RURAL AND REGIONAL COMMITTEE

FINAL REPORT

Inquiry into Regional Centres of the Future

ORDERED TO BE PRINTED

November 2009

by authority

Government Printer for the State of Victoria

Parliamentary Paper
No. 252  Session 2006 – 2009
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Terms of Reference
PARLIAMENTARY COMMITTEES ACT 2003

REFERAL OF INQUIRY TO THE RURAL AND REGIONAL COMMITTEE
of the
PARLIAMENT OF VICTORIA

INQUIRY INTO REGIONAL CENTRES OF THE FUTURE

Referred by the Legislative Assembly on 27 May 2008: That under s 33 of the Parliamentary Committees Act 2003 the Rural and Regional Committee be required to inquire into, consider and report no later than 30 September 2009 on measures to build on the current Government’s investment in regional Victoria, through further development and enhancement of regional centres, focusing on the development of regional centres as places of economic, environmental, social and cultural innovation that enable regional Victoria to meet the challenge of predicted future population growth in this state, and, in particular, the Committee is required to report on:

(1) measures that could be taken to encourage new and existing businesses, industries and government authorities to establish operations in regional centres;

(2) the development of industrial land to support the economic base of regional centres;

(3) the most effective investments in infrastructure to encourage business and industry development in regional centres, and to support and encourage further population growth in regional centres;

(4) measures to promote strong social capital and high quality-of-life outcomes in growing regional centres; and

(5) examples from other jurisdictions where promotion of population growth in regional centres has successfully occurred.

Referred: 27 March 2008
Due: 30 September 2009
Extended to: 09 December 2009
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#### MINORITY REPORT
Chairman’s Foreword

Since I began Chairing this Inquiry into Regional Centres of the Future 18 months ago, the media have consistently raised issues surrounding the challenges that face Victoria if Melbourne becomes overpopulated - and we know that this is likely, given predictions that Melbourne’s population will reach 7 million within the next 40 years.

The media’s perspective on overpopulation has been focussed on the problems that Melbourne is already experiencing as well as those that await us if growth continues unchecked: ‘urban sprawl’; congested roads; a city ‘bursting at the seams’; the creaking strains of massive population growth; overcrowded public transport; gridlock; electricity grids going into meltdown; the ‘sprawl of the wild’; environmental sustainability issues; and so on.

What Government chooses to do at this particular juncture in history is critical for the future of this State.

I believe that the solution is clear: Government should redirect its energy and its funding efforts to regional centres, as a priority. We need a major cultural shift in the corridors of power which puts regional development up front, and which puts a sharper focus on redressing the balance of population growth between rural and regional Victoria, and our metropolitan centre.

Slowly the media is picking up on the regional solution.

The first step is to deal with the ‘non-negotiables’: infrastructure; connectivity (including transport and telecommunications); health; and education. Conducting hearings and talking to people throughout regional Victoria, the Committee heard this

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1 ‘The big leap’, The Age, 10 November 2009.
3 Ibid.
5 ‘The big leap’, The Age, 10 November 2009.
And time and time again. There simply needs to be a greater, more focussed investment in developing the basic infrastructure of the regions to the standard that is taken for granted in the city.

We need information on which to base the development of regional Victoria. We need to properly identify the assets in our regions so that the regions can build on their comparative advantages, and so that government policy can target development to encourage emerging industrial clusters, and provide support for regional centres to ensure they are investment ready. The Committee heard throughout regional Victoria that there are gaps in infrastructure availability and quality. An ‘opportunity audit’ of our regional centres is a good place to start to determine what the gaps are and how best to fill them.

We also need to empower our regional communities and increase the capacity of local authorities. This means effective, independent and well funded local bodies with decision-making power, which can be champions for their local communities and implement local solutions working in collaboration with local councils. It should also mean a more effective voice at the table in Spring Street for regional leaders and regional communities. This is something that they do well in other regions around the world.

My vision, which I believe is shared by many regional Victorians, and by colleagues on the Committee, is for a move away from government policy that supports centralisation. This means an overdue shift to decentralisation of government services, of people, and of business. Decentralisation isn’t a term that has always been popular amongst governments, but throughout our visits to regional centres in Victoria it was used many, many times. Along with regional Victorians, I believe that decentralisation should be pursued by government as an aggressive policy approach. The Government itself can lead by example in this regard. The regions have the potential to absorb the population.

Conducting this Inquiry and putting together this Report with my colleagues I have been inspired by the vision and ideas presented by experts, leaders, and regional champions from all walks of life – people who are working to develop our regions for the benefit of all Victorians. I am immensely grateful to all those who came before the Committee so that we could learn from them.

Local government Mayors, Councillors, Chief Executive Officers, Economic Development Officers and other Council representatives enthusiastically participated in roundtable discussions about the development of their regions. The Committee applauds their work and is grateful for the opportunity to hear their views.

Assistance with the Report was provided by Dr Paul Collits and a number of his colleagues at RMIT University in Hamilton and I thank them for their work. I am also grateful to Marcus Spiller, Andrew McDougall and their colleagues at SGS Economics and Planning for hosting a workshop with the Committee; to Trevor Budge for a private workshop in Geelong; to Professor Andrew Beer for suggestions with regard to entrepreneurship; to Dr Anna Howe who provided the Committee with a briefing on gerontology; and to Matthew Gould and his colleagues at the Victorian Employers Chamber of Commerce and Industry for including us in their Regional Business Forum deliberations, and providing an expert workshop. The experts who freely gave up their time to contribute to our efforts are too numerous to name here.

On behalf of Committee colleagues who met with international experts in May I thank the Ministers, advisors, policy makers, Members of Parliament, academics, economists
and others who generously shared ideas from their jurisdictions about the future of rural and regional citizens.

To those of my colleagues on the Committee who have been willing to take a bipartisan approach to the concerns raised before us in regional Victoria – I am indebted. We are first and foremost concerned with representing regional Victorians.

Committee Secretariats are an invaluable resource and ours has put in a tremendous effort. On behalf of my Committee colleagues I thank Lilian Topic, Jason Ngam, Patrick O’Brien, Veronica Pavlović and Eleanor Howe, for the time and energy they have devoted to supporting the Committee during this Inquiry and for their professionalism and dedication to their work.

During this Inquiry the Committee heard from 175 witnesses (including 14 comments from the floor) at 13 Public Hearings; conducted 3 workshops with regional development experts; received 64 written submissions, and recorded over 750 pages of transcripts of evidence. The quality and breadth of this Report is a testament to these contributions.

Over six hundred suggestions for development, improvement and reform in regional Victoria were made to the Committee. These are all provided in detail in the Report and I urge the government to look closely at each one.

From these suggestions the Committee developed a number of Recommendations, each of which are worthy of implementation, and each of which would assist regional centres in Victoria to reach their potential as world class centres of business and learning, and as vibrant, liveable communities.

I commend the Report to the Parliament.

Damian Drum MLC
Chairman

November 2009
Recommendations
Key Recommendations

Key Recommendation 1

The Committee recommends that the State Government establish a Regional Development Commission for each region of Victoria. These Commissions should be established as statutory authorities with annual budgets to implement strategic projects and provide services to their region.

Each Commission would be overseen by a Board consisting of ministerial appointees, local government representatives, as well as community leaders.

Each Commission will have the following roles:

- **Advocacy**: To advocate to the Minister for Regional and Rural Development and the Government on behalf of the regions in support of key regional programs and projects;
- **Advice**: Provide advice to the Minister for Regional and Rural Development and the Government on regional development matters;
- **Watchdog**: To act as a ‘watchdog’ with regard to the impact of government policy on rural and regional Victoria; and
- **Implementation**: To implement programs and projects in the regions.

The Chairs of each of the Regional Development Commissions would come together periodically to form a Regional Council chaired by the Minister for Regional and Rural Development. The Council would meet to discuss regional issues of state importance and to provide advice to the Minister for Regional and Rural Development. 12.122

Key Recommendation 2

The Committee recommends that the State Government conduct an Opportunity Audit of regional centres in Victoria. The Audit would consider current infrastructure, business and land use features of regional Victoria to determine gaps in the development of regional assets. It would also identify the current competitive advantages of regions in Victoria as a basis for further development. The Audit would be conducted with a view to targeting funding at long-term development of regional Victoria.

The Audit should include an assessment of current assets as well as opportunities for development, in the following areas:

- infrastructure, including in particular transport connections and telecommunications;
- emerging clusters;
- available land for business use;
- available land for residential development; and
- entrepreneurial activity.

The results of the Audit would be available publicly and would be used to generate further investment in regional Victoria. The purpose of the Audit would be to assist regions to identify their strengths, to ensure they can be investment ready, and to provide a basis for planning for a region, as well as to assist government to identify gaps in investment.

Furthermore the Audit would assist the government to develop a visionary statewide plan, along the lines of the Melbourne 2030 plan, which focuses on development of the state as a whole. 12.127
Other Recommendations

**Recommendation 3**
The Committee recommends that the State Government continue to work closely with the Federal Government and both industry and higher education sectors to:

- firstly, establish the projected and anticipated skills gap in regional Victoria; and
- secondly, establish within the higher education sector which provider is best placed to offer the appropriate courses to overcome these identified regional skills shortages.

7.144

**Recommendation 4**
The Committee recommends that the State Government advocate to the Commonwealth Government to consider a policy of promoting and further developing regional universities rather than city universities with regional campuses.

7.175

**Recommendation 5**
The Committee supports the recommendation by the Education and Training Committee and encourages the State Government to act to ensure that rural and regional young people in Victoria are not unfairly disadvantaged in their efforts to fulfil their higher education goals and that the Federal Government changes to the Youth Allowance do not have the disastrous effects foreseen by our colleagues at the Education and Training Committee.

In particular, the Rural and Regional Committee joins with the Education and Training Committee in recommending that the Victorian Government advocate to the Australian Government that young people who are required to relocate to undertake tertiary studies be eligible to receive the Youth Allowance.

7.187

**Recommendation 6**
The Committee recommends that the State Government, in its negotiations with the Commonwealth, ensure that Regional Development Australia Committees are structured in such a way as to ensure they can work across state borders for the benefit of regions.

8.31

**Recommendation 7**
The Committee recommends that sufficient funding be provided to Regional Development Australia Committees by both the Australian and Victorian Governments to ensure that they have the capacity to develop and implement strategic plans for their regions, including specific project funding.

8.56
Recommendation 8
The Committee recommends that where possible, local, state and federal government offices be co-located in regional centres to enable better coordination and service delivery to regional Victorians. This would allow for applications or issues requiring approval from a number of government departments to be dealt with more expeditiously.

Recommendation 9
The Committee recommends that a list of the number of current programs assisting regional leaders be compiled. A more integrated approach to developing regional leaders should then be taken between the Australian and Victorian Governments.

The Committee recommends that dedicated funding be provided for the provision of program coordinators for those leadership programs which are currently running successfully in regional Victoria.

In addition the State Government should assist regional coordinators to adapt and develop these programs according to regional needs with a view to their implementation across the state. This could be done in conjunction with an expansion of the Provincial Leaders Development Program.

Recommendation 10
The Committee recommends that the State Government provide greater support for councils to engage in cross-regional strategic planning and that all options be considered to encourage greater alignment of regional planning processes and policies across sectors and agencies.

Recommendation 11
The Committee recommends a review of business support programs to investigate the share of funding being allocated to regional centres and the spread of assistance between direct support to business versus community-wide support; and

Expansion of business development support for programs that encourage networking and collaboration.

Recommendation 12
The Committee recommends that the State Government, through Regional Development Victoria and Small Business Victoria’s regional offices, take a lead role in the establishment of business incubators across the ten major regional centres in Victoria, particularly those where sophisticated incubators do not currently exist. These should be established as part of a regional government sponsored program for incubators.

The Committee further recommends that where possible these be positioned within close proximity to higher education facilities and be established with strong links to the business community both for planning purposes and ongoing business mentoring and guidance.
Recommendation 13
The Committee recommends that the State Government sponsor an independent and detailed investigation into the cost of utilities in regional Victoria in general, in response to local council representatives.

The Government should particularly look into the costs for business and industry. The investigation should be conducted with a view to determining any price and access related inequities in utilities for rural and regional business and industry compared to their metropolitan counterparts. Furthermore it should consider the measures in place to offset these costs for business.

Recommendation 14
The Committee recommends that the State Government establish a local government planning task force consisting of planning managers from regional and rural local councils as well as regional planning experts. The task force would specifically address the following issues:

- current processes for planning scheme amendments;
- the timeliness and affordability of current processes;
- appeal mechanisms and objection procedures;
- issues surrounding the need for greater flexibility in decision-making related to planning, for regional councils; and
- mechanisms for taking into account the unique planning issues that exist in each region of Victoria.

Recommendation 15
The Committee recommends that the State Government conduct a review of its 2006 industrial estates audit [as the audit Report itself recommends]. The Committee recommends that this be done on a local government area basis and on a regional basis.

This review of the audit would address concerns heard during the Committee’s hearings for this Inquiry that the audit was conducted according to criteria that did not take into account the difference between identifying appropriately zoned land that is available for use as opposed to land that is vacant.

The audit would identify those local government areas within Victoria that require specific financial assistance to become investment ready and to take advantage of present and future business opportunities.

Recommendation 16
The Committee recommends that State Government grant schemes have additional finance set aside to encourage clustering and that network and sector supports be put in place to encourage clustering in areas where an emerging competitive advantage has been identified.
**Recommendation 17**

The Committee recommends that the State Government investigate the potential for the development of municipal bonds for the benefit of regional Victoria.  

9.167

**Recommendation 18**

The Committee recommends a set of strategic initiatives to encourage the development of entrepreneurial activity in rural and regional Victoria through targeted funding of the following:

a. A schools based entrepreneurship program that uses local businesses and others to encourage an interest in innovation and business;

b. A Young Entrepreneurs Program that could be utilised throughout regional Victoria;

c. A micro credit program for small businesses;

d. Establishment of a Regional Exporters Club – focussed on identifying new markets outside of the region, both outside regional Victoria and internationally;

e. A program for the establishment and maintenance of high quality websites; and

f. A program of bi-annual opportunity audits for the regions. This could be achieved as part of an audit of cluster opportunities, discussed earlier in this Chapter and in Chapter Twelve.  

9.208

**Recommendation 19**

The Committee recommends that the Victorian Government investigate further the possibility of holding a ‘Country Week’ in Melbourne as a three year pilot project to assist in its Provincial Victoria marketing campaign.  

10.92

**Recommendation 20**

The Committee recommends that the 79 Local Government Areas in Victoria be assessed and ranked in terms of liveability. This assessment should be conducted with a view to determining gaps in regional liveability that can be targeted for development.  

10.133

**Recommendation 21**

The Committee recommends that the new Regional Development Australia Committees form close alliances with Catchment Management Authorities to ensure a proper alignment of regional economic and environmental objectives.  

11.22
Recommendation 22

The Committee recommends that the Victorian Government commission research into the potential impacts of climate change and climate change mitigation policies, including the proposed Carbon Pollution Reduction Scheme, on business and industry in regional Victoria. Such research should follow a review of existing information and evidence.  

11.30

Recommendation 23

The Committee recommends that the State Government revisit their targets for population growth in light of the need to ensure that expected future population growth in Victoria is balanced between metropolitan and non-metropolitan areas. New targets should be set which can act as the basis for a comprehensive government decentralisation strategy. The Committee recommends that this be done giving consideration to the study on population growth prepared for Regional Cities Victoria.  

12.51

Recommendation 24

The Committee recommends that the State Government undertake a review to identify the potential for decentralisation of agencies and government functions to regional Victoria. The Committee further recommends that the State Government advocate to the Federal Government for a review of national agencies that could potentially be decentralised to regional Victoria.  

12.68

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## Profiles

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Chapter One

Introduction

The Committee

1.1 The Rural and Regional Committee (‘the Committee’) is a Joint Investigatory Committee of the Parliament of Victoria. It was first established in 2007 and is preceded by the Rural and Regional Services and Development Committee. The Committee comprises seven Members of Parliament drawn from both Houses and all Parties. The Committee elects the Chair and is chaired by Mr Damian Drum MLC, Member for Northern Victoria. The members of the Rural and Regional Committee have long affiliations with rural and regional Victoria. They are all passionate about the need for government to continue to contribute to sustaining and developing rural and regional Victoria for the benefit of all Victorians, and to do so through extensive consultation with local people.

1.2 The powers and responsibilities of the Rural and Regional Committee are determined by the Parliamentary Committees Act 2003. The functions of the Committee, as defined by s16(1) of the Act are:

   To inquire into, consider and report to the Parliament on any proposal, matter or thing concerned with the provision of services to, or the development of, regional Victoria if the Committee is required or permitted so to do by or under the Act.

1.3 Matters are referred to the Committee either by resolution of the Council or the Assembly or by Order of the Governor-in-Council. The Parliamentary Committees Act 2003 also enables a Joint Investigatory Committee to
inquire into and report to Parliament on any annual report or other document relevant to its functions and which have been laid before either House of Parliament.

Terms of Reference

1.4 The Terms of Reference for the Rural and Regional Committee’s current Inquiry into Regional Centres of the Future were given to the Committee by the Legislative Assembly on 27 May 2008 under s33 of the Parliamentary Committees Act 2003.

1.5 According to the Terms of Reference the Committee was to inquire into, consider and report on measures to build on the current Government’s investment in regional Victoria, through further development and enhancement of regional centres, focusing on the development of regional centres as places of economic, environmental, social and cultural innovation that enable regional Victoria to meet the challenge of predicted future population growth in this state, and, in particular, the Committee is required to report on:

1) measures that could be taken to encourage new and existing businesses, industries and government authorities to establish operations in regional centres;
2) the development of industrial land to support the economic base of regional centres;
3) the most effective investments in infrastructure to encourage business and industry development in regional centres, and to support and encourage further population growth in regional centres;
4) measures to promote strong social capital and high quality-of-life outcomes in growing regional centres; and
5) examples from other jurisdictions where promotion of population growth in regional centres has successfully occurred.

1.6 The Committee’s reporting date is 30 September 2009. The Committee advised the Minister for Regional and Rural Development that the Final Report would be tabled by the final sitting week of the 2009 Parliamentary session.

The Evidence Gathering Process

Submissions

1.7 The Committee advertised the Call for Submissions throughout rural and regional Victoria, and in Melbourne, during June 2008. The deadline for submissions was Friday 31 October 2008. This date was extended to facilitate organisations and individuals who were keen to contribute to the Inquiry but were not able to meet the deadline. Provision was made for
online submissions, via the Committee website, in addition to the usual postal submission process.

1.8 The Committee called for people involved in the development of regional centres, including community groups, federal and state government agencies, local government authorities, business and consumer groups, students, and private citizens to make submissions.

1.9 The call for submissions generated considerable public interest and resulted in the Committee receiving a total of 64 submissions. Submissions were received from a range of government, industry and community organisations across the state as well as from interested individuals. The number and quality of submissions received reflects the level of interest within rural and regional Victoria in the role of government in the sustainable development of regional communities.

Public Hearings

1.10 A major component of the evidence gathering process was a series of public hearings held in Melbourne and regional areas around Victoria. From October 2008 to June 2009, the Committee held regional hearings in Geelong, Ballarat, Morwell, Shepparton, Bendigo, Horsham, Warrnambool, Mildura, Wodonga, Wangaratta and Melbourne.

1.11 The witnesses who generously gave up their time to attend and participate in the Committee’s rural and regional hearings represent a diverse range of organisations and interests. They include representatives from key industry bodies, local operators, small businesses, academics, local and state government, local organisations, the community sector, and private citizens and individuals with a stake in the direction in which their communities are developing.

1.12 One of the highlights of this Inquiry process was the opportunity to hear collectively from Mayors, Councillors, Chief Executive Officers, Economic Development Officers and other representatives from a number of Councils within a regional area at the beginning of each hearing in regional centres. This gave councils an opportunity to give a regional perspective to their testimony if they wished to, as well as to put forward their individual views. For the Committee it was interesting and enlightening to hear these perspectives and to learn more about how well councils can work together in regional Victoria.

1.13 The Committee is grateful to council leaders for agreeing to appear at hearings in regional groupings. The advantages for the Committee were many, including hearing council representatives engage in discussion concerning shared issues and concerns; the opportunity for council leaders to respond to each other as well as to the Committee; and the possibility for significant reinforcement of each other’s views on key issues. The Committee would look favourably on employing a similar collective discussion format during hearings for future inquiries.
1.14 At the conclusion of each hearing an opportunity was provided by the Committee for the public to make a ‘Comment from the floor’, an innovation adopted by the Rural and Regional Committee to ensure that interested individuals attending hearings would be able to formally participate and have their views recorded.

1.15 The logistical process of preparing for rural and regional hearings was assisted in many cases by local government and other organisations. The Committee Members and Secretariat gratefully acknowledge the assistance provided to us by local people throughout regional Victoria. We are also grateful for the generous hospitality of country people in the areas visited.

1.16 The evidence received by the Committee through the public hearing and submission process has been invaluable in compiling this Report. The Committee gratefully acknowledges the considerable time and effort that has obviously gone into preparing the submissions received and the testimony presented at hearings. We were particularly impressed with the lack of parochialism in people’s outlook on regional development and their engagement with their region as a whole. Our report would not be possible without the thoughtful contribution of those who shared their views, knowledge and experience of building their regional communities.

1.17 Evidence received amounted to more than 700 pages of testimony from the hearings and more than 1,000 pages of submission material. Detailed analysis was conducted to identify themes and issues of importance to participants in the Inquiry process. Some of this material has been included through direct quotes within the Report. The remaining material informed the deliberation process which was undertaken by the Committee and which led to recommendations being formed.

1.18 The evidence gathered directly from stakeholders in rural and regional Victoria was supplemented by extensive research conducted by the Committee, which is also reflected in this Report.

