers competed for services within markets designed by government. The skills and capabilities of public managers changed as they were tasked with overseeing service contracts under centrally designed rules and performance measures.

Since the 2000s service delivery reforms have been driven by a focus on improving quality, in response to increasing expectations from members of the public. Key reform trends have included:

- A greater use of outcome-based performance measures;
- Devolution of service planning and decision making to the lowest possible level (i.e. ‘subsidiarity’); and
- Integrating services around the needs of clients (individuals, families and communities) to achieve shared outcomes.

During this period public managers have played a greater role in brokering solutions across government, community and industry sectors. New skills and capabilities are increasingly required in community engagement and negotiating commercial outcomes.

In this context, RDV was established in 2002 as a dedicated agency to administer the Regional Infrastructure Development Fund. Over time it has also taken a leadership role across government in areas such as investment attraction, land use planning, and skills. This evolution has been in recognition of the interdependence of these issues to the economic development of a region and to local stakeholders’ needs.

RDV regional teams have evolved to provide a local presence and single point of engagement for communities, businesses, local government and other stakeholders when accessing economic and community development services and information. This includes providing services on behalf of other portfolios and departments including Aboriginal Affairs and Planning.

The creation of the new DEDJTR provides an opportunity to strengthen this integrated approach. DEDJTR brings together the functions within Government – from ‘paddock-to-port’ – that supports the growth of Victoria’s economy and employment.

In this context, and drawing on the principles set out above, the Board has developed a package of reforms to regional economic service delivery to better respond to client needs, improve the skills and capabilities of regional teams, and support leaders to broker complex solutions across the public and private sectors. These recommendations are outlined in this section.

Ensuring DEDJTR’s regional leaders are strategic, influential and agile

Promoting economic development at the regional level requires navigating a complex set of stakeholders, multiple levels of government, and fragmented governance structures.

We ask our regional leaders to be strategic, entrepreneurial, and broker solutions. We ask them to work across Victorian Government departments and Ministerial portfolios with all their competing interests and stakeholders. We ask them to be proactive and facilitative, to have gravitas, and to ‘make things happen.’

In complex and ever-changing operating environments, this is no easy feat.

To set our regional leadership up for success, DEDJTR should increase the seniority of these positions to ensure the best possible economic leadership from government across regional Victoria.

The delegations and authority assigned to regional leaders should be reviewed to ensure they are sufficient to enable them to deliver on the high expectations placed upon them, and to overcome the perception that all decisions are ‘made in Melbourne’. Regional leaders should be able to approve smaller projects without going back to head office. They should also be able to vary and package up funding streams to respond to local needs and opportunities and achieve swift outcomes. Regional leaders should have flexibility across teams so that financial and staffing flows can better match policy priorities.

Regional leaders should be empowered to target the effort of their teams and resources through the development of annual operating plans. These should set out clear priorities by sector and by function (e.g. trade, transport, skills) that draw on state-wide strategies, market intelligence, and Government’s responses to Regional Strategic Plans.

Regional leaders should also be tasked with facilitating the delivery of regionally significant private sector investment projects. This also includes working closely with Invest Victoria on significant investment projects within the regions. They will also be tasked with developing and implementing simple coordination agreements with each local government that articulates shared priorities, shared resourcing arrangements and co-location opportunities.

RECOMMENDATION 56

HIGH PRIORITY – BOLSTERING REGIONAL LEADERSHIP

Bolster regional leadership by **reclassifying the role, skills and seniority of DEDJTR Regional Directors** and by giving them greater authority.

Ensuring DEDJTR’s regional teams build on existing and establish new capabilities

RDV teams make a significant contribution to their communities, and one that this Review’s consultation has shown is highly regarded. RDV is rightly recognised as the best regional development agency in Australia.

To deliver the best economic outcomes for regional Victoria, DEDJTR’s regional teams should build on and establish new capabilities. Priorities should include:

- **Sector specialisation in industry and investment teams.** Building on the competitive strengths of regions means focusing on the sectors that are export-oriented, globally competitive, and poised to grow. In regional Victoria, these are largely concentrated around food and fibre, the visitor economy, and energy and earth resources. Each of these sectors, and sub-sectors within them – e.g. dairy or nature-based tourism – face different barriers to growth, and require different interventions and roles from the Victorian Government. It is critical that regional teams include sector specialists for the local industries of greatest strategic value to each region.
- **Investment and trade are critical to growing firms and economies.** In DEDJTR, investment and trade facilitation sit in state-wide teams. Embedding these capabilities in regional teams will ensure the Victorian Government’s service offering is tailored to the needs of local firms and industries in regional Victoria.
- **Matching skills to industry requirements.** This skills market facilitation is required to address misalignment in the labour market in regional economies. High unemployment in parts of regional Victoria sits jarringly with the fact that regional businesses – including but not limited to agribusiness – cannot find enough skilled labour to maintain or grow their businesses.
- **Enhanced infrastructure planning and coordination.** This is required within regional teams to improve state-local infrastructure delivery within the region.
- **Enhanced data, evaluation and analytic capabilities.** This will enable DEDJTR to work with local government and regional strategic planning groups to build their capability and develop better Regional Strategic Plans over time with consistent methodologies and frameworks. It will also be critical to enable DEDJTR to evaluate Regional Strategic Plans and priorities and provide coordinated advice to Ministers.

RECOMMENDATION 57 EXPANDED SKILLS AND CAPABILITIES FOR REGIONAL TEAMS

Build on DEDJTR's regional economic teams with **new and expanded skills and capabilities** in:

- Sector specialisation (especially in food and fibre, tourism, and energy and earth resources);
- Proactive investment and trade facilitation;
- Workforce and skills outcomes;
- Infrastructure planning and coordination; and
- Data, evaluation and analysis.

Enhancing regional economic services to better address the needs of clients

DEDJTR needs a clear understanding of the department's regional client-base at the firm level. This includes an understanding of who they are, where they are, and opportunities and barriers they face to grow. It is critical this segmentation task is undertaken to inform service delivery and deliver on the specific and varied needs of clients.

Other steps should be taken to ensure customer experiences are first class:

- Regional client-facing staff should be visible and accessible to regional stakeholders, and well connected to head office;
- The lack of clarity in the food and fibre sector, particularly at the farm level, about where to access business development and facilitation services, needs to be addressed, with the Victorian Government taking a 'paddock-to-port' view of the sector;
- The performance of regional team members who interact with clients should focus on the outcomes delivered rather than number of interactions; and
- Straight-forward and transactional services (e.g. permits and licences) should as far as practicable be made available online.

RECOMMENDATION 58 REFINING THE REGIONAL SERVICE OFFER

Refine DEDJTR's regional service offer by developing a **better understanding of the client base** and designing and tailoring services at the regional level in response to their specific requirements.

Unlocking growth potential through proactive facilitation and case management

The Review has overwhelmingly found that regional and rural Victoria has immense untapped potential, and that RDV can play a much greater role in unlocking this potential through proactive investment facilitation.

The following opportunities have been identified through the Review:

- Case management support for growing businesses to navigate state and local government approvals and regulatory issues;
- 'Activating' investment in existing infrastructure (e.g. irrigation infrastructure in Victoria's north and north west);
- Identifying potential major projects and working with multiple stakeholders to build them up until they are investment-ready; and
- Case management services for businesses facing hardship (e.g. automotive supply chain firms) and providing advice to diversify.

Effective and proactive facilitation is as much about culture as the skills and capabilities of regional team members. RDV therefore needs to model and promote behaviours that ensure regional team members are given permission to seek out opportunity, rather than respond, to build and maintain strong relationships, and to be strategic in complex and changing environments.

RECOMMENDATION 59 PROACTIVE FACILITATION AND CASE MANAGEMENT

DEDJTR regional teams to **expand their service offer in relation to proactive facilitation and case management for regional businesses**, including developing a pipeline of 'investment-ready' projects for marketing across DEDJTR's networks.

Examining opportunities to co-locate

Victorian Government departments currently occupy multiple facilities in the same regional cities and towns, providing opportunities to co-locate. Maintaining these facilities is costly, and the significant benefits of co-location are foregone. Moreover, the number of staff and tenants who could potentially co-locate would be significant enough to attract new development opportunities in central locations.

The benefits of co-location include:

- **A better customer experience for clients.** A one-stop-shop approach, with shared reception and front-of-house, makes it easier for clients to access government services and for staff to make referrals across services.
- **Networking and collaboration.** Co-location would also present new opportunities for staff in different public sector agencies and in local government to network, find synergies across their roles, and collaborate to deliver on shared priorities.
- **Efficiencies and cost-saving.** Co-location would bring efficiencies with the ability to share the cost of maintenance, utilities and staff services (e.g. managing fleet vehicles). It would also enable existing government sites to be sold or made available for alternative uses.
- **Economic activity.** New developments for co-locating regional teams would drive significant economic activity in their own right including providing opportunities for urban renewal.
- **Attracting staff.** Newer facilities closer to the centre of regional cities, and to public transport, would make public sector roles in regional cities more attractive to staff and commuters.