**Report Structure**

1.19 The Report is divided into two parts. Part A (Chapters One to Six), *Regions and Regional Policy*, provides relevant background and context to the findings of the Committee and the issues surrounding regional development. It also provides a snapshot of the key issues relating to the development of regional Victoria and regional centres. It outlines the important trends – local, regional, national and international – that are shaping regional development outcomes. It highlights some constraints upon the capacity of government to effectively intervene in regional development and stresses the importance of working with local leaders and their communities.

1.20 Part B (Chapters Seven to Twelve), *Developing the Regional Centres of Victoria*, focuses on ways in which regional centres in Victoria can grow. The chapters cover those areas of regional development governments can
influence – growing regional economies, leadership, improving liveability, sustainable development, working together across regions and strategies for regional development.

1.21 A number of profiles have been included in the Report. These highlight particular organisations, individuals, or communities that are committed to the development of their region. The Committee saw far too many examples of good practice to include all of them in this report – those included provide a taste of what is happening in communities throughout regional Victoria. We thank those who provided information for these profiles.

1.22 The Report is structured around key themes in regional development. The questions posed by the Terms of Reference are addressed throughout the Report and particularly in the recommendations.

1.23 During investigations for this Inquiry it quickly became apparent that the Committee could make hundreds of recommendations for the development of Victoria’s regions. We have attempted to develop some key strategic recommendations for the long-term development of regional Victoria: these are in areas we believe to be crucial. We have also made recommendations for immediate changes that could positively influence the direction of certain areas, or that respond to advice from regional and rural Victorians about how their own region could be assisted to develop. The Committee hopes that the Government will look favourably on the implementation of all its recommendations.

Part A: Regions and Regional Policy

1.24 Chapter Two begins with definitions of regions and regional centres. The chapter then discusses the following – key issues; identifying the parameters of the inquiry; existing approaches to regional development; learning from other regions; key outcomes sought (in relation to liveable communities); empowering regional leaders; entrepreneurship and innovation; communication and connectivity; population distribution; strategic planning for economically and environmentally sustainable development; and the Committee’s overall approach to the Inquiry.

1.25 Chapter Three is an overview of the ‘key trends in regional Victoria’, focusing on population movements; current market uncertainty and the global financial crisis; climate uncertainty; and resource use.

1.26 Chapter Four discusses policy settings in regional development, focusing on the Australian Government; the Victorian Government; local government; approaches across jurisdictions; recent regional policy changes; similarities in approach across jurisdictions; gaps in the Australian approach to regional development; evaluating government intervention; and the impacts of non-regional policies, such as carbon trading, on regional businesses.
Chapter Five outlines the international trends and developments in successful regions; the concept of ‘rural proofing’; and the United Kingdom’s ‘policy watchdog’, the Commission for Rural Communities.

Chapter Six examines the drivers of growth and decline in regions including traditional theories; examples of recent thinking; explanations for growth and decline in regions; and international and Australian studies.

Part B: Developing the Regional Centres of Victoria

Chapter Seven looks into the building blocks for regional development covering the ‘non-negotiables’ of health, education and connectivity – the base level services that must be in place in the regions for growth to be possible.¹

Chapter Eight is concerned with better regional governance; involving stakeholders in effective structures; working together across regions; aligning strategic activities; small towns and regional centres; integrated regional planning; developing partnerships; and developing local leadership.

Chapter Nine focuses on growing regional economies; examining and building capacity; business support; cluster development, and business networks; and entrepreneurship and innovation.

Chapter Ten is concerned with improving liveability in regional centres through promotion of community wellbeing; migration and people attraction; health; education; the arts and the possibility of retaining young people in regional Victoria.

Chapter Eleven focuses on sustainable development in terms of natural resource management; climate change; land-use change and water availability; green jobs; energy sustainability; and opportunities for regions.

Chapter Twelve looks at the way forward specifically pertaining to liveable communities; empowering regional leaders; entrepreneurship and innovation; communication and connectivity; population distribution; and strategic planning for economic and environmentally sustainable development in regional Victoria.

¹ Local government representatives, business people, community groups, educators, health practitioners and regional citizens agree that a number of ‘non-negotiables’ – infrastructure; connectivity (transport and information and communications technology); health; and education – are required to sustain and develop regional centres. See Chapter Seven for further discussion of this concept.
Chapter Two

The Committee’s Task

Introduction

2.1 The Inquiry into Regional Centres of the Future reflects a current increase of interest in regional development outside major cities. It is based on the recognition of challenges facing the State due to a growing population and the need to sustainably meet the economic and social needs of that population. The subject of regional development raises many issues and overlaps with many areas of interest to rural and regional Victorians such as transport; education and training; housing; economy; social; and cultural capital. These are broad and complex issues each worthy of a report in themselves, requiring the Committee to be selective and strategic in its approach to what has been included here.

2.2 The central task for the Committee during the Inquiry process has been to identify recommendations for action by the Victorian Government which will contribute to advancing the position of regional centres, in addition to (or instead of) current policies and programs. The Committee is also concerned with exploring what actions the regional centres themselves can take to advance their positions as economically viable and liveable communities.

2.3 The Inquiry relates specifically to Victoria’s regional centres, as defined below. However, regional policy interventions cut in at many geographic scales, and address the issues of smaller towns and whole regions, not just of regional centres. The challenges for regions are closely interlinked to the challenges for individual centres, and the Committee’s findings and
recommendations are intended to have positive impacts on all of regional Victoria.

2.4 The Committee’s Inquiry takes place against a background of recent population projections that indicate future rapid growth in the capital city. The Table below illustrates the projected population growth as well as the projected split between metropolitan and regional population (also see Chapter Three). Our capital city, Melbourne, is beginning to show signs of the severe stresses associated with a rapidly expanding population. One of the strong motivations for conducting the Inquiry has been the desire to encourage more in-migrants to settle outside Melbourne. The Committee is also motivated by a wish to see government planning efforts continue to focus on developing regional centres as viable and sustainable alternatives to the capital city. Our regional centres can accommodate further growth and government policy should shift direction to concentrate development in regional centres.

2.5 Armed with the statistics below and the knowledge that the population split between regional and metropolitan Victoria is slowly changing in favour of the capital city, should provide government policy makers with the impetus to focus on regional development, and to concentrate their efforts on reversing this trend.

2.6 The Committee’s view is that actions to drive regional development are possible at the local, regional and state government levels and can make a real difference to regional outcomes, despite the complexity of regional development processes and the fact that regional communities do not always control the factors that shape development. If anything, the news that Melbourne is likely to experience even stronger population growth in the near future should cause governments and regional bodies to increase their efforts to achieve positive regional development.

2.7 The Committee holds the view that, above all, government policies (both regional policies and non-regional policies) should always seek to support local regional development efforts.

| Table 1: Population Split Comparisons |
|-------------------------------|-----------|------------|
|                               | Metro     | Regional   | TOTAL    |
| 2006 Pop’n                    | 3,744,370 | 1,383,940  | 5,128,310|
| Split (%)                     | 73.01     | 26.99      |          |
| 2011 Pop’n                    | 4,082,870 | 1,466,940  | 5,549,810|
| Split (%)                     | 73.57     | 26.43      |          |
| 2015 Pop’n                    | 4,334,340 | 1,529,940  | 5,864,280|
| Split (%)                     | 73.91     | 26.09      |          |
| 2016 Pop’n                    | 4,396,920 | 1,546,000  | 5,942,920|
| Split (%)                     | 73.99     | 26.01      |          |
| 2021 Pop’n                    | 4,704,720 | 1,628,060  | 6,332,780|
| Split (%)                     | 74.29     | 25.71      |          |
| 2026 Pop’n                    | 5,000,050 | 1,711,140  | 6,711,190|
| Split (%)                     | 74.50     | 25.50      |          |
| 2031 Pop’n                    | 5,278,150 | 1,789,540  | 7,067,690|
| Split (%)                     | 74.68     | 25.32      |          |


1 Table created by Committee Secretariat based on data sourced from the Victorian Population Bulletin 2008, as produced by the Department of Planning and Community Development.
2.8 Population projection figures can also be found in Tables 2 and 3 in Chapter Three under the subject heading ‘Population Movements’. As the figures in these Tables show, the population of regional centres in Victoria is expected to grow. Although, as the above Table demonstrates, this will be at a slower rate than is expected for metropolitan Melbourne.

**Definitions**

*What Is a Regional Centre?*

2.9 The idiom ‘regional centre’ has an array of meanings, depending upon the context in which it is used. As the Committee noted throughout the Inquiry process there are various and competing definitions. For example, the State of Victoria (Australia) may be called a regional centre in a global context. Suburban centres within capital cities have been referred to as regional centres. However, in the context of this Inquiry, the focus is on regional centres outside of the Melbourne metropolitan region.

2.10 It is apparent that terms such as ‘regional city’; ‘major centre’; ‘provincial centre’; and ‘urban centre’ are used – at times in a perplexing or interchangeable fashion – in the compilation and reporting of population statistics, in policy documents and by groups representing regional centres.

2.11 In 2000, ten regional councils formed Regional Cities Victoria to represent provincial Victoria through a single voice. Working closely with the State Government and other stakeholders, Regional Cities Victoria attempts to tackle issues of importance to regional Victoria. Regional Cities Victoria considers its ten member cities to be the largest regional centres in Victoria. These ten cities are: Ballarat, Bendigo, Geelong, Horsham, Latrobe City, Mildura, Shepparton, Wangaratta, Warrnambool and Wodonga.

2.12 One approach to defining a regional centre may be to consider the functions that a regional centre performs. The concept of a regional centre is often defined in terms of the facilities and services it provides for residents within a larger area surrounding the centre. In this case regional centres are hubs that provide a level of service and amenity that cannot be reproduced in every town. The ten cities that have formed Regional Cities Victoria would meet a functional definition of this type. However, it could be argued that some medium sized towns perform this function in areas without larger centres, and should therefore also be included.

2.13 It is the Committee decision to utilise the definition of ‘regional centres’ as Regional Cities Victoria has expressed. The advantage of using the list of ten centres that comprise Regional Cities Victoria for this Inquiry is the consistency of use with existing policy and programs. These ten cities also meet a ‘functional definition’ as service hubs for a larger area. Conversely,

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2 Office of the Premier, ‘Victoria to become regional centre for one of world’s biggest financial services companies’, Media Release, 24 September 2003.

possible disadvantages include the inconsistency of terminology compared to the Australian Bureau of Statistics classification system and the Bureau of Rural Science definitions, and a possible disconnect between the definition and the perception of residents in rural and regional Victoria. However, inconsistent terminology is an issue that will be faced regardless of which definition would be utilised. Consequently the Committee believes that the perception of rural and regional residents is possibly of more concern, particularly in regions that do not contain one of the larger regional cities.

2.14 Hence, for the purpose of this Inquiry the Committee utilises the definition of regional centres undertaken by Regional Development Victoria and Regional Cities Victoria which leaves opportunity to recommend that other places may be, and are developing into, regional centres. This encompasses the ten regional cities, but also some medium sized towns that serve as regional hubs or which might be pinpointed as developing into ‘hubs’ in the near future. This does not imply ignoring small towns, since connectedness between smaller towns and regional centres will be an important aspect of any regional centre of the future.

**Regions in Victoria**

2.15 In accordance with the Victorian Government’s Department of Human Services, the Committee recognises and defines Victoria through eight geographical locations for the purpose of this Inquiry. Accordingly it is recognised that defining Victoria’s regions in such a manner, the eight regions consist of three metropolitan and five rural regions.

Three metropolitan regions:
- Eastern Metropolitan Region;
- North and West Metropolitan Region; and
- Southern Metropolitan Region.

And five rural regions:
- Barwon–South Western Region;
- Gippsland Region;
- Grampians Region;
- Hume Region; and
- Loddon Mallee Region.
**Fundamental Issues for Regional Development**

2.16 Regional development might be defined broadly as the deliberate attempt by government (at any level) and/or regional actors to influence regional outcomes, either in relation to the economy, the community or the environment, or all three, with varying objectives that generally relate to some notion of ‘regional wellbeing’.4

2.17 Some of the important questions surrounding regional development, which have informed the Committee’s consideration of the key issues for the Inquiry, might be set out as follows:
- What are we trying to achieve (or how is ‘success’ defined)?
- Who is responsible for regional development?
- What drives success?
- What works in terms of strategies and programs?
- What is the basis for intervening?
- How much intervention is needed?

2.18 The answers to these questions suggest that effective regional policy is a complex and controversial business. For example, regional policy development has in some cases been reactive to problems or requests for subsidies rather than part of a planned strategy for a regional area. There is a need for clarity about regional development objectives when measuring the effectiveness of policies and strategies. Regional and government objectives should always be clearly stated.

2.19 Responsibility for delivering regional wellbeing is shared by individuals, communities and governments at all levels. In many cases governments can generally only influence outcomes indirectly. Regional governance is often complex and sometimes unwieldy, and is nowhere defined in the Constitution.5 Regional leaders, including elected officials and industry and community leaders, can suffer from problems of both legitimacy and capacity.6 The need for collaborative partnerships across regions is critical to the management of regional development. Local leadership is generally believed to be an important ingredient in regional success.

2.20 There are many elements that contribute to the possibility of regional ‘success’, some of them local such as natural disasters, and some driven by global concerns, such as market fluctuations and financial crisis. There are also many theories as to which drivers are the most important. These are discussed throughout this Report. Moreover, the thinking about regional success has evolved over time, and there is no single, all-encompassing theory of regional development that fully explains regional growth and decline. This suggests that regional development processes are complex and therefore not always susceptible to effective government intervention.

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5 See also discussion in Chapters Four and Eight for more specific discussion on governance structures.
It also means that evaluating the success of regional policies and strategies is not necessarily straightforward.

2.21 The basis for intervening in regional development will vary, and will reflect political priorities as well as the visibility and significance of problems. Often the most visible and therefore politically sensitive problems are the ones addressed. The Committee heard that this may or may not be the most effective way governments can help drive regional development.

2.22 There is no commonly accepted rule of thumb for interventions. How much intervention is needed remains both a philosophical and a practical question, and opinions will vary widely. An important task for regions and for government is therefore to determine those drivers of regional development where action by agencies can make a difference to regional outcomes. Generally, ‘top down’ approaches historically taken by governments worldwide have been progressively abandoned by most Organisation for Economic Cooperation and Development (OECD) countries, in favour of ‘bottom up’ approaches generated by the needs of communities.

**Clarifying the Reach of the Inquiry**

2.23 The Committee’s consideration of regional development occurs in a context of a wide range of actions, strategies and policies instigated by local, state and national agencies to promote regional wellbeing. As well, regional outcomes are affected, often strongly, by the non-regional policies of governments at all levels.

2.24 A key task for the Committee has been to determine where to focus its attention, in view of the many issues and processes involved in regional development and the broad range of policies and programs already in place.

2.25 There is a long list of issues that have an impact on regional development generally, and on the growth of regional centres in particular. The Committee has identified the following as key issues for examination or recommendations in the Inquiry. All are important issues for consideration but some will be more closely examined and encapsulated in recommendations for change because of their strategic potential to influence regional development:

- community and economic development;
- population movement and regionally distributed populations;
- liveability in regional communities;
- education service and provision;
- entrepreneurship and innovation;
- transport;
- health service and provision;
- regional planning;
• communication and connection;
• economic and environmentally sustainable development;
• resource use and development;
• empowering regional leadership;
• infrastructure;
• governance;
• service provision;
• skill development;
• business support;
• youth retention;
• managing growth and change;
• sustainable development and land management;
• globalisation and market uncertainty (and the Global Financial Crisis); and
• climate change and environmental impacts.

2.26 This list underscores the sheer breadth and variety of factors that affect the growth of regional centres, and reinforces the fact that regional development is a whole-of-government task to be engaged in by agencies across many portfolios and by governments at all levels. Later Chapters discuss these matters systematically and in some detail, and make recommendations for action by government and regional organisations.

2.27 The Committee’s focus is mainly on those areas where government action can make a measurable difference to regional outcomes.

2.28 The Committee has also determined that there are a number of ‘non-negotiable’ elements needed to grow dynamic regional centres. The Committee believes that these are the fundamental building blocks needed for sustainable growth in all regional centres. They are health, education and connectivity (transport and communications infrastructure), and are discussed in detail in Chapter Seven. These building blocks reflect people’s basic expectations about services and often determine whether households and business owners will consider locating in regional areas.

Existing Approaches to Regional Development

2.29 There is a rich tradition of regional development interventions in Australia, though often programs have led policy rather than the reverse.

2.30 Trends in policy have reflected Australia’s geography, history and government structures; its particular regional problems; the discovery over time of ‘what works’; the ideologies of government political parties; and the latest developments in thinking and practice internationally.

2.31 Australia’s level of urbanisation is high by international standards, and there are relatively few major centres of population away from the capital
2.32 Policy interest in decentralisation peaked in the 1970s, but has since declined, for a number of reasons. First, regional problems have become more complex, and past policies have been re-examined in the light of changed circumstances. Second, there has also been a pronounced shift away from top down regional policies generally, both here and overseas. Third, governments came to better understand the drivers of regional development, and to recognise that they have limited scope for engineering large scale population shifts on the scale that would be needed to alter the urban–regional imbalances. Finally, governments have chosen to favour tailored, region-specific solutions to regional issues.

2.33 Hence, the city–country divide, while still a powerful cultural force, no longer drives policy. Nevertheless, most regional policies and programs at state and national levels of government are directed towards non-metropolitan regions. While the decentralisation objective has largely disappeared from explicit government agendas and policy, there is still a longing on the part of country people in regional centres (and smaller rural towns) to be bigger and more diverse. There is a popular belief that overcrowded cities are simply too big – the OECD lists problems with large cities as including ‘inequalities and social cohesion, urban sprawl and congestion, environmental problems, housing shortages and distressed areas’ – and that the planning of future growth in the capitals should include provision for the decentralisation of population and industry to regional centres.

One solution may not be to shut up shop on population growth in Victoria, but rather to ease the pressures on Melbourne as the state capital to be the primary accommodation for new housing developments. A greater focus on opportunities in regional centres can help develop them and support towns while taking infrastructure pressure off Melbourne.

2.34 The recent population projections (see Table 1) which show a likely dramatic increase in Melbourne’s growth will only strengthen the belief that population planning should direct more growth into regional areas. These issues are discussed in Chapter Three.

2.35 The current regional policy consensus among governments of all persuasions in Australia is as follows:

- regional problems vary considerably across space and time;
- regions themselves are best placed to determine their own priorities for development;

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7 See Organisation for Economic Cooperation and Development website: <http://www.oecd.org/document/51/0,3343,en_2649_34413_36886003_1_1_1_1,00.html>; accessed July 2009.
• the role of government is to support local and regional efforts through various funding programs;
• poorer regions or regions experiencing economic shocks or other problems should be singled out for assistance;
• policies should be region-specific;
• regional competitive advantage can be created, and is not just about cost competitiveness;
• leadership and partnerships are critically important to regional success;
• liveability and sustainability are important considerations for regional wellbeing; and
• non-metropolitan regions have a special need of attention.

2.36 Much regional policy activity is already under way in Victoria, indeed in Australia, and there is a plethora of institutions and stakeholders involved. There are many community and regional scale success stories. Many of the strategies and initiatives have been ably assisted by government programs.

2.37 Many, perhaps most, regional policies, are designed to support local efforts to manage change. They are not designed to fundamentally change existing patterns of development, or to address directly the bigger picture drivers of that change. As well, many regional policies are enacted to enhance the quality of life in regional areas, to help people to make the most of their current circumstances.

2.38 The Committee recognises the good work (and research) already done in and about the regions. It is important for us to decide what is missing – what more could be learned and done, indeed, what the Committee considers ‘success’ should look like in terms of regional development objectives. During our Inquiry we have been concerned with those questions, and we hope that this Report goes some way to engaging with them and presenting some of the answers to what drives success in regional development.

Commonwealth Policy

2.39 Commonwealth involvement in regional development has waxed and waned over many years.

2.40 The Australian Government currently administers a range of regional policies and programs, primarily through the Department of Infrastructure, Transport, Regional Development and Local Government. Under the previous Coalition Government, the most visible programs were the Regional Partnerships Program and the Sustainable Regions Program. The current Government has terminated the Regional Partnerships Program, which funded a range of initiatives in regions, and has moved to fund regional initiatives largely through local councils.

2.41 There continues to be a strong focus on funding regional institutions. Since the early 1990s, the Commonwealth has funded regional development
bodies, first the Regional Development Organisations, then Area Consultative Committees and now Regional Development Australia (RDA) Committees. There has been a shift in these institutions away from funding projects towards strategic planning and the provision of advice to government in the case of the RDA Committees, though the precise direction of the emerging RDA Committees remains uncertain. At the time of writing this Report these Committees had been appointed by the Australian Government.\(^9\)

2.42 The major recent reform has been to align State/Territory and Federal regional development institutions for the first time. In Victoria, this alignment has occurred with the state’s administrative regions (noted above). Hopefully this change means that regional development objectives now have an opportunity for much closer connection and collaboration across levels of government.

2.43 It remains to be seen whether the new RDA Committees will have the capacity (funding) for strategic actions to enhance the development of their regions. The transition from Area Consultative Committees to RDA Committees has also necessarily involved some disruption and uncertainty.

2.44 The Victorian non-metropolitan regions are very large. They contain discrete sub-regions (including local government areas) where regional development activities will continue to take place.

**Victorian Government Regional Policy**

2.45 The Victorian Government made a substantial submission to the Committee and the Committee heard many positive endorsements of the Regional Development Victoria model during its Public Hearings in regional Victoria. According to the current Victorian Government, regional development has been its priority since 1999.\(^10\)

2.46 Regional Development Victoria, a business unit of the Department of Innovation, Industry and Regional Development, is the main state level body responsible for facilitating economic, infrastructure and community development in provincial Victoria. It provides programs, resources and services to rural and regional Victoria and is the Government’s lead agency for shaping policy in these areas.\(^11\)

2.47 In 2003, Regional Development Victoria was established to be a single agency dedicated to rural and regional Victoria. Under the *Regional Development Victoria Act 2002*, it is charged with improving agency coordination across the whole Government and to work collaboratively in

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9 The Chairs, Deputy Chairs and members of RDA Committees in Victoria were announced on 15 October 2009. For further information see the Regional Development Australia website: <http://www.rda.gov.au/about_the_rda_network/vic.aspx>.


partnership with all tiers of Government to enhance policy development and program and service delivery for rural and regional Victoria. This Act represented an Australian first by establishing a State Government office primarily set up to assist regional development through infrastructure delivery, marketing and promotion, and representation of regional and rural issues.

2.48 Regional Development Victoria’s role includes the administration of the Regional Infrastructure Development Fund. The Fund aims to support the competitiveness of rural and regional Victoria and enhance its growth and development through funding for capital works projects.

2.49 In 2005, the Victorian Government released the policy document, *Moving Forward: Making provincial Victoria the best place to live, work and invest*, outlining a program of actions in regional Victoria. It is unclear how much of this funding has been allocated. In June 2008, an update on the *Moving Forward* policy was released, *Moving Forward: Update. The next two years 2008 to 2010*. The document includes discussion of the ongoing impact of drought, and continuing and growing demand for new skills and infrastructure in regional Victoria. It also notes the strong population growth expected in Victoria in coming years, with the population being predicted to grow by one million people by 2020, one decade earlier than previously planned for in the Victorian Government’s *Melbourne 2030* document. Some of this expected growth will be in regional Victoria, necessitating the need for improved infrastructure and industry growth. This predicted growth has also been a driving concern for the Committee in its approach to this Inquiry. The Committee welcomes the predicted growth and indeed would like to see a greater percentage of the overall growth to be in regional Victoria.

2.50 The *Moving Forward: Update* document includes a regional planning initiative intended to boost the planning capacity of Victoria’s 48 regional and rural councils and to accelerate the development of statutory plans for major regional growth centres. The proposal is for Council planning work to be overseen by a Ministerial Taskforce chaired by the Minister for Regional and Rural Development, Hon Jacinta Allan MP, and implemented by Regional Development Victoria. The Taskforce has been conducting consultations in regional Victoria.

2.51 Other Victorian Government programs include the Planning for Sustainable Communities in Regional Victoria Program; the Regional Urban Development Program following on from the Regional Town Development Plan Program; and *A Fairer Victoria*, aimed at strengthening the social infrastructure of regional and rural parts of Victoria.

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Inquiry into Regional Centres of the Future

2.52 The Committee welcomes Government programs for developing regional Victoria and urges the Government to continue to focus spending on growing regional centres.\textsuperscript{14}

Learning from Other Regions

2.53 The Committee recognises that good practice in regional development abounds in many countries throughout the world.

2.54 This Report makes frequent reference to best practice examples in policy, strategy and governance from other jurisdictions. There is much to learn from overseas as well as Australian practice.

Key Outcomes Sought

Liveable Communities

2.55 Regional development is no longer simply about economic outcomes such as improved employment, increased wealth and better productivity, important though these are. Contemporary policy objectives typically embrace the ‘triple bottom line’ of economic viability, social inclusion and environmental sustainability. The Committee believes that regional centres of the future will need to be productive, sustainable and liveable. Hence there is now a strong push towards sustainability and liveability agendas in many regional development policies and strategies.

2.56 The liveability agenda has been influenced by recent theories of regional development that emphasise the need to attract people as well as investment to regions. New people bring new ideas and new skills to a region, and the recent evidence relating to urban-to-rural migration here and overseas suggests that people increasingly favour places that have amenity, good quality services, opportunities for a better lifestyle and cultural attractions.

2.57 The Victorian Competition and Efficiency Commission report, \textit{A State of Liveability} released in May 2008, indicated that there is a strong correlation between liveability of a regional centre and an increase in its population.\textsuperscript{15} It indicated that:

- liveability is a critical factor in attracting investment, new workers and population;
- not all (provincial) areas share the same liveability qualities. Some centres and areas have a poor liveability image;
- the economic performance and prosperity of a region is an important driver of many aspects of liveability (availability of employment);

• there are key business costs and liveability advantages for businesses located in regional cities compared to metropolitan Melbourne e.g. lower labour costs, lower building costs, lower water and sewerage business costs, quicker access to health facilities;

• people living in provincial Victoria have higher levels of subjective wellbeing or life satisfaction than those living in metropolitan Melbourne. A similar result is evident in Greater Bendigo, Greater Geelong and to a lesser extent in Ballarat\textsuperscript{16}; and

• community connectedness is highest in provincial Victoria and lowest in metropolitan Melbourne.

2.58 Factors adversely affecting liveability in provincial Victoria were found by the Victorian Competition and Efficiency Commission to include:

• lack of public transport;

• lack of tertiary education facilities;

• poor internet access;

• poor access to services and infrastructure; and

• incidence of adverse events such as bushfires, and drought.

**Empowered Regional Leaders**

2.59 The Committee strongly believes that supporting regional leaders is essential to regional development. Regional development literature sees leadership as an important driver of successful development, and practical systems in many parts of the world confirms this. Many case studies of good practice in Australia and internationally highlight the role of collaborative leadership and partnerships, particularly in regional communities. In the Australian case, this is important since we do not formally have autonomous regional governance bodies with spending power or decision-making authority.

2.60 Regional governance refers to the ways in which government agencies, elected officials and various stakeholder groups in regions act to effect positive regional outcomes across a broad range of regional issues. As noted above, in the absence of formal regional government arrangements in Australia, regional governance is left to a wide range of groups with an interest in regional planning and regional development. Some of these informal bodies have been established by the Federal or State Government and some are based on the initiative of local governments or communities. These groups act individually and sometimes in combination to achieve their objectives.

2.61 There is an enormous variety of regional leadership styles.

2.62 The 1990s in Australia saw a marked increase in government-sponsored research into regional development, in particular in response to the

\textsuperscript{16} Similar evidence was provided to the Committee during a Public Hearing in Melbourne by Professor John Wiseman, Director, McCaughey Centre, University of Melbourne, *Public Hearing*, Melbourne, 4 May 2009.
regional impacts of the recession. One of the key findings to emerge from
the raft of reports and inquiries was the increased awareness of the
importance of regional leadership in driving development. The 1994
McKinsey report, Lead Local Compete Global emphasised this. The then
Government’s instigation of Regional Development Organisations was a
recognition of the role of leadership in creating competitive advantage.

2.63 Despite the existence (nationally) of regional bodies for over a decade in
Australia, there is a sense that, historically, they may not have achieved all
that they might be able to. One reason this is the case may have to do with
significant enough funding support, or lack of it, by government.

2.64 Regional leaders require strong support from government in their roles.
Regional development institutions in Australia are poorly funded relative to
their overseas counterparts, for example in the UK where Regional
Development Agencies receive large government funding. The capacity for
strategic leadership by regional bodies is related to core funding.

2.65 The Committee believes that regional institutions should be supported in
such a way that they attract high-quality leaders, are funded to achieve
regional goals and are encouraged to act on behalf of their regions.

Thriving Entrepreneurship and Innovation

2.66 Entrepreneurship and innovation are routinely linked to regional success in
the regional development literature. For example, Saxenian’s study of the
Silicon Valley and Boston’s Route 128 ascribes the former’s success to a
culture of innovation supported by dense networks of firms acting in
cooperation and achieved through so-called ‘knowledge spillovers’.

2.67 Innovation is typically measured by patents and inventions. This is only part
of the innovation equation, particularly in rural communities. Australian
farmers have always been highly innovative, often driven by difficult
seasonal conditions and protected international competition. Farmers have
long been successful innovators, and the benefits of their innovations have
been experienced at enterprise and industry levels, but the benefits of their
innovations have not always been captured regionally and reflected in
increased regional wealth. It is imperative that we develop more innovative
cultures in our regional centres generally, as well as supporting individual
enterprises in their efforts to innovate.

2.68 Too often in the past governments and regional authorities in Australia
have favoured ‘hunting’ strategies over what is now termed ‘economic
gardening’. In other words, they have gone after new investment through
the attraction of outside firms, often via financial incentives, rather than

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17 McKinsey and Company, Lead Local Compete Global: Unlocking the Growth Potential of Australia’s regions,
Final Report of the study by McKinsey & Company for the Department of Housing and Regional
18 Saxenian A, Regional Advantage: Culture and Competition in Silicon Valley and Route 128, Harvard
nurturing a dynamic local business culture through the support of innovation and an entrepreneurial culture. Local and regional development bodies and the central governments that fund them have tended to invest their limited resources in physical infrastructure and investment attraction. The evidence suggests that such an approach is too narrow, and should be supplemented by the more active encouragement of new business start ups; enterprise growth; product and process innovation; an emphasis on exports; the support of entrepreneurial networks; and the creation of a culture of innovation in our regional centres. The Department of Innovation, Industry and Regional Development has taken such an approach.\(^{19}\)

2.69 The Committee believes that entrepreneurship has historically been undervalued in regional economic development strategies in Australia, and that more could be done to support innovation and entrepreneurship and to embed these in local economic development strategies. The notion of the ‘entrepreneurial community’ is an important one for regional centres’ strategies.

**Communication and Connection**

2.70 The Committee believes that supporting collaborative action across regions is critical. This is summed up in the term ‘connectivity’. This means more than transport and communications infrastructure, crucially important though these are. The relationships between small towns and regional centres will be critical in the future and opportunities for cross-regional collaborations, both in business and in community service provision, require substantial rethinking.

2.71 Integrated regional planning is an important consideration in building regional collaborative partnerships, both among government agencies but also among non-government agencies and the community sector. The Committee heard a number of times about how essential integrated, collaborative and effective planning at a regional level is.

**Regionally Distributed Population**

2.72 As suggested above, decentralisation has proven an elusive objective in regional policy yet remains a powerful belief in the community. The projected future growth of Melbourne and ongoing problems of congestion and transport will ensure that dispersing population and industry from the cities will continue to be supported.

2.73 Yet, despite the attractions of ‘sea change’ and ‘tree change’ rural migration for many people, influencing population movements is difficult for government. Many people are open to leave the city, yet there are

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many constraints on them. The Government’s Provincial Victoria marketing campaign has had considerable merit, and has coincided with population attraction strategies among regional centres.

2.74 Campaigns such as Country Week\textsuperscript{20} in New South Wales and Queensland and the C Change Bureau\textsuperscript{21} in the Riverina region provide mechanisms for regional centres to market themselves, and these events often result in people moving away from the city. The literature on sea change demonstrates that the preference is for locations of high amenity relatively close to the city. Hence, the Victorian Government rightly sees the greatest opportunities for a more regionally distributed population as occurring in Geelong, Ballarat and Bendigo.

2.75 Regional Victoria’s overall population is growing at a strong 1.2%, driving economic development, stimulating investment and employment, and creating more diverse, vibrant and confident local communities.\textsuperscript{22}

2.76 The areas of most rapid projected population growth in regional Victoria are generally within 100 kilometres of Melbourne with coastal areas such as Bass Coast and the Surf Coast expected to grow while major regional centres will also attract growth.

2.77 Regional population trends are discussed more fully in Chapter Three.

2.78 The relocation of government agencies from the capital city to regional centres can play a role in driving regional development. While the relocation of government agencies can only be part of a much broader strategy to grow population, such relocations nonetheless add considerably to the skills base and social capital of regional centres and provide a driver for improving the provision of services. This becomes part of a virtuous circle of liveability in regional centres, where an influx of professionals provides an incentive for better service provision, which in turn improves amenity and attracts more in-migrants. Successful relocations have important impacts on regional centres, from both Victoria and from other jurisdictions.

\textbf{A Strategic Plan for Economically and Environmentally Sustainable Development}

2.79 The Victorian Government, through its regional strategic planning process, is currently encouraging local governments to undertake more strategic regional planning and to build local partnerships. This is a recent undertaking. The goal is to improve the position of regions and regional centres through support for planning.

2.80 There are a number of Australian and overseas models that the Committee has observed which hold lessons for regional centres in Victoria.

2.81 The Committee regards integrating economic, environmental and social objectives as perhaps the most important yet difficult challenge for developing regional centres of the future. Communities see their futures as encompassing all three dimensions of the so-called ‘triple bottom line’, yet communities and governments have relatively few tools for properly integrating, even aligning, these objectives and achieving effective implementation.

2.82 Later Chapters will outline potential mechanisms for regional centres to build collaborative partnerships to implement more integrated regional planning, drawing upon case studies of successful integrated planning approaches in other jurisdictions.

**The Committee’s Approach**

2.83 The Committee’s approach to this Inquiry has been shaped by the following considerations:

- recent population projections for Melbourne and for regional Victoria;
- the context of government interventions, including key trends and processes that shape the effectiveness of government actions, and how best government at the state level can contribute to regional development;
- the latest thinking on regional development; and
- good practice in Australia and internationally.

2.84 The Committee believes that work is already under way in regional Victoria, and that regional people are keen to develop their economies and communities.

2.85 The Committee also believes that regional centres should be largely responsible for developing their own regional strategies, with appropriate support from central governments to implement them.

2.86 The Committee believes that strategic community actions and government policies to support those actions can make a positive difference to regional outcomes, despite the fact that, ultimately, drivers beyond either community or government control might well determine the ultimate impact of regional development interventions. We hope this Report illuminates strategies for supporting regional development in Victoria which would be endorsed by regional communities, and which would have both long-term and short-term benefit.
Chapter Three

Key Trends in Regional Victoria

Introduction

3.1 The previous Chapter argued that communities and governments can make a real difference to regional outcomes through good policy and the effective support of local and regional strategies. Governments can contribute in many ways to regional development, through policy decisions and funding allocations.

3.2 However, what governments can do to assist the development of regional centres is constrained in many cases by what one scholar has called 'the tyranny of the macro'. In other words, increasingly complex processes, often driven globally, determine the location and investment decisions of businesses and households, and, consequently, regional outcomes. These processes include cultural trends and social changes as well as economic drivers.

3.3 This Chapter outlines the processes driving regional development and the trends in regional Victoria, and explains the broader context in which government interventions take place. Regional development is always shaped by both local actions and national and international factors.

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2 Collits states that one example of this is the increasing trend for young women to leave regional areas in pursuit of higher education (in far greater numbers than young men, and in far greater numbers than previously. See Collits P, ‘Cultural change and the decline of rural towns’, The Page Review, Volume 2, Number 2, June 2007.
3.4 The regional realities confronting governments keen to redress regional imbalances or the city–country divide include the following:

- there is a preference for living in cities, and on the coast;
- regional centres are growing (mainly) and small towns are often in decline;
- the young leave rural regions, and cultural changes are conspiring to keep them in the cities;
- places with scale do best;
- traditional manufacturing has moved offshore in many cases;
- the family farm is under stress;
- globalisation generally has helped the larger cities, giving them new sources of competitive advantage;
- there are environmental constraints on rural development;
- skills shortages are real in regional centres, but often hard to deal with;
- negative or misinformed perceptions of living in the country, and the complexity of urban lives, affect decentralisation efforts;
- rural populations are ageing more than metropolitan populations; and
- there are many aspects of the ‘tyranny of the macro’ which constrain government efforts at decentralisation and regional development.

3.5 Generally speaking, places with scale, a diverse economic base and global connectedness will do best. Regional authorities and economic development agencies face strategic choices about whether they pursue further competitive advantages in what the region is already good at or seek to diversify the economy. Smaller regions and smaller towns find it more difficult to create a diverse economy, but it is important that they do so in order to spread risk in case their traditional industries fail, for whatever reason. Larger regional centres attract people because of their more sophisticated products and services, such as health and education as well as retail shopping. Some small towns will inevitably decline, particularly those without amenity attractions, yet there is a challenge for governments and communities to retain a reasonable lifestyle for the residents of these centres.

3.6 It is a reality that most people prefer to live on the coast in Australia. Inland centres generally have slower population growth (sometimes declining population) and an ageing population.

3.7 The natural environment can be a huge constraint on growth. The continuing drought is causing many farmers to leave the land, and others to change the scale and focus of their operations. Climate variability and climate change is a continuing concern. There is an increased focus in the community on biodiversity and the importance of the natural environment to our aspirations towards regional development. Access to water and to energy is likely only to increase in importance as regional concerns. Land-use change is a reality and regional communities are attempting to come to grips with its implications.
3.8 The knowledge economy is driving regional growth. Human capital is the region's key resource, and needs to be nurtured both through formal education of a high standard as well as support for innovative economic development. Often new opportunities are home grown and the region need not rely upon attracting outside industries.

3.9 Globalisation – the increasing openness of international movements of capital and people – favours big cities and city regions. Global industries like finance and business services are centred in the cities. The world's economic landscape is 'spiky' and economic activity is concentrated in the larger centres.³

3.10 The trend to urbanisation is continuing apace. Melbourne is growing rapidly again, based on a recent surge in the birth rate and in ever-growing migration. While the Commonwealth may reduce migrant numbers in the short term as the economy slows, it is likely that the recent trend to higher migrant intakes will continue over the medium term, due to skills shortages and the impetus that migration gives to economic growth and cultural dynamism. Growth in Melbourne will continue to create pressure for decentralisation, but population spill-over tends to favour high amenity locations close to the capital city.

3.11 Globalisation favours cities because their industries are globally connected and offer people involved in global industries more opportunities, including cultural opportunities, especially for the young.

3.12 The regions’ population is ageing, and is projected to continue to do so. This is largely because young people move out and move on. The young are attracted to cities because they have what economists call ‘thick labour markets’ and richer opportunities for formal education and the informal face-to-face networking on which most of our key industries depend. Generation Y also is perhaps the first generation hard wired to a ‘portfolio’ lifestyle of complexity and changing preferences in life partners, jobs, careers and preferred living arrangements. Cities allow relatively painless change in all these areas, and smaller places do not. There are opportunities for rural centres to attract the young back and they should increase their efforts creatively to do so. Yet the reality is that many of the ‘best and brightest’ will want to see the world beyond their region. The young are mobile, hooked on education and yearning for the experiential lifestyle. Cultural shifts and the feminisation of the workforce have been powerful drivers of economic change.

3.13 Not every region is a winner from economic restructuring. National gains generate regional losers as well as winners. While the pace of policy-induced economic restructuring has slowed since the 1990s, new challenges are emerging, for example the regional impacts of an Emissions Trading Scheme. Restructuring within the manufacturing sector has left some centres in regional Australia needing to retrain their people and fill skills shortages in other areas. Economic development always involves

restructuring, and this can be painful for communities.

3.14 There are pockets of social disadvantage in the regions. Generally unemployment in the regions remains low. Skills shortages are a problem, however, particularly in the trades area.

3.15 The face of agriculture is changing in complex ways. The family farm is being swamped by corporatisation, the drought continues and water availability is constraining output, input costs (fertiliser, fuel) are high and likely to remain so in the medium term, land uses are changing, farmers are increasingly relying on off-farm income, business succession is problematic as the average age of farmers continues to increase, and mental health issues are a concern.

3.16 On the upside, there is increasing diversity in agriculture. New production strategies are emerging to deal with volatility and declining terms of trade. Food security is an international issue and this will mean that regions in Victoria are well placed to be Australia’s food bowl.

3.17 Farmers have always faced uncertainty and have always needed to be adaptive, and this will only increase in a low carbon economy.

3.18 As discussed earlier, some of the things that drive regional success are beyond the capacity of regions and governments to influence. The important policy decisions are taken in Canberra and Melbourne; the capacity of local government to shape a region’s future is limited, and partly depends on where manufacturers and service industries decide to locate their operations. Decisions made in London, New York, Shanghai and Hong Kong affect life in regional Victoria and will continue to do so.

**Population Movements**

3.19 Victoria’s population is growing. It has been predicted in the Regional Development Victoria document *Victoria in Future 2008* that Victoria’s population will increase from 5.13 million in 2006 to 7.40 million by 2036, an increase of 2.27 million, or 44.2%. In 2007, both Australia and Victoria recorded their highest ever levels of population growth. Victoria’s population grew by more than 80,000 due to:

- record numbers of babies (73,737) being born – the highest number of births since 1971;
- comparatively low levels of population movement to other states; and
- overseas migration.  

3.20 Population change does not occur in a geographically even way. As the economy and society change, some areas are favoured more than others, creating new areas of opportunity.

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3.21 In Victoria, between the 2001 and 2006 censuses, a high proportion of Victoria’s population growth was in Melbourne. In regional Victoria almost half the growth was in three Local Government Areas: the City of Greater Geelong, the City of Ballarat and the City of Greater Bendigo. At the same time, there are rural areas which have a long history of population decreases, most noticeably dry land farming areas in parts of Western Victoria.5

3.22 Along with this mixture of growth and decline Australia’s population is ageing. The age structure of Victoria’s communities influences the demand on many goods and services, such as infant welfare services, health services, schools and universities as well as retirement homes.

3.23 Government and businesses need an acute awareness of this geography of change because the demographic prospects and needs of one region may be totally different to those of a neighbouring region.

**Future Projections for Growth and Decline**

3.24 Regional Victoria’s overall population is growing at a strong 1.2%, driving economic development, stimulating investment and employment, and creating more diverse, vibrant and confident local communities.6

3.25 The areas of most rapid projected population growth in Regional Victoria are generally within 100 kilometres of Melbourne. Coastal areas such as Bass Coast and Surf Coast are expected to grow while major regional centres will also attract growth. The growth of regional centres such as Geelong, Ballarat, and Bendigo is significant from the perspective of water supply because they have overlapping water supply catchments and because they are located to the west of Melbourne, where water supply is problematic.