The Government should also continue to review opportunities to decentralise government services to regional and rural Victoria. Previous relocations of public sector bodies such as the Transport Accident Commission to Geelong, the Office of Housing call centre to Moe, and the State Revenue Office to Ballarat have helped create more jobs in regional areas.

RECOMMENDATION 60 OPTIMISING CUSTOMER EXPERIENCES

The Victorian Government to optimise customer experiences by providing **a 'one-stop-shop' in regions through co-location** over time of DEDJTR and other government and public sector agencies.

Commence co-location projects in Bendigo and Ballarat, followed by Geelong and other regional centres.

Improving collaboration across the Victorian Government's regional teams

Co-location of teams, departments and agencies will strengthen a culture of teamwork and collaboration at the regional level. Physical co-location will not happen overnight and practicalities and budget considerations may reasonably get in the way of full co-location.

DEDJTR's regional leaders should therefore be tasked with building a culture of cooperation and collaboration across regional teams. This is especially important across DEDJTR, DELWP, and DET.

In addition to RDV staff, DEDJTR has many staff working in agriculture and biosecurity, earth resources, and transport located in regional Victoria. Strong relationships with land use planning and local government (DELWP) and skills (DET) will be particularly important.

These different functions all have a role to play in facilitating economic development outcomes.

RECOMMENDATION 61 COLLABORATION AND TEAMWORK AMONG REGIONAL TEAMS

DEDJTR's regional leaders to **develop a practice of collaboration and teamwork** among the Victorian Government's regional teams.

Focus initially on collaboration across DEDJTR, DET and DELWP regional teams.



Appendices

A.1 Review Terms of Reference

The review will:

- i. Identify best practice, evidence-based policy directions to foster regional growth and job creation. This will include:
 - a. 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; and
 - Inter-regional variations, cross-regional issues and flows.
 - b. 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.
 - c. Consider current regional strategic and related planning models and the evidence regarding the effectiveness of various models.
 - d. Confirming key priorities for each region and broad policy directions, possible actions, and recommendations for further work to drive regional economic growth.
- ii. Identify the approach to regional service delivery best able to deliver regional growth and job creation. This will include:
 - a. Reviewing the history of regional delivery models in Victoria;
 - b. Reviewing other jurisdictions’ regional delivery models;
 - c. 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);
 - d. Having regard for the Government’s election commitments for regional service delivery (e.g. establishment of new Regional Business Centres and Regional Cities Clusters); and
 - e. Recommending the mix of structural, governance, and strategic models for regional service delivery best suited to promoting long term prosperity in regional Victoria.

A.2 Public submissions to the Review

A total of 95 public submissions were received (Table 3) and are available at <http://economicdevelopment.vic.gov.au/news-and-media-releases/regional-review/Responses-to-the-Regional-Economic-Development-and-Services-Review-now-available>.