3.26 Some regional centres, particularly those in an attractive location, together with their surrounding towns and rural areas, are experiencing record levels of population growth. Particularly high growth is also occurring in coastal areas, towns along the Murray River and throughout central and north-east Victoria. Growth is also strong on the periphery of Melbourne, with people seeking a country lifestyle within easy commuting distance of the city.

3.27 People are moving to regional areas for many reasons: the attractive appearance of provincial cities and towns; the relative affordability of housing; improved transport links to Melbourne; and access to good health, education and recreational services. Many people are seeking lifestyle changes, based on ‘downshifting’, ‘wanting a sea change’, or looking for a higher quality of life for themselves and their children. While an increase in retirees is driving growth in some areas, many places are attracting growing

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5 Ibid.
numbers of younger professionals looking for locations that are good places to raise a family.

3.28 In many parts of provincial Victoria, these new residents are bringing a wider range of skills and experience into their communities, generating new businesses and jobs, and helping to create more diverse local economies that are better able to withstand the changes taking place in traditional regional industries.

3.29 Overall, regional Victoria is projected to grow by 477,000 people in the next 30 years, compared with 320,000 in the previous 30 years. Most of this growth is projected to come from net migration from Melbourne. It has been suggested that strong population growth can be expected in:

- regional centres, which have diverse employment opportunities and services;
- coastal areas, which are popular locations for sea-changers such as young families and retirees; and
- ‘tree-change’ and other ‘lifestyle’ locations such as rural areas around Melbourne and the regional centres as well as the Alpine areas and the Murray River.

3.30 Population decline has occurred and continues to occur in some regions, as well as areas within regions, of Victoria. The reasons for this trend can include: capital intensification of agriculture requiring fewer workers; rationalisation of services into fewer, larger centres; increased personal mobility allowing people to access goods and services further away; employment and education issues; and increasing economic and social attractiveness of urban lifestyles. Because of these factors, regions which are remote from urban areas face particular challenges in retaining and attracting population.

3.31 According to research conducted by the Department of Sustainability and Environment, the current population projections and trends in regional centres discussed throughout this Report can be seen in the following Tables.

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Table 2: Current Population Projections (Year to 30 June)\(^9\)

<table>
<thead>
<tr>
<th>Regional Centre</th>
<th>2006</th>
<th>2011</th>
<th>2016</th>
<th>2021</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Geelong (C)</td>
<td>205,929</td>
<td>221,633</td>
<td>237,297</td>
<td>253,487</td>
<td>269,653</td>
</tr>
<tr>
<td>Warrnambool (C)</td>
<td>31,501</td>
<td>33,321</td>
<td>35,223</td>
<td>37,267</td>
<td>39,229</td>
</tr>
<tr>
<td>Ballarat (C)</td>
<td>88,437</td>
<td>95,922</td>
<td>103,474</td>
<td>111,270</td>
<td>118,752</td>
</tr>
<tr>
<td>Horsham (RC)</td>
<td>19,098</td>
<td>19,620</td>
<td>20,044</td>
<td>20,459</td>
<td>20,829</td>
</tr>
<tr>
<td>Mildura (RC)</td>
<td>51,824</td>
<td>53,351</td>
<td>54,135</td>
<td>54,820</td>
<td>55,523</td>
</tr>
<tr>
<td>Greater Shepparton (C)</td>
<td>59,280</td>
<td>63,208</td>
<td>66,368</td>
<td>69,139</td>
<td>71,606</td>
</tr>
<tr>
<td>Wangaratta (RC)</td>
<td>27,431</td>
<td>28,320</td>
<td>29,043</td>
<td>29,798</td>
<td>30,606</td>
</tr>
<tr>
<td>Latrobe (C)</td>
<td>72,121</td>
<td>73,192</td>
<td>74,846</td>
<td>76,275</td>
<td>77,546</td>
</tr>
<tr>
<td>Wangaratta (RC)</td>
<td>34,646</td>
<td>37,527</td>
<td>39,918</td>
<td>42,330</td>
<td>44,543</td>
</tr>
<tr>
<td>Latrobe Valley</td>
<td>96,741</td>
<td>106,016</td>
<td>115,476</td>
<td>125,267</td>
<td>134,705</td>
</tr>
</tbody>
</table>

Table 3: Estimated Resident Population for Selected Statistical Districts, at 30 June 2007 and 2008\(^10\)

<table>
<thead>
<tr>
<th>Regional Centre</th>
<th>2007 (persons)</th>
<th>2008 (persons)</th>
<th>Change 2007-08</th>
<th>Growth Rate (%) 2007-08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albury–Wodonga</td>
<td>101,801</td>
<td>102,894</td>
<td>1,093</td>
<td>1.1</td>
</tr>
<tr>
<td>Geelong</td>
<td>170,039</td>
<td>172,300</td>
<td>2,261</td>
<td>1.3</td>
</tr>
<tr>
<td>Warrnambool</td>
<td>32,254</td>
<td>32,712</td>
<td>458</td>
<td>1.4</td>
</tr>
<tr>
<td>Ballarat</td>
<td>89,987</td>
<td>91,787</td>
<td>1,800</td>
<td>2</td>
</tr>
<tr>
<td>Bendigo</td>
<td>86,604</td>
<td>88,031</td>
<td>1,427</td>
<td>1.6</td>
</tr>
<tr>
<td>Shepparton</td>
<td>47,033</td>
<td>47,710</td>
<td>677</td>
<td>1.4</td>
</tr>
<tr>
<td>Latrobe Valley</td>
<td>77,488</td>
<td>78,531</td>
<td>1,043</td>
<td>1.3</td>
</tr>
<tr>
<td>Mildura</td>
<td>48,642</td>
<td>49,280</td>
<td>638</td>
<td>1.3</td>
</tr>
<tr>
<td>Wangaratta</td>
<td>27,679</td>
<td>28,117</td>
<td>438</td>
<td>1.6</td>
</tr>
<tr>
<td>Horsham</td>
<td>19,452</td>
<td>19,648</td>
<td>196</td>
<td>1</td>
</tr>
</tbody>
</table>

Melbourne

3.32 Melbourne is projected to grow by 1.8 million people between 2006 and 2036, receiving more than 90% of Victoria’s overseas migrants.\(^11\) It is projected that different parts of Melbourne will experience different population growth patterns.

3.33 The six growth area councils will continue to grow strongly as affordable greenfield land attracts a rapidly growing metropolitan population.

3.34 Middle suburbs will experience moderate rates of growth through land-use changes to residential areas and through residential infill developments; the inner city will continue the trend of many world cities in recent years by remaining attractive to young people and to knowledge and specialised service workers.

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Inter-regional Migration

3.35 The Victorian Government’s Regional Matters Atlas reveals a range of inter-regional population movements among different age cohorts. As expected, younger people are more mobile, in some cases moving with their parents and in others moving away from home to seek educational or employment opportunities.

3.36 The Atlas shows that the biggest losses to regional Victoria occur in the 20–24-year-old age bracket. Young people, specifically teenagers, show a pattern of movement to the regional centres – mostly for education. Young adults have consistent patterns of net migration loss from regional areas as many move to Melbourne for education and employment.12

3.37 According to Regional Matters, this pattern reverses in many areas for 25 to 29-year-olds, reflecting the attraction of regional areas for young families and the return migration of some who undertook city education. Worryingly, however, the Atlas indicates that the largest regional centres show a continued net loss in this age group.13 Overall, the patterns of inter-regional migration, with the general loss of young people and the influx of older people, reinforce the faster ageing of the population in rural areas; a pattern that needs to be addressed.

Current Market Uncertainty and the Global Financial Crisis

3.38 There has been considerable debate in Australia over the impact on the economy of the Global Financial Crisis that developed in 2008, and some discussion of its impacts on regional centres and regional economies. The Committee is unaware of any systematic research that has been undertaken into the overall regional impacts of the crisis, and generally it would be difficult to disentangle the effects of the crisis from more general, ongoing rural market conditions.

3.39 The crisis has had less impact in Australia than in many other Western economies. Australia has avoided a recession. Job losses in the finance and banking sectors have largely been confined to capital cities, especially Sydney. It is highly unlikely that unemployment in Australia will rise to the levels witnessed in the United States, for example. The temporary decline in commodity prices, linked to China’s slowing economy as a result of the crisis, have not appeared to have severely impacted Australia’s rural regions. Mining regions in Queensland and Western Australia certainly experienced a downturn, but many regional areas have been much more concerned about the drought.


13 Ibid.
3.40 It will take time to establish whether there will be longer term negative impacts on regional economies, or whether the crisis will accelerate trends already apparent, such as the movement of manufacturing offshore.

3.41 The Australian Parliament’s House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government has recently undertaken an Inquiry into this matter. That Committee is still to table its report to the Parliament. Many submissions were received from regional bodies reporting region-specific impacts.

3.42 To date, both the general and regional impacts of the crisis and related economic downturn have been subdued, certainly in comparison to the severe regional economic impacts of the 1990s recession which caused dramatic and region-specific rises in unemployment, the effects of which continued for most of the 1990s and which led to increasing regional disparities. As a result, region-specific government policy responses to the current crisis have been limited, again, in contrast to the 1990s recession.

**Climate Uncertainty**

3.43 The Australian and Victorian Governments accept the Intergovernmental Panel on Climate Change’s and CSIRO’s climate modelling as the basis for their published projections and climate policies.

3.44 Climate science is in its early stages and these models offer simplified versions of extremely complex natural systems. Views as to their utility vary widely, among scientists and others. The Intergovernmental Panel on Climate Change accepts that the earth is warming; that this warming is outside the bounds of expected natural temperature shifts; that it is likely to have been caused by humans (through greenhouse gas emissions); that it is potentially catastrophic for economies and society; and that governments have the capacity to intervene effectively (through mitigation strategies) to reverse global warming. These claims are disputed, but have been nonetheless accepted by many scientists, governments, most of the media and measured popular opinion.

3.45 Regional perceptions of climate variability and climate change are closely linked to the current drought.

3.46 The Australian Government is currently planning to introduce an Emissions Trading Scheme in 2012. The Government’s legislation is currently before the Senate. Key ongoing issues for regional businesses relate to the likely price for carbon and the medium-term (2020) emissions target.

3.47 The Government’s proposed Emissions Trading Scheme is likely to have substantial impacts on regional Victoria, though these impacts are currently untested and disputed. The Latrobe Valley is one region in particular which it is believed will be negatively impacted by the Scheme.\(^\text{14}\) While agriculture

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\(^\text{14}\) Latrobe City Council, *Submission*, Number 9, 29 August 2008.
is to be excluded from the Emissions Trading Scheme until 2015, due to difficulties in measuring farm emissions, agriculture will be affected through higher fuel and other input costs. It is noted that fuel is to be excluded only until 2013. More remote regions will face higher transport costs, which will be reflected in the costs associated with all goods and services. It is believed that business costs will therefore increase, some industries have foreshadowed the possibility of moving offshore and unemployment may rise.

3.48 The Southwest Region is home to a major aluminium smelter, which is an important regional employer, and a recent Business Council of Australia study of the impact of the Emissions Trading Scheme on particular industries found that this industry is likely to experience substantial negative impacts.\(^{15}\) The Government’s own modelling of the economic impacts of an Emissions Trading Scheme show very mild negative economic impacts overall.\(^{16}\)

3.49 Climate change and moves to curb use of traditional energy sources may also create new business opportunities, as the Government also moves to support the development of various forms of renewable energy. The challenge is to make new forms of sustainable energy cost effective for people and industry. The location of the proposed new ‘green jobs’ will impact substantially on the overall regional impacts of the Government’s move to a low carbon economy.

3.50 The issue of green job opportunities, for example in the renewable energy sector, is discussed in Chapter Eleven.

**Agriculture and Land Use Trends**

**Agriculture**

3.51 According to the Productivity Commission:

> Agriculture has undergone much change over the last few decades. Key drivers of this change have been shifts in consumer demand, changes in government policies, technological advances and innovation, emerging environmental concerns, and an unrelenting decline in the sector’s terms of trade.\(^{17}\)

3.52 Agriculture has always played a dominant role in the economy of rural and regional Victoria. In absolute terms, Australia’s real agricultural output has more than doubled over the four decades to 2003–04 and agricultural exports have almost tripled in value (in real terms) since the mid 1970s.\(^{18}\)

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\(^{18}\) Ibid.
The agriculture sector is characterised by substantial volatility in output over time, with fluctuations in climatic conditions, such as droughts, substantially impacting on output in some years.

3.53 According to the Productivity Commission:

In 2003–04, the sector directly generated four per cent of GDP and employed 375,000 people or four per cent of the workforce. It looms larger in Australia’s exports, accounting for around 22% of total exports in 2003–04.  

3.54 For Australia as a whole, farms are much fewer and larger than 20 years ago. Production is increasingly concentrated on larger farms, accentuating the dual nature of the sector (with a few large commercial farms accounting for the majority of output and many farms accounting for a small share of output).

3.55 Agriculture has become increasingly export oriented over the last two decades — around two-thirds of production is now exported. Exports have also become more diverse, with less reliance on traditional commodities such as wool and more on processed products such as wine, cheese and seafood.

3.56 The agricultural workforce has a number of distinctive features, including: a high proportion of self-employed, family and casual workers; long job tenure; and a relatively old workforce with relatively low education levels and employee wages.

3.57 The last 20 years have seen an increase in the number of employees but a fall in employers and contributing family workers. The educational attainment of workers has also improved.

3.58 Off-farm employment has become increasingly important to maintaining family farm incomes. Since 1990, the proportion of farm families deriving income from off-farm wages and salaries increased from 30–45%, with average earnings rising from $15,000 to $33,500 per year.

3.59 Agricultural productivity has exhibited strong growth over the last 30 years — more than twice the rate achieved in Australia’s market sector as a whole.

3.60 Performance within the sector has been mixed, with the cropping industry recording the highest productivity gains, and the sheep and sheep–beef industries the lowest.

3.61 As stated previously, agricultural productivity is one of the major forces shaping the social structure of regional Victoria. Major trends in farm productivity, amenity migration, demographic changes and evolving community values are affecting rural Victoria and its population growth and decline.

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19 Ibid.
20 Ibid.
3.62 In terms of production, change is driven by the perpetual need for productivity improvement in agriculture.

3.63 As the Productivity Commission notes:

For government, there will continue to be a need to support increased productivity of agricultural industries. But the cumulative social impacts of improved agricultural productivity on small towns and on farm families must be recognised as an inevitable outcome of success in the productivity race. The question of whether small towns in this landscape can be sustained in the long term will remain a challenge for all future governments.\(^\text{21}\)

3.64 In the amenity landscape, the potential for economic growth through increased farm productivity is limited by social transformation of the landscape. Farm business strategies based upon extensification will be increasingly irrelevant. In accordance with the Department of Primary Industries report, *The Changing Social Landscape of Rural Victoria*, the future landscape will be composed of a mix of rural retreats, small farms, more intensive horticultural development, and farm businesses built upon commodification of the landscape.\(^\text{22}\) There will remain a role for some forms of productivity investment. However, the Department of Primary Industry believes that there will increasingly be a need to invest in programs to protect agricultural market reputation, manage invasive species, protect amenity and perhaps develop environmental services.

3.65 Improving agricultural productivity will remain important. The focus of this research could be directed increasingly towards new land uses, and also the wider social concerns over land use impacts on the environment and landscape amenity. In towns and rural communities, the challenge of community building is likely to be complicated by increasingly divergent community views about the appropriate use of landscapes. This can be seen in the current conflicts over plantation forestry and wind farm development.

3.66 There is also a role for research to explore the potential impacts of water reform, both intended and unintended, and to assist with the development of implementation strategies that minimise third party impacts.\(^\text{23}\)

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\(^{21}\) Ibid.


\(^{23}\) Ibid.
Trends in Land Use

### Table 4: Land Use Trends

<table>
<thead>
<tr>
<th>Tenure</th>
<th>Area (million ha)</th>
<th>Area (% of Victoria)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public State forest</td>
<td>3.18</td>
<td>14.00</td>
</tr>
<tr>
<td>Parks and reserves</td>
<td>3.96</td>
<td>17.40</td>
</tr>
<tr>
<td>Private Agriculture Dryland</td>
<td>12.85</td>
<td>55.70</td>
</tr>
<tr>
<td>Irrigated</td>
<td>0.40</td>
<td>1.90</td>
</tr>
<tr>
<td>Plantation</td>
<td>0.40</td>
<td>1.80</td>
</tr>
<tr>
<td>Melbourne</td>
<td>0.20</td>
<td>0.90</td>
</tr>
<tr>
<td>Other (public and private)</td>
<td>1.90</td>
<td>8.30</td>
</tr>
</tbody>
</table>

3.67 Victoria’s land is divided into public and private tenures with widely differing land use patterns and histories. Approximately 39% of Victoria (8.9 million ha) is public land, which is managed by State Government agencies. Public land is divided between parks and reserves, managed under the *National Parks Act 1975*, including 40 National Parks; and land managed under the *Forests Act 1958* in state forests, water catchments and a small area of plantation forest. State forests are managed for multiple purposes including timber harvesting, conservation, recreation and water production.24

3.68 According to the State of the Environment Report the remaining 61% of Victoria (approximately 13.8 million ha) is privately owned and is predominantly used for agricultural production, including dryland cropping and grazing, and irrigated agriculture and horticulture. Agriculture occupies approximately 13.25 million ha, and dryland agriculture (rain-fed or unirrigated) is the dominant form of agriculture, accounting for over 92% of private land. Irrigated agriculture and horticulture occupies less than two per cent of Victoria but accounts for 74% of the water extracted for consumption in Victoria.25

3.69 Tree plantations on private land are locally important, but on a statewide scale constitute a minor land use, occupying approximately 1.8% of Victoria.26

3.70 Metropolitan Melbourne occupies approximately 210,000 ha and is dominated by residential (57%), industrial (9%), and parks and conservation (8%) land uses.27

3.71 Table 2 above shows the approximate distribution of agricultural land uses in Victoria over the period 1999–2004.28 According to the State of the Environment Report:

Dryland cropping and grazing mostly occupy the northern half of the state while grazing is dominant in the south, although cropping is becoming increasingly frequent in south-west Victoria. The major

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25 Ibid.
26 Ibid.
27 Ibid.
28 Ibid.
irrigation regions are in north-central Victoria and along the Murray River in the north-west, with smaller locations in the north-east, Gippsland and south-west Victoria. South-west Victoria, in particular, has undergone substantial changes in land use since the early 1990s. Traditionally dominated by grazing for wool production, extensive land use change from grazing to cropping, dairying and blue gum plantations has occurred due to declining wool prices. Land-use change continues in this area, with land under plantations, cropping and dairying continuing to expand, and increasing use of rural land for residential and ‘lifestyle farming’ purposes.  

3.72 Comparison of land use data collected for the Australian Natural Resource Atlas for the mid–late 1990s with the most current land use data indicates that changes in broad land use classes in Victoria over the last decade have been minor. There have been no major changes in the balance between public and private land over this period and at the statewide scale there has been little change in areas used for conservation, forestry, dryland agriculture and irrigated agriculture. However, there has been a significant shift in areas such as the Goulburn Valley, which historically have been nearly entirely irrigated. This area has taken on a ‘swiss cheese’ appearance as hardship and lack of availability of water have forced farmers to sell their own water allocation.

3.73 The changes in conservation and forestry areas represent the transfer of state forest areas to nature conservation reserves as timber harvesting licences expire or are surrendered. The reduction in irrigated area reflects current low water availability. According to the State of the Environment Report:

The key trends in land use with implications for land and biodiversity, however, have been finer-scale and regionally localised changes within broad land use classes. For example, transitions have occurred between grazing, cropping and timber plantations. Movement of irrigation water between regions and enterprises has resulted in increases in the area of high-value horticulture and reductions in irrigated pasture area. Transition from commercial agriculture to ‘lifestyle’ farming and other land management objectives has taken place in some regions.

Trends in Water Use

3.74 More than five million ML of water is used in Victoria each year, 90% from surface water and ten per cent from ground water. The majority of Victoria’s water resource is used for irrigation, while urban uses (both metropolitan and regional) account for 17% of Victoria’s water consumption.

29 Ibid.
31 Ibid.
32 Ibid.
3.75 As the State Water report points out:

Since the 1980s throughout Victoria, water consumption has been influenced by drought, and associated water restrictions, as well as by conservation and efficiency incentives and market reforms designed to reduce water consumption over the longer term.\(^{33}\)

3.76 Water consumption throughout Victoria 2005–06 can be seen in the Figure below. The graph indicates the extent to which Victoria is reliant on irrigated water, and hence the importance for regional economies of both climatic conditions and government policy.

**Figure 2: Water Consumption in Victoria, 2005–2006**

Irrigation, 76.2%

- Regional - residential, 3.6%
- Melboume - non residential, 3.3%
- Melbourne - residential, 7.7%
- Domestic and stock, 4.4%
- Regional - non residential, 1.8%
- Latrobe Valley major users, 3.0%

3.77 Severe drought conditions in Victoria continue and the majority of the state continues to experience below average rainfall.

3.78 According to the State Water Report, over a decade of below average rainfall has resulted in extremely dry catchments:

Between 2006–07, at a statewide level, streamflow was just 26% of average and declined by more than half compared with the streamflow recorded in 2005–06. Over this period, 15 basins recorded streamflows of less than 20% of the long-term average, including the Murray basin where inflows declined by more than 3,273,000 ML.\(^{35}\)

3.79 Notably, storage levels during 2006–07 did not follow the normal behaviour of recovery during winter and spring, and both Melbourne and rural storages continued to fall. In most areas, a restricted supply for urban and irrigation use was able to be maintained in 2006–07 only by drawing heavily on storages.

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\(^{34}\) Ibid.

\(^{35}\) Ibid.
3.80 At the end of 2006–07, storage levels in basins were extremely low, including the Glenelg (2%), Campaspe (2%), Maribyrnong (4%) and Loddon (6%). Out of the 19 basins with major storages, seven had storage levels of less than ten per cent.