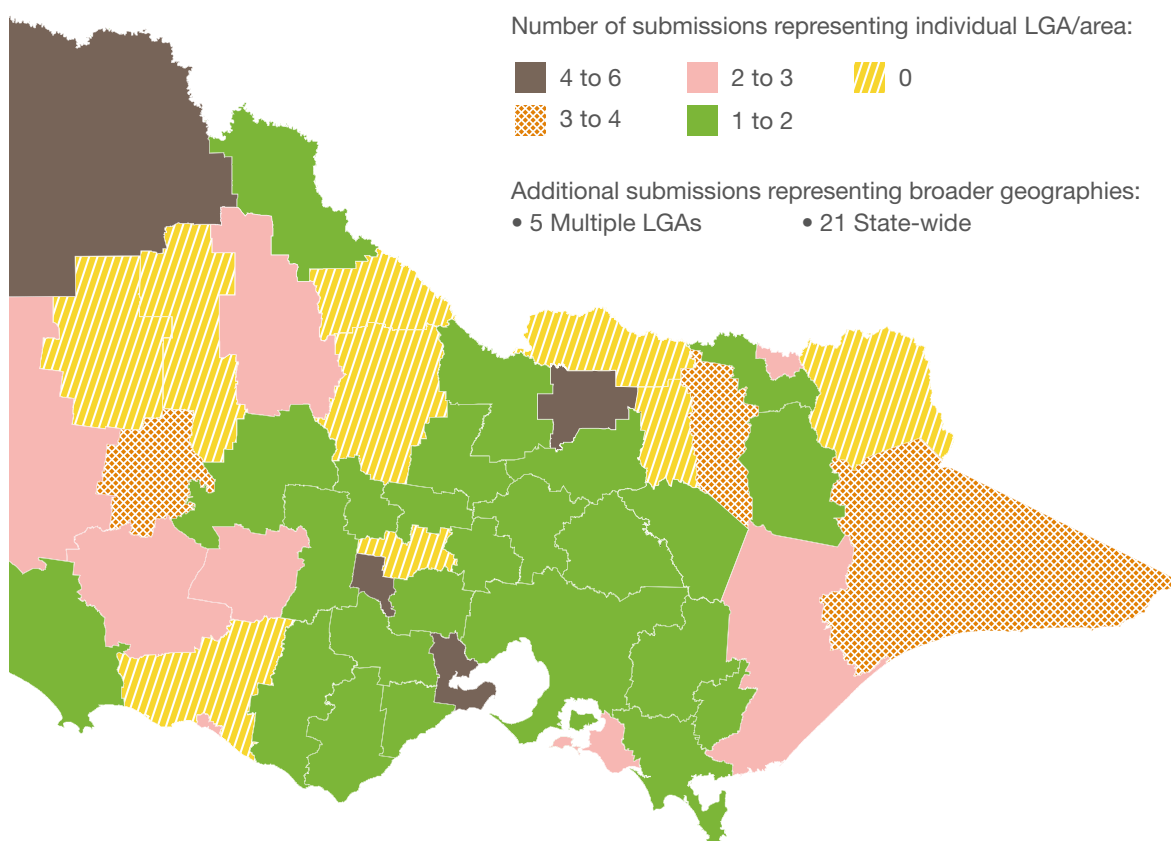
TABLE 3: LIST OF PUBLIC SUBMISSIONS

Alpine Resorts Co-ordinating Council	Friends of Agnes Falls	Pyrenees Shire Council
Alpine Shire Council	G21 Geelong Regional Alliance	Racing Victoria
AME Systems Pty Ltd	Gippsland Ports	RE Ross Trust
Ararat Rural City Council	Gippsland Trades and Labour Council	Regional Cities Victoria
Australian Industry Group	Golden Plains Shire Council	Regional researchers from La Trobe, RMIT and Federation Universities
Australian Sustainable Hardwoods	Goulburn Murray Water	Robert McLean
AusVeg	Goulburn Ovens Institute of TAFE	Rural City of Wangaratta
Ballarat Business Centre	Grampians Tourism Board	Rural Councils Victoria
Ballarat Residents and Ratepayers Association	Great South Coast Group	Southern Grampians Shire Council
Ballarat Technology Park	GV Community Energy	Strathbogie Shire Council
Bernard Young and Associates	GWM Water	Surf Coast Shire
Birchip Cropping Group	Horsham Rural City Council	Swan Hill Rural City Council
Borough of Queenscliffe	Indigo Shire Council	Terry Court
Buloke Shire Council	La Trobe University	Toni Domaschenz
Central Goldfields Shire Council	Lal Lal Environment Protection Association Inc.	UnitingCare Wodonga
Centre for Sustainable Organisations and Work, RMIT	Loddon Mallee RDA	VECCI
Champions of the Bush	Lower Murray Water	Victoria Tourism Industry Council
Chris Jelbert	Macedon Ranges Shire Council	Victorian Association of Forest Industries
City of Greater Bendigo	Mansfield Shire Council	Victorian Farmers Federation
Colac Otway Shire	Maurice Schinkel	Victorian Goldfields Tourism Executive
Committee for Gippsland Inc.	Melton City Council	Victorian Local Governance Association
Dairy Australia and United Dairy Farmers of Victoria	Mitchell Shire Council	Victorian Trades Hall Council
Deakin University	Mount Alexander Shire Council	Wakefield Transport Group
Destination Phillip Island Regional Tourism Board	Murray Regional Tourism	Warrnambool City Council
Dianne Baig	Murrindindi Shire Council	Wellington Shire Council
East Gippsland Food Cluster	Northern Mallee Leaders Advisory Committee	Wine Victoria
East Gippsland Shire Council	Outdoors Victoria	
Federation of Victorian Traditional Owner Corporations	Port of Portland	

Note: There are fewer than 95 names in this list as it does not include confidential submissions and some organisations/individuals provided more than one submission.