3.81 Similarly, water levels in a number of aquifers fell throughout 2006–07, with nine aquifers now exhibiting a long-term trend of declining water levels and being regularly monitored.36

Energy

3.82 Energy consumption has increased markedly over the past 30 years, at a rate which exceeds the rate of population growth. In order to meet demand while lessening environmental impact, cleaner and more secure energy supplies are being explored and developed. Using less energy to generate the same or higher levels of business output and profit is also being actively pursued through the industrial sector.

3.83 While the electricity grid covering Victoria enables broad access to power supplies, the capacity of different lines and network sections varies across the state. This potentially places location-based constraints on certain types of high-energy industry uses.

3.84 Constraints may also exist for those located in isolated regions where connection costs can be higher because of the greater distance from farm house or ancillary buildings to the main line.

3.85 During Public Hearings for this Inquiry the Committee heard that there are inequities in the costs associated with purchasing power in a regional sector of Victoria compared to a capital city sector. Mr Brian Gould from Bendigo City Council spoke to the Committee about the National Electricity Equity (business) Project which the Council commissioned KPMG to undertake. Mr Gould explained:

In the case of Victoria we were able to identify that you could have an additional cost of somewhere between 19 and 30 per cent if you were to be established, say, here in Bendigo — or Shepparton or Mildura or a whole host of other places. 37

3.86 Mr Gould suggested that the risks associated with an inequitable system continuing were twofold: both in attracting new businesses and retaining existing businesses.

3.87 More intensive agriculture uses such as dairy production can have relatively high demand for electricity to run machinery. Although dryland farming areas show lower demand for electricity, their demand for fuel energy to power machinery and vehicles can be higher.

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36 Ibid.
3.88 An estimated 20,000 Victorians now heat their hot water using solar energy. Regional areas of Victoria have shown a more rapid uptake of solar hot water installations than residents of Melbourne. The table below, based on ABS figures, shows relative awareness and use of alternative energy. Forecasts for energy use indicate growing demands at the rate of 1–2% per year.\textsuperscript{38}

Table 5: Relative Awareness and Use of Alternative Energy\textsuperscript{39}

<table>
<thead>
<tr>
<th>Renewable energy</th>
<th>Victoria</th>
<th>Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households using solar energy, 2008 (%)</td>
<td>3.0</td>
<td>7.6</td>
</tr>
<tr>
<td>Households aware of GreenPower(a), 2008 (%)</td>
<td>60.0</td>
<td>52.0</td>
</tr>
</tbody>
</table>


Chapter Four

Policy Settings in Regional Development

Introduction

4.1 This Chapter sets out the historic approaches to regional development taken by governments across Australia, and discusses recent changes in approach. It outlines key initiatives of the Australian and Victorian Governments; the emerging role of local government in economic development; some of the interesting approaches taken by other states or territories; the major recent changes in policy approaches; common approaches and differences across jurisdictions; gaps and weaknesses of current Australian approaches; evaluating government interventions, and the impacts on regions of non-regional policies.

4.2 Government in Australia is involved broadly in three areas of specific intervention that impact on regional wellbeing – regional planning, regional development, and the coordination of policies at the regional scale – as well as administering many areas of policy which do not have explicit regional objectives but which nonetheless affect regional development.

4.3 As indicated in Chapter Two, regional policy settings in Australia have evolved over time in ways that reflect the emergence of new regional issues and new thinking about traditional regional policy concerns. As well, the interest on the part of governments and the intensity with which they have pursued regional problems has also varied over time. This has particularly been the case at Commonwealth level.
4.4 The recent emphasis of all governments, across party lines, has been to support local and regional efforts to manage regional development and to address a wide range of problems through targeted programs.

**Australian Government**

4.5 As indicated in Chapter Two, national involvement in regional development has waxed and waned over many decades. Since the early 1990s recession, however, and apart from a brief period from 1996 to 1998, regional development has occupied a more prominent place in Australian national policymaking. The previous Government had many programs, largely given impetus by the 1999 Regional Australia Summit and the 2003 Regional Business Development Analysis. The current Government also has a focus on regional development.

**Forms of Assistance to Regions**

4.6 The Australian Government currently administers a range of regional policies and programs, primarily through the Department of Infrastructure, Transport, Regional Development and Local Government. Under the previous Coalition Government, the most visible programs were the Regional Partnerships Program and the Sustainable Regions Program. The former program funded a wide range of initiatives in regions, particularly community projects, and leveraged broader investments. The latter program was focused on specific regions experiencing the impact of economic restructuring or other regional problems often manifest through high unemployment.

4.7 The current Government has terminated the Regional Partnerships Program and has moved to fund regional initiatives largely through local councils. It has funded a number of specific election commitments through its Better Regions Program. However, much of the Australian Government’s recent attention has been focused on reforming regional governance arrangements, with the transition from Area Consultative Committees to Regional Development Australia (RDA) Committees.

**The Shift from Area Consultative Committees to Regional Development Australia Committees**

4.8 The former Area Consultative Committees became closely associated under the previous Government with delivery of the Regional Partnerships Program. Under the current Government, funding for these projects is delivered through local councils.

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4.9 There has been a shift in these institutions away from funding projects, towards strategic planning and the provision of advice to government in the case of the Regional Development Australia Committees, though the precise direction of the emerging Regional Development Australia Committees remains uncertain. At the time of writing this Report these Committees had been appointed by the Australian Government in several jurisdictions.  

4.10 The most important element of the current proposed changes has been the intention to align State/Territory and national regional development institutions for the first time. In Victoria, this alignment has occurred with the state’s administrative regions (see ‘Better regional governance’ in Chapter Eight). The purpose of this alignment is to encourage closer connection and collaboration across levels of government towards regional development.

4.11 According to the Government, ‘RDAs will have a broader, more strategic role to facilitate responsiveness to local needs through effective engagement between government and communities’.  

4.12 The main changes are the separation of regional bodies from funding projects and the amalgamation of State (and Territory) and Commonwealth regional bodies. In Victoria, unlike other jurisdictions such as Western Australia and New South Wales, there was not a statewide, government supported network of regional development bodies.

4.13 There will be nine Regional Development Australia Committees in Victoria, generally aligned with the Victorian Government administrative boundaries. Four committees will be located in metropolitan Melbourne: Northern Melbourne, Western Melbourne, Southern Melbourne and Eastern Melbourne; five will be located in provincial Victoria covering the regions of Loddon Mallee, Barwon South West, Grampians, Hume and Gippsland.

4.14 According to the Commonwealth Government the Regional Development Australia Committees have been designed to tap into local expertise, with each committee comprising ten local community champions.

4.15 Local government representation on the committees has been included to ensure that the three levels of government work in partnership to benefit local communities and find local solutions.

4.16 The Government’s intention is for Regional Development Australia Committees to assist the Australian, Victorian and local governments by:

- providing advice to government about issues relevant to the local region;
- providing strategic input into national and state programs;

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• providing information to communities and local government on national and state government initiatives;
• helping to coordinate regional planning and regional development initiatives; and
• working closely with local governments, community organisations and other regional organisations.\(^5\)

4.17 In particular, the Government’s stated aim is for Regional Development Australia Committees to play a role in:
• promoting economic and employment growth in regional Victoria;
• assisting communities to capitalise on their regional strengths to broaden and reposition the industry base of regions and develop new products and markets;
• developing regional and local solutions for regional and local business development problems; and
• identifying opportunities to fill gaps left by the market system.\(^6\)

4.18 The rationalisation of regional development bodies in Australia is a positive goal, although it remains to be seen whether the new Regional Development Australia Committees will have the funding capacity for strategic actions to enhance the development of their regions in meaningful ways. The transition from Area Consultative Committees to Regional Development Australia Committees has also necessarily involved some disruption and uncertainty.

4.19 Some of the Victorian non-metropolitan regions cover very large areas, substantially larger than the old Area Consultative Committee regions. They contain discrete sub-regions (including local government areas) where regional development activities will continue to take place. Hence it will be a challenge for Regional Development Australia Committees in these regions to deal adequately with the range of issues within their boundaries affecting particular sub-regions and communities.

**Victorian Government**

4.20 The Victorian Government’s current approach to regional development can be found in its *Moving Forward* strategy launched in 2005. Following consultations in regional centres in late 2007, the strategy was updated for 2008 to 2010, with a further update planned for release in 2010.\(^7\)

4.21 The Government has outlined its own growth targets for population in regional Victoria, indicating its confidence in the capacity of regional centres to absorb a substantial portion of the state’s future growth. These targets must be seen in the context of the many drivers of regional growth that are beyond the capacity of government to influence or control. The

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\(^5\) Ibid.

\(^6\) Ibid.

Government’s Provincial Victoria marketing campaign has attempted to give impetus to its regional growth targets.

4.22 The Government’s stated objectives for regional development are:
• accommodation of future population growth in regional centres;
• supporting local and regional efforts to promote growth;
• effective planning for high-growth areas;
• addressing specific regional problems such as skills shortages; and
• enhancing the sustainability and liveability of regional centres.

4.23 This Report will discuss these objectives further in later Chapters.

4.24 Some regions have greater potential to absorb future growth than others, and this has often been a function of size, proximity to Melbourne, amenity and lifestyle attraction. This will continue to be the case, though it is within the capacity of regional centres to enhance their liveability.

Forms of Government Assistance

4.25 The focus of the Moving Forward strategy has been on business support and infrastructure provision.

4.26 The policy goals of the Government of Victoria were discussed in Chapter Two at 2.46 to 2.53, in the context of ‘existing approaches to regional development’. This section will look further at Victorian Government policy.

Regional Development Victoria

4.27 Regional Development Victoria, a business unit of the Department of Innovation, Industry and Regional Development, is the main state level body responsible for facilitating economic, infrastructure and community development in provincial Victoria.\(^9\)

4.28 Regional Development Victoria administers the Regional Infrastructure Development Fund, a key part of the Victorian Government’s regional development agenda.

4.29 In 2005, the Victorian Government released the policy document, Moving Forward: Making Provincial Victoria the Best Place to Live, Work and Invest, outlining a program of investment in regional Victoria.\(^10\)

4.30 In June 2008, an update on the Moving Forward policy was released, Moving Forward: Update. The Next Two Years 2008 to 2010.\(^11\) In response

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8 Ibid.
to consultations held during November and December 2007, the update document incorporates recognition of new and emerging challenges in regional development. These include an increasingly competitive global environment, the ongoing impact of drought, and continuing and growing demand for new skills and infrastructure in regional Victoria.

4.31 *Moving Forward: Update. The Next Two Years 2008 to 2010* also notes the strong population growth expected in Victoria in coming years, with the population being predicted to grow by one million people by 2020, one decade earlier than previously planned for. Some of this expected growth will be in regional Victoria, and will necessitate the building of new and improved infrastructure to support population and industry growth.

4.32 The policy framework of *Moving Forward* was constructed around three broad themes – people, infrastructure and innovation. These addressed the findings of previous research on regional economic growth.

4.33 Victorian Government programs include the Planning for Sustainable Communities in Regional Victoria Program\(^{12}\) incorporating funding for Regional Strategic Framework Delivery and a Regional Urban Development Program. The Regional Strategic Framework project funding is for the development of regional plans addressing triple bottom line, economic, ecological and social issues, and for establishing priorities for regions and sub-regions.\(^{13}\)

4.34 Other relevant policies are the Future Farming Strategy\(^{14}\) and the Regional Town Development Plan Program\(^{15}\) for growth planning and data systems relating to land supply in Geelong, Ballarat, Bendigo, Wodonga and the Latrobe Valley.

4.35 Regional Development Victoria says that Victoria’s regional planning capability will be further supported by extending the Priority Development Panel\(^{16}\) (the advisory committee established by the Minister of Planning under section 151 of the Planning and Environmental Act) with the intention that the Panel focus more on regional Victoria. The stated role of the Panel is to support regional councils to prepare for and deliver large or complex development projects. The intention is to assist councils in the early stages of planning issues or project development to ensure all relevant planning matters are considered. The Committee welcomes the

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\(^{12}\) Ibid.

\(^{13}\) Ibid.


establishment of this Panel and any support that can be provided to local government relating to planning processes.

4.36 _A Fairer Victoria_, the Government’s social policy statement, has been released each year from 2005 to 2008. The Policy is aimed at achieving a fairer state with opportunities for Victorians regardless of where they live.17 _A Fairer Victoria_ has included some targeted investments aimed at strengthening the social infrastructure of regional and rural parts of Victoria.

**Local Government**

4.37 Traditionally, local governments have had a limited role in economic development in Australia. Without Constitutional recognition and the effective capacity to raise their own revenue, local councils have largely influenced local and regional development through planning instruments and through offers of cheap industrial land to new businesses; rates; holidays; and other limited incentives. The approach by many councils has been to attempt to attract new industries from outside the region. Historically there has been limited professional development available for officials and little incentive or capacity for working regionally on regional development issues.

4.38 The emergence of the philosophy of ‘localism’ in economic development, reflected in such routine statements by policymakers as ‘local problems demand local solutions’, is now embedded in the policy approaches of all Australian governments.18 Through its contact at Public Hearings with local governments throughout regional Victoria the Committee heard that this provides a new opportunity for local government in relation to regional development, as well as new challenges. The Committee also observed that the level of resources that councils across regional Victoria have access to varies greatly, and therefore so does their capacity for economic development work.

4.39 There are three specific tasks for local government in regional development. One is to devote greater attention to economic development, specifically to developing a positive climate for business in the local area; the second, to develop mechanisms for working regionally on development issues; the third, to grow investment while defining and pursuing the two emerging objectives of sustainability and liveability.

4.40 Recently, local councils have readily ramped up their efforts, recognising the shift in policy that has occurred and realising that they have a legitimate role in economic development. Now, for example, councils without


economic development officers and/or units would probably be the exception rather than the rule.

4.41 The establishment in 2006 of Economic Development Australia as a professional body for practitioners working in this field was a development welcomed by local government practitioners and regional development academics, particularly its emphasis on professional development and the sharing of good practice.\(^\text{19}\) Many local government employees are now members of Economic Development Australia, and this is likely to grow. The growth of a professional class of local economic developers in Australia is likely to be a major advance in the coming years, and the Committee believes this must be supported strongly by central governments.

4.42 Local government now also has an additional role following the Australian Government’s decision to channel funding for community projects through councils rather than through regional bodies. The inaugural meeting of the Australian Council of Local Government convened by the Prime Minister in November 2008 sought to bring local government closer to the centre of national policymaking.

4.43 The Victorian Government has stated its support for local government attempts to effect better regional planning, at the broad scale of Victoria’s administrative regions.

4.44 The Committee believes that a particular challenge for better regional planning is to determine how to most effectively integrate the various planning and policy regimes that exist at local government and at regional level.

4.45 Despite these gains for local government, overall it could be argued that there has been very little genuine devolution of power to lower levels of government from central governments in Australia (as opposed to the requirement that local councils take on extra, often unfunded, responsibilities). Central governments have assumed greater responsibilities over time, and local government remains weak relative to other levels of government. As Law professor and regional governance expert AJ Brown has pointed out, local councils have relatively little capacity to shape the regional policy environment, and to the extent that their interests and responsibilities have been increased, this has been largely at the behest of State and Commonwealth Governments, which retain fiscal control and set responsibilities for the local level.\(^\text{20}\)

4.46 One of the challenges for the Committee and for local government, therefore, is to find ways of effectively supporting greater local efforts to work regionally with other local councils to advance regional development and regional planning goals. This is a substantial part of the ‘connectivity’ theme that is central to the Committee’s deliberations in this Inquiry.


Approaches Across Jurisdictions

4.47 While there is broad agreement across Australian states and territories about the scope and appropriate direction of regional policy, there are nevertheless different models of implementation, varying emphases and different institutional frameworks.

New South Wales

4.48 The New South Wales Government undertook decentralisation efforts in the 1960s and 1970s, through its Growth Centres programs, in an attempt to counter the concentration of population and economic activity in Sydney. Sydney’s emergence as a global city in the 1980s only strengthened the capital’s dominance of the economy, and this was reinforced by the Government’s prime economic development focus from the mid 1990s – the Olympics – and its long-term emphasis on investment attraction to the city.

4.49 The emergence of regions of high unemployment during the recessions of the 1980s and 1990s, the increasing regional impacts of the economic restructuring associated with globalisation and falling employment in certain traditional industries such as timber and meat processing also caused government to rethink the previous focus on decentralisation.

4.50 New South Wales also pioneered the Main Street Program in the late 1980s, modelled on similar programs in North America. This was one of the early attempts in Australia at more ‘bottom up’ regional development approaches. Initially, the program focused on physical planning and streetscapes, but in the 1990s there was a shift towards a greater emphasis on economic development objectives, and other programs such as the Small Towns Program were added. The programs’ objectives were greater jobs and investment in rural communities, but with a focus on locally led strategies and actions driven by the community. The programs and others like it were replicated in various forms in other states and territories.

4.51 A series of policy statements in the 1990s set out regional development objectives and programs. A key theme of these statements was the Government’s approach of ‘strategic intervention’. This recognised that state governments had finite resources for regional development and limited capacity to affect macro-outcomes, and that resources should therefore be applied selectively in ways that made a positive difference.


The Department of State and Regional Development has developed twelve Regional Business Growth Plans for New South Wales. These plans present the background detail behind work being embarked upon to achieve the New South Wales State Plan Priority. This objective is to increase business investment in rural and regional New South Wales.

Each plan outlines actions designed to address barriers to business investment and to fuel economic growth. They focus on strategies for sustainable growth in the region, identifying infrastructure, land use and planning needs as well as skills, industry and business development issues.

The Regional Business Growth plans are being developed and implemented by the Department of State and Regional Development in consultation with regional leaders, government agencies and stakeholders. Each plan has a description of the region, a summary of issues, opportunities and challenges, a compilation of regional indicators, and a detailed outline of the Government’s strategies for the region, with an emphasis on ‘high impact’ initiatives and the resources required to deliver outcomes.

The goal of the regional plans include elements of both ‘top down’ and ‘bottom up’ approaches, since each region plan is aligned with the overall State Plan’s objectives but also based on local and regional perceptions of key regional needs in areas such as infrastructure, land use planning processes and industry development assistance.23

Western Australia

The Department of Regional Development and Lands was formed in July 2009. It administers a number of programs and initiatives. Western Australia has been noteworthy for many years for its powerful Regional Development Commissions. More recently, its Royalties for Regions program has been an innovative approach to regional funding.

Royalties for Regions

The Royalties for Regions Program is a notable agreement that is part of the Western Australian State Government’s stated aim of long-term regional development.24

The Royalties for Regions program was established to return 25% of the state’s mining and onshore petroleum royalties to the state’s regional areas each year as an additional investment in projects, infrastructure and community services.

The money is in addition to customary Budget programs, and it is envisaged that 2009–10 it will provide an additional $619 million for regional communities; representing less than four per cent of Western Australia’s total budget. The monies are being distributed through three funds:

- the Country Local Government Fund;
- the Regional Community Services Fund; and
- the Regional Infrastructure and Headworks Fund.\(^{25}\)

The Country Local Development Fund is for $500 million over five years to assist country local governments in nine regions build and maintain community infrastructure. This is provided directly to local governments.\(^{26}\)

Local governments will report back to the Government of Western Australia on their progress, according to program requirements.

In conjunction with other funding programs the Country Local Government Fund is designed to:

- address infrastructure requirements;
- improve asset management and capacity building; and
- encourage standardised asset management practices and improved regional governance in local government.

The Regional Community Services Fund\(^{27}\) is proposed to improve the access to services in the regions. The Fund supports services that have shown they are effective in enhancing the quality of life for citizens in regional areas and in providing better access to government services and infrastructure.

The Regional Community Services Fund aims to:

- assist regional communities achieve improved access to a range of community services;
- assist regional communities overcome disadvantages caused by remoteness; and
- attract and retain essential regional government employees; and some examples of the projects the Fund supports are outlined below:
  - Patient Assisted Travel Scheme;
  - Boarding Away from Home Allowance;
  - Royal Flying Doctor Service;
  - Community Resource Centres; and
  - Country Age Pension Fuel Card.

The Regional Infrastructure and Headworks Fund\(^{28}\) supports significant, strategic regional infrastructure and Headworks projects that are strategically important to Western Australia, apply broadly across a region

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\(^{25}\) Ibid.


\(^{28}\) Ibid.
and do not fall neatly into the responsibilities of one State Government department or local government for implementation.

4.66 The Fund’s main objective is to support strong investment in regional Western Australia and help leverage investment from other sources for projects that will contribute to the development of regional infrastructure and headworks. It also supports plans for regional infrastructure at the regional level and encouraging regional communities to develop infrastructure projects that profit local organisations and communities.

4.67 In addition to funding a range of individual strategic projects, the Regional Infrastructure and Headworks Fund includes an annual portion for the Regional Grants Scheme, which offers contestable funds for private and public organisations to advance and develop infrastructure and services in the regions.

4.68 Some examples of the initiatives that these funds support include:
- Regional Grants Scheme;
- Ord-East Kimberley Expansion Project;
- Exploration Incentive Scheme;
- Pre-Feasibility Pilbara/Gascoyne;
- Regional Workers Incentives; and
- Regional Airports Development Scheme.

Regional Development Commissions

4.69 Established under the Regional Development Commissions Act 1993, the nine commissions outlined below form part of the Western Australian Government statutory authority which is dedicated to the economic and social development of Western Australia. 21 offices throughout Western Australia have been established under these nine commissions to implement the state’s Regional Development Policy:29
- Gascoyne Development Commission;
- Goldfields Esperance Development Commission;
- Great Southern Development Commission;
- Kimberley Development Commission;
- Mid West Development Commission;
- Peel Development Commission;
- Pilbara Development Commission;
- South West Development Commission; and
- Wheatbelt Development Commission.

4.70 Each commission is a statutory authority charged with the role of implementing the state’s Regional Development Policy. This role

incorporates project management and program delivery, coordination of community dialogue, strategic planning, promotion of investment opportunities and partnerships with local government.

4.71 Each Commission’s operations are overseen by a community-based Board and functions under the provisions of the Regional Development Commissions Act 1993.

4.72 The role of the Commissions is to inform, partner with, and advocate for their communities and regions in relation to regional priorities. Economist Michael McClure from the University of Western Australia has commented on aspects of the program.  

Tasmania

4.73 Tasmania has implemented a series of partnership agreements between regional authorities like the Cradle Coast Authority and central governments. These partnership agreements are an attempt at achieving collaboration across a range of stakeholder groups in the region, have a specific project focus and involve vertical partnerships.

4.74 This section will look at the Cradle Coast Authority in particular. The Cradle Coast Authority’s primary role is ‘...to identify priorities for economic development and to broker partnerships between the different levels of government, industry and community groups to address these priorities on a regional scale’.  

4.75 The Cradle Coast Authority covers nine local government areas and a population of around 100,000. It is funded by contributions from local councils. It has formal partnership agreements with both the Commonwealth, through the Sustainable Regions Program, and the Tasmanian Government. The notion of a partnership agreement with the Commonwealth in relation to a specific regionally focused program provides an interesting model for vertical integration. Projects are funded by partner organisations.

4.76 The Authority’s focus includes the following:
- Tourism;
- Natural Resource Management;
- Industry Development;
- Infrastructure Development (eg the integrated transport strategy);
- Education, Training and Workforce Development; and
- Community and Cultural Development.

4.77 Hence the reach of the Cradle Coast Authority is well beyond economic development, narrowly defined, and covers a substantial range of State

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Government policy interests. It also acts as a voice for the region, making submissions to a range of inquiries conducted by central governments.

4.78 Partnership agreements have been formulated by the Cradle Coast Authority with State and Commonwealth Governments for transport services and infrastructure, tourism, education and natural resource management.

4.79 The partnership agreement with the State Government represents an interesting approach to regional development. Its focus is on economic development, and the agreement covers a range of joint initiatives designed to achieve investment and employment outcomes. The initial partnership was signed in 2001 for a three-year period.

4.80 The agreement makes explicit reference to economic, social and environmental objectives; suggests that an ‘active partnership’ is needed to drive sustainable development; underlines the importance of actions at a regional scale; incorporates service delivery objectives; makes provision for regional community involvement in the process; and preserves the proper responsibility for the state in delivering on statewide policies. The agreements recognise the importance of achieving efficiencies in public administration, addressing the key problem of policy fragmentation. They also make provision for funding arrangements to be made in relation to regional level delivery of services.

4.81 Perhaps most importantly, the agreements create a vehicle for determining strategic regional priorities. They also recognise the interlinked nature of issues affecting regional wellbeing, placing them in the ‘joined up government’ approach espoused in the United Kingdom. The fact that the Cradle Coast Authority ranges across areas such as health, natural resource management, tourism, industry development and transport demonstrates the ambitious reach of the process and its intent to align government actions at the regional scale.

4.82 Board members have a strong business and industry focus, though there is also local government and community representation. Education and training interests are represented. The Authority states that its Board membership is skills based rather than being representative of interest groups. In principle, this is a strength because it helps to ensure a strategic focus and helps prevent the inertia that might result from having Board members that are simply there to ‘represent’ regional interests.

4.83 The partnership agreement approach does not aim to be an integrated plan for the region, but rather commits the partners to work together on specific projects. Funding by local councils, with no core funding from outside the region, provides a strong level of support from the region and a measure of accountability.

4.84 The broad reach of the partnership agreements provide lessons for integrated planning, as does the inclusion of Government service delivery elements. The creation of region wide authorities with a broader remit than
economic development is significant. Also significant is the State Government’s commitment through the partnership approach to improve the effectiveness of the relationship between the central government and the regions. It should be noted that the small size of Tasmania makes achieving this a more straightforward task than is the case in more populous states.

Regional Policy Changes Over Recent Years

4.85 There is now a broad acceptance across governments in Australia and overseas that top down approaches do not work, in favour of the development of more nuanced approaches to government intervention in regions. The changes in regional policy reflect the emergence of new regional problems, a greater depth of understanding in government of the drivers of regional growth and decline, and a realisation of the shortcomings of previous approaches and the difficulty of achieving broad brush objectives.

4.86 This section looks at the approach of the Organisation for Economic Co-operation and Development, and its member countries (of which Australia is one), to policy on regional development.

4.87 The Organisation for Economic Co-operation and Development (OECD) is recognised as the leading international organisation providing a setting for governments to tackle the challenges of a globalised economy.\(^{32}\) In its report, \textit{The New Rural Paradigm 2006},\(^{33}\) the OECD pointed out that the key changes in regional policy across its member states in recent years have been as follows:

- an emphasis on opportunity rather than disadvantage, involving a shift away from redistribution and subsidies for lagging regions towards measures to increase the productivity of enterprises and encourage private investment in all regions;
- a focus on making better use of endogenous (internal) assets, rather than on trying to attract investment from outside; and
- strategies that advance competitiveness through interventions in a wide range of direct and indirect factors affecting regional performance.\(^{34}\)

4.88 The OECD concluded that the ‘publicly funded production subsidies and incentives of the 1970s and 1980s generally failed to deliver sustainable regional development’.\(^{35}\)

4.89 According to the OECD’s 2006 report, \textit{The New Rural Paradigm}, rural policy has become a policy arena in its own right, with countries seeking to


\(^{35}\) Ibid.
address the specific needs and opportunities of rural places and rural people. The most defining characteristics of the rising ‘new rural paradigm’ are a focus on places rather than sectors and an emphasis on investments rather than subsidises. These key orientations are the result of at least three factors that are influencing international rural policy making.\textsuperscript{36}

4.90 These three factors involve the following:
- increased focus on amenities;
- pressure to reform agriculture policy; and
- decentralisation and trends in regional policy.

4.91 Since the 1980s, regional redistribution policy has become less recognised on the political agenda, while policies aimed at identifying and targeting local economic opportunities are growing in importance. Large allocations for regional programmes became unsustainable in a period of consecutive economic recessions, widespread higher levels of unemployment and mounting pressure on public overheads.\textsuperscript{37}

4.92 Given that disadvantaged regions had not gone away and that inter-regional disparities had endured or often broadened, there was a need to find new ways to address regional problems. Regional policy has consequently begun a paradigm shift from top down, subsidy-based strategy to reduce regional competitiveness. These new approaches are characterised by numerous factors. Primarily, there is a strategic development strategy that deals with a wide range of direct and indirect factors that affect the performance of local firms. Second, there is a heavier focus on local assets and knowledge and less focus on exogenous investments and transfers. Finally, there is a united/negotiated governance approach to such matters, involving national, regional and local government plus other stakeholders, with the central government taking a less dominant position (see the section on ‘Better regional governance’ in Chapter Eight for an explanation of governance). Evidence of this shift can be seen in recent reforms of regional policy in a number of OECD countries, such as the development of Regional Development Agencies in the UK and a greater focus on regionalism in both the UK and the USA.

4.93 Several OECD member countries are increasingly seeking to develop a multi-sectoral, place-based approach that aspires to recognise and exploit the diverse development potential of rural areas.

\textbf{Commonalities and Differences}

4.94 As was shown in the previous discussion a broad consensus has emerged in recent decades about regional policy, both across Australian jurisdictions and internationally.


\textsuperscript{37} Ibid.
4.95 Governments worldwide have moved in the direction of the following approaches:
- a belief in promoting regional competitive advantage as the way forward for regions;
- the development of partnerships with and among local economic development agencies;
- ‘local solutions to local problems’; that is, tailored, region-specific policies designed to solve particular kinds of problems;
- facilitation of regional development outcomes rather than direction of where economic development should occur;
- bottom up approaches with communities rather than governments determining either regional problems or solutions. These should be largely based on competitive grant funding delivered to a mix of local and regional scale agencies operating at the regional level;
- acceptance by government of the central role of leadership at the local and regional level as a driver of regional development; and
- a growing preference for ‘gardening’ (growing existing regional firms) rather than ‘hunting’ (recruiting new businesses from outside the region).

Gaps in the Australian Approach

4.96 From both an academic and policy maker’s perspective, one of the important recent examinations of regional governance was the 2003 industry-led Regional Business Development Analysis, commissioned by the previous Commonwealth Government. The Regional Business Development Analysis report outlined what is described as the regional governance deficit and its detrimental effect on effective regional development in Australia, from a business and investment perspective. It saw poor regional governance as one of the principal barriers to regional development in Australia.\(^3^8\)

4.97 The Regional Business Development Analysis final report, A Plan for Action, recognised the impracticality of radically changing government structures in Australia. It therefore argued for regional structures that could better deal with the deficiencies in the system. The Report’s emphasis was on long-term planning beyond the short-term focus of current approaches and across all levels of government.\(^3^9\)

4.98 According to the Report:

‘It is vital that each region has a system in place to achieve long-term planning based on a shared vision and to deliver government services that provide a solid foundation for business development and growth. Ideally, this should be through a single

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\(^3^8\) Commonwealth of Australia, Regional Business: A Plan for Action, Australian Department of Transport and Regional Services, Canberra, June 2003.

\(^3^9\) Ibid, p 30.
structure in each region that has delegated authority to achieve long-term planning outcomes.”

4.99 It also argued that planning should be driven by business, raising the issue that integrated regional planning should include the private sector.

4.100 The Regional Business Development Analysis included economic, social and environmental planning in its vision. Its emphasis on empowering regions echoes much of the community economic development literature of the last 20 years and with the European preference for ‘subsidiarity’ (the principle that authority should be invested at the lowest possible level of an institutional hierarchy) and devolution (the delegation of authority especially from a central to a regional government).

4.101 The Report of the Regional Business Development Analysis included the delivery of government services to business among the suite of activities to be undertaken by the single regional bodies it recommended be established across Australia or, failing that, the development of a mechanism whereby central governments could leverage a greater level of ‘strategic coordination’ among existing institutions.

4.102 The Regional Business Development Analysis argued that each level of government should ‘give up something’ in order to achieve an overall better outcome. All in all, the Analysis saw its proposals for reform as requiring a radical change from the present.

4.103 The Regional Business Development Analysis critique and recommendations are typical of many views about regional governance in Australia, and have not been addressed seriously by the Commonwealth to date. The current work being done on integrated planning by the Victorian Government as part of its Regional Strategic Planning Initiative is focussed on the preparation of plans for particular regional areas of the state. However, a positive outcome of that process would be an opportunity to advance the conversation in Australia (or at least in Victoria) about improving regional governance processes and achieving more meaningful levels of integrated planning at the regional scale.

4.104 Australian regional development programs, particularly at State and Territory level, have a considerable focus on enterprise development. The Committee commends this approach, as much regional development is driven by small businesses. However, the Committee has found that local economic development strategies often still have the tendency to emphasise recruitment of new industries from outside the region over the strengthening of innovation and entrepreneurship among existing businesses. Enhancing the entrepreneurial skills of businesses, industries and regional development bodies will be increasingly important in providing

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40 Ibid
42 Ibid.
43 Ibid.
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a competitive edge to regional centres, and local strategies need to reflect this.

4.105 There is a widely accepted view in Australia that regional governance arrangements – the mix of government and stakeholder systems for managing regional development issues – are complex and fragmented, and that this impedes regional business development. This was certainly emphasised in the Regional Business Development Analysis in 2003.44

4.106 There is also an issue about the multiple tiers of regional initiatives and multiple interventions across the three levels of government in Australia. This is often seen to lead to confusion among investors, businesses and communities. Again, the recent Regional Business Development Analysis may serve to rationalise the different and potentially confusing approaches across jurisdictions.

Evaluating Government Interventions

4.107 The need for evidence-based policy is increasingly acknowledged in all areas of government, including in regional development. This Committee, and its previous incarnation the Rural and Regional Services and Development Committee, consistently found that statistics and information that drilled down to the regional and rural level were difficult to find and therefore often meant limitations in the level of debate that could be achieved.

4.108 Evaluating the impacts of regional policies and programs is fundamental to successful regional policy. It is also difficult, since regional processes are complex and there are often many simultaneous interventions being undertaken by governments at all levels.

4.109 Measuring the full impact of what governments do in regional development is not straightforward. Yet there are increasing pressures within government to be accountable for regional development assistance, to avoid charges that regional assistance is provided solely on political grounds.

4.110 Evaluation has not generally been a priority in Australian regional policy for a number of methodological and political reasons. Effective evaluation is difficult; hence there is understandably a tendency to evaluate those aspects that are more straightforward (individual programs) rather than the more difficult areas (overall policy impact on a region). Equally, there is a tendency to measure outputs rather then impacts. For example, program evaluations often measure numbers of firms assisted, dollar values of assistance, and jobs created or retained, yet do not capture the overall impacts of the interventions.

44 Ibid.
4.111 Some issues with evaluation processes include:

- Often governments have many programs, including regional development programs and other programs, affecting a particular region. Disentangling the different effects of different programs is very difficult.
- We know that regional programs may take a long time to work. When is it right to begin evaluating?
- Agencies have an interest in having their programs succeed and be seen to be successful.
- The fact that many processes not related to government interventions, both local and national, affect regional outcomes, makes evaluation difficult.

4.112 There are two central policy difficulties that proper evaluation should try to overcome – measuring displacement and measuring the deadweight effect of policies. The displacement effect refers to whether regional programs, to the extent that they create new economic development, simply do so at the expense of non-assisted regions or firms. The deadweight effect refers to those cases where the outcome could have been achieved without the intervention.45 46

4.113 Governments need to know that their policies are effective, and policy objectives are modified or amended through the experience of discovering what works. Policy should be evidence-based in the ideal world. In general, broad brush, top down policies will largely be beyond meaningful evaluation, and those limited forms of intervention more capable of evaluation are increasingly and rightly preferred by government.

4.114 Of course, not all regional policy interventions are susceptible to full evaluation – attempting to increase social capital in regional communities would be one example of this – and difficulties of evaluation are not sufficient reasons to abandon these programs. However, taxpayers and voters, particularly in regions that are doing well and generally do not need or receive regional assistance, will want to know that their contributions are making a difference to their community and their region. They will want clarity of objectives and measurable policies. Furthermore the political reality is that governments, increasingly, will want to be able to show that their policies have worked, and hence they will be biased towards limited interventions (such as selective, targeted assistance with performance tests) that lend themselves to measurable outcomes.

4.115 Hence both the increasing imperatives for evaluation and the nature of the evaluation process mean that less well-defined objectives and grander visions may not be favoured.

4.116 Unlike Europe in particular, Australia does not have such a tradition of robust regional policy evaluation. The European Union’s regional development policies, principally administered and funded through its Structural Funds, see the transfer of considerable resources to lagging regions and nations, in an attempt to address what are considered by member states to be serious regional inequalities. One consequence of the European Union’s policy approach has been to implement a regime of rigorous evaluation.

4.117 Australian regional policy, by contrast, lacks a culture of evaluation. Whatever the technical difficulties with evaluating regional policies and programs – and there are many – it is incumbent upon government to improve the quality and extent of evaluations and to further develop the use of policy evaluation as an essential tool in the policy cycle.

**Impacts of Non-regional Policies on Regions and Business**

4.118 Policies designed to assist regions are not the only kinds of policy that have an impact on regions.

4.119 The decisions governments make on a range of issues can have unintended regional consequences. For example, decisions to change levels of tariff protection may cause an outflow of capital and increasing unemployment in regions containing firms that were previously protected against competition. Competition policy in Australia has hurt some regions and helped others. For example, where governments locate their own agencies and staff can have an impact on regional economies. Moving a government department to a country town can increase the jobs, wealth and skills in the community substantially.

4.120 Different rates of taxation in different regions can assist certain areas such as remote areas. Decisions to withdraw services from small towns can have a devastating effect on them. Continuing subsidies for services, such as the universal service obligations and pricing regimes of Government Trading Enterprises, can help sustain places and assist regional development. The level of government spending varies across regions, as does government funded infrastructure. Yet none of these actions are what we normally understand to be regional policies.

4.121 Examples of policies that can affect/have affected regions differently are:

- changing levels of protection for industry;
- floating the currency;
- location of government offices;
- infrastructure and capital works spending;
- taxation and spending policies;
- interest rates;
- immigration policy;
- trade policies (e.g. free trade agreements);
• delivery services;
• environmental regulation (carbon emissions trading);
• competition policy; and
• pricing policies (subsidies) of Government Business Enterprises.

4.122 It is interesting to reflect on how, and how much, policies with no specifically regional focus can affect regional growth and decline, and what can be done to counter the negative impacts of these policies. Macroeconomic policies in the 1980s, beginning with the floating of the currency and leading to the introduction of foreign banks, set Australia on a new economic course. These reforms are taken for granted today, but in the 1980s they had a major impact on investment patterns and the location of key industries. These policies helped create new super global cities, opened industries up to international competition, many for the first time, and hastened the decline of old economy industries and helped create new industries.

4.123 This was an economic policy revolution which changed the way regions competed. All the new policy talk about ‘competitive advantage’ came from these reforms.

4.124 Other, less obvious but still significant examples abound. The withdrawal of banks from rural towns was a huge issue in the late 1990s, more so than now. This was a consequence of government policies that deregulated the banks. Interest rate rises may harm rural communities but not make such an impact on cities. High migrant intakes such as we have presently put extreme pressure on city infrastructure. Competition policy and micro-economic policy impacted on regions in the late 1990s. This was the subject of a major Productivity Commission review, which argued that much of the debate overstated the negative impacts.47 But the same debates raged for years in country areas, and still do in relation to major supermarket chains and alleged price gouging. Again, government policies often drove changes in the market place which impacted regions differently.

4.125 The carbon emissions trading scheme planned to be introduced in the near future has the potential to affect regions in ways that may not be clear at the present time. How will higher transport costs affect economic activity in more remote regions? Will trade exposed high-emitting industry sectors move offshore? Will agriculture lose out, even though it is likely to be excluded from the scheme for some years? This is further discussed below, in the section on ‘Carbon trading’, below.

4.126 Associate Professor Tony Sorensen has argued that:

These macro-events are not just some minor and shadowy influence on place prosperity. They are a dominant influence, if not the dominant influence. It is probably safe to say that a five cent decline in the value of the Australian dollar against its US

counterpart...will help the economy of rural Australia more than all the formal State decentralisation programs of the last ten years put together.48

4.127 It is arguable that non-regional policies affect regions far more significantly than regional policies. Some regional policies are enacted precisely in order to counteract other government policies that have harmed regions, eg compensation to regions for changes in industry policy (tariff reductions) or emissions trading. We can all think of regional policies that have been implemented to help regions through transition periods following the implementation of non-regional policies.

4.128 One notable assessment of the regional impacts of a non-regional policy was the 1999 study by the Productivity Commission into the impacts of competition policy on rural and regional Australia. This is a valuable case study that attempts to document the impacts of a major policy shift on regional areas.49

Carbon Trading

4.129 While there has been considerable discussion of the economic (particularly investment and employment) impacts of the proposed Carbon Pollution Reduction Scheme, and opposition to it because of these impacts, there has been very little discussion of the likely regional impacts of the Scheme. In contrast, the Commonwealth Standing Committee on Infrastructure, Transport, Regional Development and Local Government is currently conducting an Inquiry into the impact of the global financial crisis on regional Australia. Submissions closed in March this year and the Committee is yet to table a report.

4.130 This is potentially a major concern to people and enterprises in regional Australia.

4.131 Discussion of the economic impacts of the proposed Carbon Pollution Reduction Scheme has centred on a number of issues:

• impacts on households;
• net economy-wide employment impacts;
• the potential for ‘green jobs’ to replace current jobs likely to be lost;
• the impact on business of input costs, especially electricity;
• general compliance costs;
• identifying the high-emitting industries;
• the extent to which these industries are trade exposed; and
• whether the costs can be passed on to customers.

4.132 Federal Treasury modeling has suggested only ‘modest’ overall economic impacts, though it conceded that impacts on sectors and regions would vary. While the overall impacts are said to be ‘modest’, it is also the case that 30% of Australian workers work in industries that create up to 90% of carbon emissions, including agriculture, food and drink production, mining, petroleum, manufacturing, aluminium production, and road transport.

4.133 It has also been acknowledged that the creation of a new, green workforce, for example through increased renewable energy production, would require retraining for three million workers.

4.134 The Business Council of Australia undertook research in 2008 into the possible impacts of an Emissions Trading Scheme on different types of businesses.50 Particular industry sectors have undertaken their own analyses of likely impacts on their own businesses. A number of these sectors are concentrated in particular regions. The Australian Farm Institute has done some important work on the likely impacts on agriculture of an Emissions Trading Scheme, even though farming will be excluded from the Carbon Pollution Reduction Scheme as it is presently proposed, until 2015 at least.51

4.135 It was only in March 2009 that public discussion relating to regional impacts emerged, and this discussion largely focused on coal mining regions. Yet an Emissions Trading Scheme would have an impact on all regions, in highly variable, unpredictable and often negative ways.

4.136 It is therefore in the interests of regional communities and industries, not to mention the Australian Government and State and Territory Governments, to better understand the likely geographical spread of impacts of the Carbon Pollution Reduction Scheme.

**Likely Regional Impacts**

4.137 While there is debate over the overall net impacts on employment, and criticism of the Treasury and other modeling which suggests relatively benign employment impacts of the Carbon Pollution Reduction Scheme, there has been no systematic research undertaken to date into likely regional investment and employment outcomes.52

4.138 Yet it is acknowledged that the Emissions Trading Scheme is likely to cause ‘dramatic shifts in industries and locations of employment’.53 It is therefore important that people in regions know what the local impacts are likely to be.