Public submissions were received from across Victoria (Figure 9), with the most submissions originating from the Mildura, Greater Shepparton, Ballarat and Geelong LGAs.

FIGURE 9: SPATIAL DISTRIBUTION OF PUBLIC SUBMISSIONS



A.3 Program of targeted stakeholder engagement

Mr Ben Hubbard of Creswell Advisory undertook a program of targeted stakeholder engagement, which involved one-on-one interviews with 74 regional leaders (Table 4).

TABLE 4: LIST OF STAKEHOLDERS ENGAGED BY CRESWELL ADVISORY

STAKEHOLDER NAME	STAKEHOLDER ORGANISATION
Kim Scanlon, Executive Officer	<i>Alpine Valleys Community Leadership Program</i>
Nino Ficca, Managing Director, and Alister Parker, General Manager – Asset Management	<i>Ausnet Services</i>
Tim Piper, Director – Victoria	<i>Australian Industry Group</i>
Jeff Scott, Chief Executive Officer	<i>Australian Table Grape Association</i>
Barry Irvine, Executive Chairman	<i>Bega Cheese</i>
Mike Hirst, Chief Executive, and Dennis Bice, Executive – Retail	<i>Bendigo and Adelaide Bank</i>
Caroline Welsh, Chair	<i>Birchip Cropping Group</i>
Ross Brown, Executive Director	<i>Brown Brothers</i>
Ian Gillingham, Regional Business Manager	<i>Citipower & Powercor</i>
Anthony Schink, Chief Executive Officer	<i>City of Ballarat</i>
Craig Niemann, Chief Executive Officer	<i>City of Greater Bendigo</i>
Gillian Miles, Chief Executive Officer, Dea Frost, GM – Strategy, and Paul James, GM – Projects	<i>City of Greater Geelong</i>
Judy Verlin, Chair	<i>Committee for Ballarat</i>
Mary Aldred, Chief Executive Officer	<i>Committee for Gippsland</i>
Dan Simmonds, Chair	<i>Committee for Greater Geelong</i>
David McKenzie, Chair	<i>Committee for Greater Shepparton</i>
Bronte Adams, Director	<i>Dandolo Partners</i>
Jane den Hollander, Vice-Chancellor	<i>Deakin University</i>
Richard Bolt, Secretary	<i>DEDJTR</i>
Lachlan McDonald, Executive Director Intergovernmental Relations	
Lachlan Bruce, Deputy Secretary RDV	
Luke Wilson, Lead Deputy Secretary Agriculture, Energy and Resources	
Adam Fennessy, Secretary	<i>DELWP</i>
Terry Garwood, Deputy Secretary Local Infrastructure	
Christine Wyatt, Deputy Secretary Planning	
Nick Foa, Acting General Manager	<i>DHHS</i>

STAKEHOLDER NAME	STAKEHOLDER ORGANISATION
Greg Wilson, Secretary	<i>DJR</i>
Gary Gaffney, Chief Executive	<i>East Gippsland Shire</i>
Amanda McClaren, Executive Director	<i>Fairley Leadership Shepparton</i>
Wendy Wood, Chief Executive Officer	<i>Federation Training</i>
David Battersby, Vice-Chancellor	<i>Federation University</i>
Mark Millis, Director	<i>Flavorite</i>
Alexandra Gartmann, Chief Executive Officer	<i>Foundation for Rural and Regional Renewal</i>
Elaine Carbines, Chief Executive Officer	<i>G21</i>
David Peart, Chief Executive Officer	<i>Geelong Manufacturing Council</i>
Stephen Anderson, Commercial Manager and David Kenwood, Property Manager	<i>Geelong Port</i>
John Calleja, Acting Managing Director	<i>Goulburn-Murray Water</i>
Andrew Weidemann, Chairman	<i>Grain Producers Australia</i>
Wayne Kayler-Thomson, Chairman	<i>Great Ocean Road Regional Tourism</i>
Gavin Cator, Chief Executive Officer	<i>Greater Shepparton City Council</i>
Gary Hardwick, Chief Executive	<i>Hardwick Meats</i>
John Hazeldene, Managing Director, and Vicki Gaudion, Corporate Affairs Manager	<i>Hazeldene's Chicken Farm Pty Ltd</i>
Dan O'Brien, Chief Executive	<i>Incolink (and former CEO of RDV)</i>
Robert Stephenson, Head of Campus, Bendigo	<i>La Trobe University</i>
Philip Endley, Managing Director, and Owen Russell, General Manager – Customer Service	<i>Lower Murray Water</i>
Peter Johnston, Chief Executive Officer	<i>Macedon Ranges Shire Council</i>
Sharyon Peart, Chair	<i>Mallee Catchment Authority Chair</i>
Vernon Knight, Chief Executive	<i>Mallee Family Care</i>
Chris Crewther, Chief Executive Officer	<i>Mildura Development Corporation</i>
Gerard Jose, Chief Executive Officer	<i>Mildura Rural City Council</i>
Rob Spence, Chief Executive Officer, Bill Macarthur, President and Alison Lyon, Deputy CEO and General Counsel	<i>Municipal Association of Victoria</i>
Ben Gursansky, General Manager – Policy, Industry & Government	<i>Murray Goulburn</i>
Craig Heiner, Managing Director	<i>North East Water</i>
Bill Jackson, Chief Executive, and Kate Millar, General Manager	<i>Parks Victoria</i>