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52 See Recommendation 22 for research into the impacts of climate change and climate change mitigation policies on regional Victoria.
Potential regional impacts to be investigated include the following:

- closure of firms;
- loss of direct jobs;
- loss of indirect jobs;
- the loss of potential future investment;
- the likely burden on different sized regions;
- the cost of retraining;
- the impacts on agriculture; and
- the combined impact on regions of the Carbon Pollution Reduction Scheme; the new industrial relations laws; and the Global Financial Crisis.

Against these impacts must be weighed the potential for the creation of new ‘green jobs’ in regions, and the impacts of any regionally focused Government compensation packages. In particular, it needs to be determined whether the ‘green jobs’ of the present and future will offset likely job losses in different kinds of economic regions.

Researchers have predicted that substantial negative impacts might be felt in particular in the following circumstances:

- where industries affected are geographically concentrated;
- in remote regions where higher input costs due to distance are experienced;
- in small towns where there are far fewer opportunities for new investments in the event that a manufacturing industry leaves town;
- in farming regions, where already high fuel and fertiliser costs are squeezing farmers’ margins;
- in tourism regions, where higher airline prices may restrict travel;
- in non-metropolitan regions generally, household incomes are lower and discretionary incomes will be hit harder as a result of higher energy costs; and
- ‘green jobs’ are more likely to be located in cities.

In 2009, the Victorian Climate Change Green Paper outlined opportunities that it believes will be presented by the Carbon Polluting Reduction Scheme and which it believes Victoria is well placed to take advantage of. As the world adjusts to carbon pricing, the Green Paper states that gaps in the market will appear as demand for low emissions goods and services grows. These can be filled by a combination of private sector initiative and public sector support.  

In particular, the Green Paper suggested that Victoria is well placed to lead the world in sustainable agriculture, water management, carbon trading services and environmental technologies (‘cleantech’). The cleantech sector

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in Victoria is said to employ more than 17,000 people and earn the state more than $3 billion annually.\textsuperscript{55}

4.144 As Victoria’s manufacturing and agriculture foundations are already strong, the Green Paper argued that the biggest challenge will come from adapting to any new carbon pricing system, but with the global market still at such a nascent stage, the potential for Victoria is high.\textsuperscript{56}

4.145 The Green Jobs Action Plan announced in February 2009 included the Victorian Renewable Energy Target, which plans to create 2,000 jobs, mostly in rural and regional Victoria.\textsuperscript{57}

4.146 Reference in the Green Paper was also made to the Community Regional Industry Skills Program and the Regional Industry Investment Program as initiatives that have already been introduced to help rural and regional Victoria adjust to an evolving economy.\textsuperscript{58}

\textsuperscript{55} Ibid, p 52.
\textsuperscript{56} Ibid, p 54.
\textsuperscript{57} Ibid, p 61.
\textsuperscript{58} Ibid, p 57.
Chapter Five

International Trends and Developments

Introduction

5.1 United States President Barack Obama recently announced the establishment of an Office of Urban Policy. In response, 41 members of the bipartisan Congressional Rural Caucus wrote to President Obama, calling for the White House to establish an Office of Rural Policy. The letter stated:

The unique policy matters faced in rural America include, but are not limited to, specific concerns regarding agriculture, conservation, economic development, education, health care, information technology, and transportation infrastructure, among others. We are sure your administration would benefit from an office devoted to the effect of federal regulations on rural Americans and our communities.¹

5.2 This comment reflects concerns that are shared by citizens around the world who require government to take into account the unique set of challenges and opportunities that rural and regional citizens face.

5.3 This Chapter sets out the Committee’s findings in relation to international trends in regional development and highlights just a few of the many examples of best practice, some of which the Committee heard about first hand. Studying successful regions internationally does not mean that overseas models should simply be replicated in Victoria. However, the

complexity of regional processes suggests that although there is no magic formula for regional success or regional policy, lessons can be learnt from other jurisdictions, particularly those that share our concerns.

5.4 Examples of strategies for regional development from other jurisdictions are also included throughout the Report.

**Successful Regions**

5.5 There are many definitions of ‘successful’ regions and communities, and many ideas about what needs to be done by regional centres to achieve vibrant economies.

5.6 US analyst Ron Shaffer’s notion of an economically viable community is helpful in clarifying the aspirations of communities. According to Shaffer:

> Viability is the ability to survive and to pursue the face of changing circumstances. Community economic viability is the capacity of local socio-economic systems to generate employment and income to maintain, if not improve, the community’s relative economic position. Economically viable communities possess the capacity to perceive changing socio-economic circumstances and to respond appropriately. Community viability has political, social, physical dimensions.²

5.7 Shaffer described what he saw as the four characteristics of economically viable communities:

- a slight level of dissatisfaction;
- a positive attitude towards experimentation;
- a high level of intra-community discussion; and
- a history of implementation.³

5.8 In other words, communities need to be aware of the dimensions of change in the new economy and the need to be pro-active, even in times of relative economic wellbeing.

5.9 Similarly, Phillip Burgess has talked about what he terms ‘high performance communities’. These communities have a number of characteristics. They are, according to Burgess, ‘fast, flexible, customised, networked and global’. As Burgess states:

> …a high performance community is a place that provides business enterprises that have a future, more per capita wealth for the community, strong and healthy voluntary associations and a user-friendly government that responds and values citizen involvement. It is a community animated by a vision where per capita income increases (increasing wealth); enterprises become more productive

³ Ibid.
According to Burgess, there are seven action strategies for the creation of what he has termed ‘high performance communities’. These are:

- ensure the rapid deployment of modern telecomputing capacity;
- promote entrepreneurship;
- promote job growth from within;
- promote awareness, interest and participation in the global market place;
- focus on industry clusters that combine producers and suppliers and encourage local competition among producers and among suppliers;
- foster inter-firm collaboration; and
- cultivate civic institutions and regional collaboration.\(^4\)

**United Kingdom**

The United Kingdom has a strong history of regional policy dating from the 1930s, with a focus on addressing regional disparities, particularly between the north and south. The geographic concentrations of disadvantage have been a long-term source of concern for UK Governments, including the current Government. Such concerns are a classic driver of regional policy interventions by governments.

Since 1997, the UK Government has set out consciously to address the challenge of ‘joined up government’. Indeed, it coined the term. ‘Joined up government’ in the UK context refers to a partnership relationship between central and local government. Put simply ‘joined up government’ reflects the belief by government that the challenges that currently face society require a co-operative government response.

At the same time, the UK has undertaken a massive program in attempting to create functional regions through an array of new institutions and processes, and has dramatically increased its funding support for regional economic development. The initiatives of the current Government are in addition to a pre-existing structure of government offices for the regions.

Hence the UK would appear to provide a good case study in integrated regional governance. The UK has been a virtual laboratory of regional governance reform over the past decade. The Government’s commitment is serious, and the breadth of its initiatives covers all three areas of regional management – regional development, regional planning and regional coordination of government policy.

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\(^5\) Ibid.
5.15 Since 1997, the UK Government has introduced a range of regional institutions and processes to advance regional planning, regional development and policy co-ordination at the regional scale:

- Offices of the Regions (actually dating from 1994) with responsibility for delivering government services and coordinating policy in the regions and an interest in aligning regional strategies with government policies;
- The creation of nine new English regions;
- Regional Development Agencies (from 1999) with responsibility for (non-statutory) regional economic strategies (£2.3 billion funding in 2007–08);
- The creation of the Greater London Authority and the London Development Agency;
- A ‘single pot budget’ for Regional Development Agencies from 2002;
- Regional funding allocations from 2005;
- Area-based initiatives;
- Regional Assemblies as regional planning bodies producing statutory Regional Spatial Strategies and with responsibility for scrutinising Regional Development Agencies.

5.16 An organisation whose work the Committee was particular impressed with is the Commission for Rural Communities, an independent ‘watchdog’ body established in the UK in 2005. The Commission has a particular focus on tackling disadvantage in rural communities in the UK and on advising government with regard to policy developments that contribute to tackling disparities in opportunities between urban and rural England.

5.17 As indicated in a 2007 Review of Sub-national Economic Development and Regeneration, the UK Government aims to devolve more responsibilities to regions and local authorities. The model adopted since 1997 is one in which the Government sets overall policy directions and sets up region scale institutions to implement its policies, but with considerable local responsibility and substantial funding. Much of the activity and policy development has had traditional regional development objectives – to reduce disparities across and between regions.

5.18 The development of regional policy in the UK must be seen partly in the context of its founding membership of the European Union. From its inception the European Union has focussed on regional policy and has consistently funded regions that are within or that cross over national borders. The European Union is legally and politically committed to operating on the principle of ‘subsidiarity’, which holds that matters are to be handled by the smallest, lowest or least centralised competent authority.

5.19 Subsidiarity was established as European Union law in the Treaty of Maastricht, which established the European Union. According to the principle decisions should be taken as close to the citizen as possible and action should only be taken by the European Union if individuals,

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communities, regions or national governments will not achieve their objectives alone.

5.20 Further empowerment of regional authorities (Regional Development Agencies) is envisaged by the review. The UK Government also wishes to strengthen region scale accountability both upwards to central government and downwards to local authorities. This is a key issue for regional governance and relevant to the Victorian Government’s current concerns. The UK Government is keen to ensure that local councils take greater responsibility for economic development outcomes at the sub-regional scale. Regional Development Agencies will therefore be required to have a more strategic role.

5.21 Equally importantly, the UK Government is keen to ensure that regional policy decisions are taken by the correct level of government or regional body, and to this end, the Review examined how local authorities fit into regional scale decision making.\(^7\)

5.22 Most significantly, the Review supported the notion of a single regional strategy setting out each region’s economic, environmental and social objectives. These strategies would be developed by Regional Development Agencies and would combine planning and regional development.

5.23 The UK Government’s policy of devolution (the delegation of authority from the central government to regional authorities) is partly driven by the perceived need of regions to be able to adapt their economies flexibly to the ever-changing imperatives of a global world. The UK’s focus on region scale policies and programs is based on the idea that regions are the new focus of economic development in the globalised world and that policy should reflect this. It takes further than most governments the idea of region-specific policies (normally still devised by a central government), while still maintaining central government control of overall policy settings. The central government also sets targets and performance indicators for Regional Development Agencies. So it is by no means complete devolution.

5.24 There is also a strong policy focus on setting clear objectives in the UK approach. This is partly in response to the European Union’s insistence on policy and program evaluation in its regional development initiatives. Regional policy, including policy in Australia, has a poor track record of policy and program evaluation. Regions in the UK will be required to determine their own strategies for fulfilling regional growth objectives.

5.25 One of the proposed initiatives currently being considered is to develop multi-area agreements to allow groups of councils to agree to collective targets for economic development.

5.26 The key issue under consideration with most relevance to Australia is the UK Government’s intention to devolve more policy making to the regional level while simultaneously strengthening accountability. This is a major

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paradox for regional governance and one whose implementation it will be interesting to follow. Changes in policy in the UK raise questions concerning who has responsibility for setting objectives and priorities. Seemingly, central governments in the UK will continue to set objectives for regions, even under a relatively devolved system of governance.

5.27 Indeed, according to the UK Government accountability to the national government will be strengthened through better Parliamentary scrutiny of regional performance against the strategies. Under the latest proposals, local authorities would have responsibility for agreeing the regional strategies, but final sign off on the strategies would remain with UK Government ministers. 8

5.28 Having ministers with responsibilities for particular regions, as has been the case in Western Australia and as is currently the case in New South Wales, is also under consideration in the UK, along with a new management framework for government agencies. Current Ministerial portfolios in New South Wales include Jodi McKay MP as Minister for the Hunter, David Campbell MP as Minister for the Illawarra and the Premier Nathan Rees MP as Minister for the Central Coast. The rationale for such Ministerial positions might be to ensure representation at the Cabinet table for a particular area or to ensure increased responsibility or accountability for a region.

5.29 Business in the UK has complained about the ad hoc nature of the establishment and operations of many British regional bodies. 9 This is consistent with the findings of the 2003 Regional Business Development Analysis in Australia, relating to fragmentation of regional bodies. 10 Business in particular the world over has difficulty with bureaucracy and overlapping responsibilities. Business interests argue that fragmentation and complexity lead to sub-optimal policy outcomes and confusion for business and non-government sectors. The 2007 UK Government review notes that historically in the UK there have typically been at least 20 strategies for each region. 11

5.30 The UK case is instructive for Victoria for a number of reasons. It is about both devolution and integration. It engages with the key problem of lack of accountability at the regional scale of governance. It attempts to involve local authorities in meaningful region scale activities. It is exploring ways of improving the performance of those involved in regional governance, partly through better incentives which are seen by the UK as critically important. It stresses the importance of a good evidence base for policy. The UK case involves all three aspects of regional integration – regional policy, planning and coordination arrangements. The UK Government has sought improved ways of integrating planning and regional development. It will be instructive

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9 Ibid, p 52.
to watch the performance of Regional Development Agencies in that jurisdiction.

**Successful Approaches**

**Canada**

5.31 A federation of ten provinces and three territories Canada is a parliamentary democracy and a constitutional monarchy. The structural similarities between Canada and Australia facilitate comparison of policy approaches to regional development, and there is a strong tradition of sharing ideas in the relationship between the two countries. This is true at the government level as well as at the level of practitioners working in regional communities.

5.32 Like most of the world Canada has been adversely affected by the recent Global Financial Crisis, and like its close trading partner the United States, is currently experiencing a recession.

5.33 Regional development in Canada is focussed on engaging with and empowering regional and rural communities to develop their potential through local leadership.

**Canadian Centre for Community Renewal**

5.34 Michelle Colussi is a Manager at the Canadian Centre for Community Renewal (CCCR) in British Columbia. Michelle has a background in rural and regional development and her work at the Centre is focussed on community renewal, rather than growth. Michelle says that ‘the strength of communities starts with leadership’[^12] and that the approach of the Centre is to work with communities to identify what their needs are and to achieve them. They do this by engaging with members of a community, through one-on-one interviews. The process is not intended to create another layer of bureaucracy, rather to create a local network, and to identify opportunities for renewal.

5.35 The Centre has developed a Community Resilience Manual that has been used in Canada, and has been adapted for use in Botswana where a nationwide community renewal project is under way.

5.36 The non-profit Canadian Centre for Community Renewal supports research, publishing, networking and a range of developmental activities to strengthen the field of community economic development in Canada. From its origins in 1977, CCCR has given priority to working with marginalised communities, populations and regions in Canada. Over the past two

decades, CCCR has become known for leadership in the field of community economic development and the social economy.

5.37 The CCCR is the lead organisation in the British Columbia–Alberta Research Alliance on the Social Economy, a regional research collaboration amongst universities and community-based organisations in Alberta and British Columbia. The current priorities of the Centre are resilience, food, housing and collective enterprise and ownership. They regard these as the areas most critical to the long-term viability of many of the places we live in.

5.38 In addition to federal, provincial and local governments British Columbia also has a number of regional districts, created through changes by the provincial government to the Municipal Act in 1965. The Capital Regional District is the regional government for the 13 municipalities and 3 electoral areas that are located on the southern tip of Vancouver Island.

5.39 The Capital Regional District provides regional governance and services for the entire Capital Region, including regional parks, regional planning, solid waste management (including recycling) and emergency 911 services. The Capital Regional District creates partnerships between any combination of municipalities and electoral areas for services or projects that are specific to only part of the region. The Capital Regional District is also the local government in areas which are not within a municipality. These areas are known as ‘electoral areas’.

5.40 Over the past 40 years the Capital Regional District has functioned as a governing body for regional issues, as well as providing an effective form of local government for the residents of electoral areas. In a ‘regional district’ a number of local governments join together as partners in order to benefit from economies of scale and eliminate duplication of effort on a region-wide perspective.

Ministry for Community Development

5.41 The Ministry of Community Development in British Columbia describes its purpose as ‘to equip communities across British Columbia to build strong,
competitive local and regional economies that support sustainable and socially responsible communities’. 16

5.42 Along with the usual legislative and policy development frameworks that a government department supports, the Ministry says that it provides tools and resources to rural communities that help them diversify their economies, overcome barriers to development, and realise their full economic potential.

International Centre for Sustainable Cities

5.43 Dr Nola-Kate Seymour is President and Chief Executive Officer of the International Centre for Sustainable Cities, an organisation founded in Canada in 1993. It operates as a partnership between three levels of government, the private sector and civil society organisations. The Centre is governed by a board of directors from the private, public and civil sectors. It has a small core staff based in Vancouver, and an international panel of advisors, partner organisations and associates in other cities.

5.44 The aim of the International Centre for Sustainable Cities is to bring together the business community, civil society organisations and various levels of government to tackle urban issues. The Centre works nationally, internationally and in its home region, Greater Vancouver.

5.45 The Centre implements practical demonstration projects and high-profile events, and creates peer learning networks and affiliations. The demonstrations deal with issues such as urban design, land-use planning, transportation, solid waste, urban greening, energy efficiency, disaster mitigation, poverty reduction, governance and multi-party participatory processes.

5.46 The focus of the Centre is on long-term strategic planning. According to Dr Seymour, ‘the idea of planning for 100 years takes the shackles off’. Current plans for cities that the Centre is working on are for 35 years.

5.47 In Dr Seymour’s words, cities learn and copy one another and the International Centre for Sustainable Cities creates and supports peer networks to share learning and innovations. Cities around the world, according to Dr Seymour, are living with infrastructure designed 100 years ago and the results of their current choices may influence urban form for the next 100 years. One example of such a network is the PLUS (Partners for Longterm Urban Sustainability) network.17

16 Mr Dale Wall, Deputy Minister for Community Development; Mr Tom Jensen, Assistant Deputy Minister, RuralBC Secretariat; Ms Sarah Fraser, Executive Director, Community Adjustment Office; Mr Jim Cameron, Executive Director, Regional Offices; Glen Brown, Executive Director, Local Government Infrastructure and Finance; Melissa Fahlman, Policy & Strategy Analyst, Strategic Initiatives Office, RuralBC Secretariat, Ministry for Community Development British Columbia, Meeting, Victoria, Canada, 11 May 2009.
17 Dr Nola-Kate Seymour, President and Chief Executive Officer, International Centre for Sustainable Cities, Meeting, Vancouver, Canada, 13 May 2009.
5.48 The Sustainable Cities: PLUS Network is a peer learning network involving over 30 cities, regions and associations across the world dedicated to considering the long-term impacts of current decisions. The goal is to use integrated long-term planning to guide immediate actions so as to move cities and communities on the path to sustainability. Launched in 2004, the network’s membership has grown steadily. Currently, the only Australian member is Adelaide.

5.49 Member cities of the PLUS Network commit to building on their existing planning process through the use of a long-term lens. While each city’s approach is different, the process typically includes developing 50- to 100-year visions, with 30-year strategies, and 5-year implementation plans. Each city or region identifies at least one immediate demonstration project that will revitalise and renew the community. Members participate in regular peer exchanges, which give them opportunities to share their work and learn from one another’s experiences related to city and community planning issues.

5.50 Dr Seymour believes that a major key to development of any region is long-term planning that engages members of the community. She also regards the key to maintaining our rural areas as being through a policy of ‘rurbanism’, where rural and urban areas are networked to each other.

5.51 A particular impression that Dr Seymour and her colleagues made on members of the Committee during a meeting in Vancouver was through discussion of long-term planning. Dr Seymour argued that planning outcomes are usually constricted by a need to consider current trends. This inhibits the freedom of planners to think and design creatively.

5.52 The type of long-term planning being discussed with the Centre for Sustainable Cities was one which required participants to ‘cast back from a vision of where you want to be, a desired outcome, instead of forecasting from a current trend’. This required a 100-year plan, rather than a 4-, 5- or 10-year plan. Planning for 100 years removes the constraints from the planning process as it is traditionally undertaken and ensures it is focussed on a desired end-state instead of as a response to current circumstances.

5.53 Dr Seymour discussed the experience of designing a 100-year plan for the greater Vancouver region:

I was not prone to thinking long term in this way. As we worked through this process it was astounding what a difference it made because as soon as you go out 100 years nobody’s an expert, everybody’s on equal ground. You’re not thinking about your budgets, you’re not thinking about your departments, you’re not thinking about whether it’s Surrey or Vancouver or North

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18 Ms Jane McRae, Program Director, International Centre for Sustainable Cities, Meeting, Vancouver, Canada, 13 May 2009.
Vancouver, you’re thinking about the whole region. It was phenomenal; it released so much creativity.\(^{19}\)

**Centre for Innovation and Entrepreneurial Leadership**

5.54 The Centre for Innovation and Entrepreneurial Leadership is a non-profit organisation located in Nelson, British Columbia, a region that is home to many communities who need to make quick transitions to survive in a fast-changing global economy.\(^{20}\)

5.55 The Centre’s earlier work assisted small communities in the neighbouring mountain valleys. They developed innovative assessments coupled with strategic processes to help communities achieve their development goals. Their ideas attracted the attention of communities across the rest of British Columbia. The Centre has also been invited into communities across Canada, the US, New Zealand and Australia.

5.56 Their Communities Matrix – a one-page tool for assessing stages of community readiness – has now been used in many countries across the globe. The Government of Canada contracted the Centre for Innovation and Entrepreneurial Leadership to research, develop and build a collaborative leadership program as an effective means of building capacity for rural communities in Canada.

5.57 Recently five small towns in regional Victoria (Yarram, Dimboola, Myrtleford, Robinvale and Macarthur) completed a program called the ‘Business Vitality Initiative’ that was designed by the Canadian-based Centre for Innovation and Entrepreneurial Leadership. The aim of the program is to promote business entrepreneurship and economic development in local communities. During the first stage of the program small towns in each local government area were assessed to identify their capacity for business growth and for entrepreneurship. During stage two the results of the assessment were presented at community meetings, as well as any plans for action. Examples of economic development actions proposed have included a ‘buy local campaign’ and the development of a loyalty shopping program. The ‘Business Vitality Initiative’ was funded by the State Government and coordinated by the Municipal Association of Victoria.\(^{21}\)

**Ireland**

5.58 Regional development in Ireland must be put in the context of the current economic crisis affecting the country. This section of the Report seeks to explain Ireland’s National Development Plan and National Spatial Strategy. Both plans have been cited as examples of effective planning for regional needs.