STAKEHOLDER NAME	STAKEHOLDER ORGANISATION
Robert Radford, Managing Director	<i>Radfords Warragul</i>
Bob Cart, Chief Executive Officer	<i>Raygen</i>
Bruce Anson, Chair	<i>RDA Barwon South West Committee</i>
Richard Elkington, Chair	<i>RDA Gippsland Committee</i>
Stuart Benjamin, Chair	<i>RDA Grampians Committee</i>
Mark Byatt, Chair	<i>RDA Hume Committee</i>
Jenny Dawson, Chair	<i>RDA Loddon Mallee Committee</i>
Michael Neoh, Chairman	<i>Regional Cities Victoria</i>
Brendan McGrath, Chief Executive Officer	<i>Rural City of Wangaratta</i>
Peter Nee, Head of Customer and Government Services	<i>Rural Finance Corporation</i>
Phillippe du Plessis, Managing Director	<i>South Gippsland Water</i>
Ross Lake, Chief Executive	<i>Tasco Petroleum</i>
Peter Goodwin, Operations Director	<i>Thales Group</i>
Jeremy Johnson, Chief Executive Officer	<i>The Sovereign Hill Museums Association</i>
Roma Britnall, Vice President	<i>United Dairy Farmers of Victoria</i>
David Shelton, Executive Director – Strategy and Planning	<i>VicRoads</i>
Peter Hunt, Executive Policy Manager, and Melanie Brown, Policy Manager	<i>Victorian Farmers Federation</i>
Jo Bourke, Executive Director	<i>Wimmera Development Association</i>
Rachael Sweeney, Executive Officer	<i>Wine Victoria</i>

Note: There are fewer than 74 stakeholders in this list as it does not include confidential consultations.

A.4 External Advisory Board meetings

The Board held five meetings over the course of the review (Table 5).

TABLE 5: EXTERNAL ADVISORY BOARD MEETING DATES AND LOCATIONS

DATE	LOCATION
Meeting 1, 23 March 2015	<i>Investment Centre</i> 55 Collins St, MELBOURNE
Meeting 2, 8 April 2015	<i>Century Inn</i> 5 Airfield Rd, TRARALGON
Meeting 3, 30 April 2015	<i>Cammeray Waters</i> 140 Taylor Rd, WOODEND
Meeting 4, 13 May 2015	<i>Deakin University Waterfront Campus</i> 1 Gheringhap St, GEELONG
Meeting 5, 10 June 2015	<i>Investment Centre</i> 55 Collins St, MELBOURNE

At its third meeting, the Board heard presentations from 15 peak industry and local government organisations, education providers and businesses (Table 6).

TABLE 6: STAKEHOLDERS WHO PRESENTED TO THE EXTERNAL ADVISORY BOARD ON 30 APRIL 2015

INDUSTRY/SEGMENT	STAKEHOLDER
Local government	<i>Municipal Association of Victoria</i>
	<i>Regional Cities Victoria</i>
	<i>Rural Councils Victoria</i>
	<i>Peri-Urban Group of Rural Councils</i>
Industry	<i>Australian Industry Group</i>
	<i>VECCI</i>
	<i>Victoria Tourism Industry Council</i>
Education	<i>Deakin University</i>
	<i>GO TAFE</i>
	<i>La Trobe University</i>
Energy	<i>Clean Energy Council</i>
	<i>AGL</i>
Food and fibre	<i>Victorian Farmers Federation</i>
	<i>Australian Farm Institute</i>
	<i>Schreurs & Sons</i>