\(^{19}\) Dr Nola-Kate Seymour, President and Chief Executive Officer, International Centre for Sustainable Cities, *Meeting*, Vancouver, Canada, 13 May 2009.

\(^{20}\) See: <http://www.theciel.com/>.

development. In Ireland members of the Committee heard that implementation of the plans have for the most part stalled because of the Government’s focus on dealing with the extreme effects of the economic crisis. What we saw in Ireland was that the vast majority of regional development goals were abandoned during a time of economic hardship. However, the Committee also heard that regional infrastructure and research and development remained priorities for the future. Regardless of the current situation the National Development Plan and the National Spatial Strategy remain impressive planning documents that deal with regional planning in a statewide context.

National Development Plan and National Spatial Strategy

5.59 The National Development Plan (2007–2013) Transforming Ireland – A Better Quality of Life for All, sets out a program of investments that are designed to underpin Ireland’s ability to grow in an economic, social and environmentally sustainable manner.\(^{22}\) Prior to 2007, Ireland had experienced a decade of economic, employment and living standards growth.

5.60 With the Irish population increasing by 17% to 4.2 million over the previous ten years to 2008, and expected to increase to over five million by 2021, managing land usage and subsequent infrastructure for future growth was seen as crucial for sustainable growth, and inspired the planning process.

5.61 The Committee heard about issues similar to the overcrowding issues being faced by Melbourne during discussions with the Minister. Traffic congestion, service delivery and an overpopulated capital are straining Dublin’s infrastructure and the health of its citizens. The Irish Government sees the need to move population out of the capital city. Other jurisdictions such as our own have an opportunity to learn from cities around the world such as Dublin and London with regard to dealing with congestion and its effects and achieving regionally balanced development.

5.62 The 2007 to 2013 National Development Plan is set to focus on five investment priorities (in Billion Euros).\(^{23}\)

- Economic Infrastructure..........................................................54.7
- Enterprise, Science and Innovation........................................20.0
- Human Capital.................................................................25.8
- Social Infrastructure.........................................................33.6
- Social Inclusion..............................................................49.6

5.63 The National Spatial Strategy is a national 20-year planning framework for achieving balanced physical, social and economic development through effective planning. Dr van Egeraat from the National Institute for Regional and Spatial Analysis explained to Committee Members that the main aim of


the National Development Plan strategy is to achieve regionally balanced development across Ireland.\textsuperscript{24} The plan proposes that cities and towns outside of Dublin be developed as ‘gateways’ and ‘hubs’. The National Spatial Strategy identified nine, strategically located hubs which will support the gateways and will link out to wider rural areas. Effectively, the gateways act at the national level, whereas the hubs act on the regional and country levels.\textsuperscript{25}

5.64 According to Eamon Ó Cuív, Minister for Community, Rural and Gaeltacht (Irish speaking) Affairs, the Government’s rationale for the National Development Plan was based on the notion that Dublin had grown too large and that more balanced regional development needed to occur. The Minister stressed that in his concept of hubs and gateways he did not think of a critical mass of population but rather a critical mass of services centred on a city. He suggested that hubs and gateways could be created that didn’t require enormous population shift from surrounding regions.\textsuperscript{26}

National Institute for Regional and Spatial Analysis

5.65 As part of the process of planning and development the National Institute for Regional and Spatial Analysis was established in 2001 in Maynooth, outside of Dublin, and funded as part of the National Development Plan process. The Institute undertakes research on spatial processes and their effects on social and economic development in Ireland. The Institute is a collaborative project between four regionally located universities.\textsuperscript{27}

5.66 The focus of the Institute is on what they describe as ‘spatial analysis’ or the process of looking at how things are distributed across and between places. The work is done by looking at a series of maps on different scales – local scale, regional scale or national scale. Along with demographic data these provide a picture of where people live and work and, for example, how far they are willing to travel to work. It allows a profile of a region to be established, one which also includes available infrastructure and, for example, industries that are in an area. The next phase is to model these regions to determine what would happen if, for example, a rail line was constructed in a particular location.

5.67 The purpose of the spatial analysis research is to give government policy makers a more nuanced understanding of the regions in Ireland and their

\textsuperscript{24} Dr Chris van Egeraat, Research Fellow, National Institute for Regional & Spatial Analysis, National University of Ireland, \textit{Meeting}, Maynooth, Ireland, 25 May 2009.


\textsuperscript{26} Hon Eamon Ó Cuív, Minister for Community, Rural and Gaeltacht (Irish speaking) Affairs Department of Community, Rural and Gaeltacht Affairs, \textit{Meeting}, Dublin, 26 May 2009.

\textsuperscript{27} Professor James A Walsh, Deputy President, National University of Ireland, Maynooth & Vice President for Innovation and Strategic Initiatives; Professor Rob Kitchin, Director, National Institute for Regional & Spatial Analysis; Dr A Jamie Saris, Deputy Director, National Institute for Regional & Spatial Analysis; Mr Brendan Bartley, Deputy Director, National Institute for Regional & Spatial Analysis; Dr Chris van Egeraat, Research Fellow, National Institute for Regional & Spatial Analysis, National University of Ireland, \textit{Meeting}, Maynooth, Ireland, 25 May 2009.
economic differences. It assists policy makers and economists to understand that their policy can’t be based on a view that there is ‘Dublin and the rest’. That is, that regional areas are not homogenous.

5.68 Academics from the Institute for Regional and Spatial Analysis in Maynooth told Committee members that the National Development Plan project had been too recently put in place to declare whether it had been a success or not, but that it was a promising model.28

5.69 According to researchers and academics in Maynooth many elements of the National Development Plan and the National Spatial Strategy are positive. Particular elements that were seen by Committee members as highlights of the National Development Plan and National Spatial Strategy include:

- To bid for funding regional authorities must be joined up at the local level.
- The encouragement of ‘competitive collaboration’ where different bodies that might normally only compete for funding would collaborate to compete for project funding.
- Funding bids must comply with the overall regional planning guidelines.
- The National Development Plan and the National Spatial Strategy are an acknowledgement of the need for constructive long-term planning for regional development.
- Planners have looked beyond administrative boundaries to connections across areas that are ‘natural’ or implicit.
- The plans take into consideration not just land use but all the other sectors that are involved in developing a regional centre such as telecommunications, education, the environment, transport and so on.
- The National Development Plan and National Spatial Strategy projects have put Ireland in a better position to recover as a country from the global economic crisis: for example, it has given developers a way to align their own projects with where government investment is planned to occur.
- Having a framework in place helps to manage expectations – particularly the expectations of lobbyists in different parts of the country.
- It is also useful in managing the political process. Different players in the process, and departments, can be reminded of the strategy that they signed up to and their commitment to keep the framework alive.
- The plans are a formal recognition that Dublin is overpopulated.
- The plans shift the policy focus of grants so that a shift in expenditure to regional areas is encouraged.29

5.70 Committee Members were impressed with the national character of the planning process and the commitment to its eventual fulfilment that was demonstrated in many parts of the country, even in the face of economic crisis.

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28 Ibid.
29 Ibid.


Rural proofing

5.71 The Committee was introduced to the concept of ‘rural proofing’ during its Inquiry into Rural and Regional Tourism whilst examining rural and regional policy development in New Zealand. Further approaches to ‘rural proofing’ were encountered in the UK through the engagement of Committee members with the Commission for Rural Communities.

New Zealand

5.72 The New Zealand Rural Proofing policy document is designed as a ‘best practice guide’ for government policy advisers. Rural Proofing is a process for taking into account the circumstances and needs of the rural community (rural people and rural businesses) when developing and implementing policy.

5.73 In the New Zealand context a rural community is described by rural proofing policy makers and implementers as:

...areas outside of urban areas (cities and towns). Statistics New Zealand classifies urban areas as those with a population of 1,000 people or more and has divided New Zealand into three urban and four rural profiles. The rural profiles are based on an area’s degree of urban influence – particularly the degree to which people living in the area work in the area or work in a nearby town or city.

5.74 According to this New Zealand model, in addition to the effects of low population density and isolation, regional and rural diversity and dynamism need to be taken into account when considering the implications of proposed policies. These factors should also determine the method and style of consultation and communication used when working with regional communities.

5.75 Rural Proofing is designed to recognise that the New Zealand economy is highly dependent on rural-based businesses. Industries based on the agriculture and forestry sectors generate about 70% of New Zealand’s merchandise exports and rural-based tourism makes a significant contribution to the rural economy.

5.76 A significant element of the Rural Proofing process is that it is pre-emptive – it is is part of an acknowledgment by the New Zealand Government that in an increasingly urbanised society there is a potential risk that the challenges faced by the rural community will not be properly recognised or taken into account by central government policymakers and, as a consequence, the rural community will not reach its full potential.

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31 The Rural Proofing policy can be found at: <http://www.maf.govt.nz/mafnet/rural-nz/proof/>.
32 Ibid.
33 Ibid.
5.77 Three areas relevant to policy development are especially influenced by population density and isolation, namely:

- Connection infrastructure: efficiently and effectively connecting rural people and businesses to each other and to the world (including roads; telecommunications; electricity supply; postal and broadcasting services).
- Access to services: providing workable and accessible services to people in rural areas (including emergency, health, education, disability support, water supply, public transport and social services).
- Ease and cost of compliance: recognising the practical implications of complying with government requirements in rural areas – considering both the benefits and the costs.

5.78 The Rural Proofing policy includes an ‘Implications Checklist’ of questions that policy makers should consider when developing policy. For example, below is a sample of questions that the policy suggests advisers should engage with:

- Will your policy affect the availability, quality or cost of accessing infrastructure in rural areas?
- Will the infrastructure be more difficult or expensive to provide in rural areas?
- Is your engagement with rural stakeholders affected by their ability to receive information, participate in consultation and provide feedback?
- Does your communication plan ensure you are reaching your target audience?
- Are there significant differences between the costs and benefits of compliance in rural areas compared to urban areas?
- Are there significant travel distances or times involved in providing or accessing the service in rural areas?
- Will the delivery of services be more expensive or more difficult to achieve in rural areas?
- Are there any particular implications for the safety and security of rural people or businesses given their isolation from emergency services?

5.79 Further to the questions relating to service delivery the policy includes suggestions for appropriate ‘Mitigation Measures’, such as:

- Subsidise or provide free transport services (for example, funding school buses and emergency helicopters, providing transport assistance to access health services).
- Take services out into rural areas (for example, mobile delivery of surgical services).
- Provide base funding, per delivery centre, in recognition that some costs are relatively constant regardless of scale (for example, base funding per school).
- Modify funding formulas to take into account higher per capita costs of delivery in rural areas (for example, modified population-based funding of district health boards).
• Target funding to assist or encourage provision in rural areas or improve access for rural people.
• Encourage combined servicing of several providers of similar services (for example, one administration provider for two or more schools).
• Share premises or staff with other agencies.

**Policy Watchdog**

**Commission for Rural Communities, United Kingdom**

5.80 The role of the Commission for Rural Communities is to provide well-informed, independent advice to government and ensure that policies reflect the real needs and circumstances of people living and working in rural England. In line with traditional regional policy approaches in the UK, the Commission for Rural Communities is particularly focussed on tackling disadvantage and economic under-performance. It has three key functions:

• Rural Advocate: the voice for rural people, business and communities.
• Expert Adviser: providing evidence-based, objective advice to government and others.
• Independent Watchdog: monitoring and reporting on the delivery of policies nationally, regionally and locally.

5.81 The Commission for Rural Communities conducts a programme of work on rural proofing which seeks to ensure that new policy developments by government, as well as their delivery mechanisms, take account of rural needs and circumstances. The Commission aims to achieve this by:

• promoting and advising on rural proofing;
• reporting on how rural proofing delivers benefits to rural communities;
• supporting and promoting the Commission’s role to stakeholders so that they understand rural proofing; and
• developing a range of approaches for monitoring and reporting rural proofing.

5.82 Rural proofing has been part of government policy in the UK since 2000.

5.83 During a meeting with members of the Committee the Commission’s Chairman, Dr Stuart Burgess, described his role as Rural Advocate, and his work persuading the UK Government to take account of the particular characteristics of rural areas when making and implementing policy. The Rural Advocate provides advice directly to the Prime Minister.

5.84 Although the Commission was established and funded by the then Blair Labour Government in 2005 it became an independent body following legislation passed in 2006.

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34 Rev Dr Stuart Burgess, Chairman & Rural Advocate, Commission for Rural Communities, Meeting, United Kingdom, 22 May 2009.
5.85 The Commission produces an annual State of the Countryside Report and performs a watchdog role. Its focus is on keeping a close eye on government legislation that might have an effect on rural communities.

5.86 Dr Burgess sees his role as ‘political friend’ of rural communities, ensuring that, in a very urban-based country, bills are ‘rural proofed’.

5.87 He explains that his advice to the Prime Minister is always based on the Commission’s priorities. At the moment these are affordable housing, transport, health and education, responding to natural disasters, and broadband. He further attempts to influence Members of Parliament and Parliamentary Committees. As he explains:

...if you’re going to challenge the government on every single issue, forget it, so you have to be choosey, you have to be selective, and so there are certain issues that you are going to try to influence. At the moment for example on broadband and digital inclusion we’re doing a lot of work on that ... the Prime Minister knows of my concern about the future of the rural economy which can deliver a lot of money into the general economy but if it’s going to survive or grow it’s going to be dependent on broadband access and mobile access too.  

5.88 Dr Burgess says that he considers success as having raised the profile of rural communities, through influence on political leaders and through providing a strong evidence base for all the Commission’s reports.  

5.89 The Commission for Rural Communities lists approximately 54 core research projects and association or involvement with numerous others. Examples of some of the topics of these projects are listed here because of their similarity to issues currently being faced in regional Victoria:

- Affordable Rural Housing Commission.
- Best Practice: focussed on determining effective ways to disseminate best practice and information about current research in areas such as healthcare, young people, rural economies, education, homelessness, transport and housing.
- Broadband and ICT.
- Connecting Rural Communities and the Land: research exploring the connections between rural people and the land and the vitality of that connection to the distinctiveness and sustainability of rural England.
- Digital Inclusion: focussed on providing the Government with a rural perspective on their Digital Britain report.
- Disadvantage: studying older people and disadvantage.

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35 Ibid.
36 Ibid.
Chapter Six

Drivers of Growth and Decline in Regions

Introduction

6.1 This Chapter outlines the key drivers of growth and decline in regions. The Committee believes that it is important to understand the processes of regional development, in order to be clear about how governments and regional leaders can best influence regional economic, social and environmental outcomes and help to create viable regional centres of the future.

6.2 The Committee recognises that regional development is driven by a wide range of dynamic and variable factors, and that this has implications for government interventions. That is, how government should get involved, what types of funding are most effective and what kind of involvement leads to the best results for regional development.

6.3 The key question concerns which factors drive regional development. Is it the natural advantages of a region? Is it physical resources? Is it location? Is it proximity to a large market? Is it critical mass? In other words, is the size of the local economy important? Is it the presence of industries that are growing nationally? Is it economic diversity? Is it local leadership? Is it a welcoming business climate? Is it human capital, either in Robert Putnam’s version (social capital) or Richard Florida’s (creative capital)? Is it the passion of the community and its active involvement in local economic development? Is it being entrepreneurial? Is it collaboration among the key stakeholders? Is it having a positive attitude to change? Is it global connectedness? Is it having a local economic development agency? Is it
having amenity and a high quality of life that appeals to ‘sea changers’? Is it being cosmopolitan? Is it a welcoming ‘people climate’? Is it infrastructure, such as the proximity to an international airport? Is it clusters of industries? Is it the existence of tacit knowledge shared among networks of connected firms and other regional players? Is it government assistance?

6.4 This list above highlights the number of complex factors that can be considered in developing policy for regional development. There are a number of ways in which these regional success factors and theories can be considered in order to clarify their significance for regional growth. For example, regional growth drivers might be placed into the following types:

- factors communities can control as opposed to factors communities cannot control;
- endogenous (coming from within the region) versus exogenous (coming from outside the region);
- government-led factors versus others;
- factors that governments can influence versus those they cannot control;
- economic drivers versus non-economic drivers;
- immediate versus long-term factors;
- supply versus demand side factors;
- factors that influence household location versus factors that influence firm location; and
- factors affecting industry/business performance versus factors affecting aggregate regional/community performance (successful businesses versus successful places).

6.5 During its Public Hearings throughout regional Victoria the Committee has heard all of the questions detailed above and has discussed them during hearings, through workshops and in discussions with experts and members of regional communities throughout Victoria. These questions and possible solutions have been raised by local government representatives, state government representatives based in the regions, business people, academics, community groups and regional leaders. The challenge for the Committee has been to determine which combination of these factors listed above are the most significant; which factors can be influenced by government intervention; and what the most effective methods of intervening entail.

6.6 This Chapter examines both traditional and recent thinking on the factors that drive regional growth and decline and aims to put a theoretical context to the concerns and questions that were raised during the Committee’s Inquiry.
Traditional Theories of Regional Growth and Decline

6.7 There is a rich literature relating to theories about which factors are the most important in regional development.

6.8 Regional economic theory attempts to explain differences in regional growth rates, the causes of decline and the nature of settlement patterns, and therefore sheds some light on the ongoing economic difficulties of small towns. Economic theories help explain the limitations on growth in regions and the structure of industries in regions.

6.9 Location theory explains why businesses choose to locate in certain areas. These theories focus on least cost models, market area models and profit maximising models. A wide range of factors determines business location decisions, including access to raw materials, labour, skills, support services and markets. Traditionally, transport costs have been important for some industry sectors. Locations seek to attract businesses for obvious reasons – they create direct jobs, as well as two kinds of indirect jobs (‘multipliers’). These are jobs created by the existence of suppliers and service industries, and jobs created by the consumption needs of employees.

6.10 Agglomeration economies drive businesses to locate in proximity to one another, and the benefits of agglomeration economies are generally felt most in larger cities. Agglomeration economies help explain the growth of larger centres. Businesses receive both internal cost benefits and shared benefits by proximity to other firms.

6.11 The theory of growth poles holds that economic development is ‘lumpy’, or occurs unevenly. There are positive benefits of growth to regions surrounding growth ‘nodes’, or connection points, (so-called ‘spread’ effects) as well as negative effects (so-called ‘backwash’ effects). It is the latter that characterise the phenomenon now known as ‘sponge cities’, where growth is sucked away from smaller centres by the growth of larger centres.

6.12 Central place theory holds that the growth of a region or town relates to the demand for goods and services of its hinterland. Growth is therefore a function of size and income levels within the region. Generally the theory sees a hierarchy of ‘central places’, from villages to cities, each providing for different consumer needs. Central place theory is useful in explaining the size and spacing of settlements in a region.

6.13 Different levels of growth can be explained both by ‘supply side’ factors and ‘demand side’ factors. Supply side theories focus on the factor endowments of regions – their competitive advantages – while demand side theories seek an explanation of growth by analysing a region’s ‘economic base’ or export base. Basic industries are those which provide income to the region from outside, and hence are key industries for regional growth.

6.14 Some theorists have talked about virtuous cycles of growth (and vicious cycles of decline). This has been termed ‘cumulative causation’, and attempts to explain why some locations suffer persistent decline while
others continue to grow. Whatever the original drivers of growth in a region, growth will continue to occur in the ‘centre’, often at the expense of the ‘periphery’. This has been the case with many small towns, where out-migration has led to the loss of services and the closure of businesses, which in turn has led to further out-migration and a much more difficult development task for communities.

6.15 One of the contemporary theories that seeks to explain the ongoing difficulties of smaller towns has been referred to as the new economic geography. This theory links the centralising effects of traditional agglomeration economies with the cost of transport in an explanation of the apparently increasing concentration of economic activity into larger cities.

6.16 The above theories have all helped academics, policy makers and practitioners to explain how regional growth occurs and why some regions are more successful than others. There is no single unifying theory that explains regional development but most approaches have assisted governments, communities and economic development professionals to understand and evaluate regional development. For example, some conclusions that can be taken away are that agglomeration economies result in ‘lumpy’ (or uneven) economic growth across the economy; that growth occurs around connection points (‘nodes’); and that business is attracted to larger market areas.

**Recent Thinking About Regional Growth and Decline**

6.17 In the 1980s and 1990s, thinking about what drives regional growth has taken a number of new and interesting directions. There has also been a renewed recognition of traditional growth drivers.

6.18 These more recent theories of regional growth have added considerably to the earlier studies. New growth theories, including those of Paul Romer, suggest that growth is driven by knowledge.¹ The ‘new regionalism’ of Cooke, Morgan, Scott and Storper and others builds on the knowledge theory. These (mainly European) writers argue that regional growth is driven by dense networks of informal or ‘tacit’ knowledge. Scott² and Storper³ also focus on the emergence of ‘global city regions’ as growth drivers. Cooke and Morgan focus on regional innovation systems and refer to their theory as ‘the associational economy’.⁴

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This literature has become known as the ‘new regionalism’. It focuses on regional scale competitiveness and innovation and is closely associated with thinking about social capital and networks as drivers of regional growth.

Coming from another angle, a number of writers drawing on Robert Putnam have advanced the notion that social capital helps drive regional development. The places that do best will be those that have strong social cohesion. Many government programs, of course, set out to build community capacity, and in the process end up affecting the building of social capital.

Michael Porter, Michael Enright and a number of other writers, talk about the concept of ‘clusters’. Their argument is that regional growth is built on the co-location of competitive and collaborative firms in high-growth industry sectors. Porter’s work is discussed below. The United States Department of Commerce is an advocate of cluster theory. Dr Bill Kittredge, Director of National Programs and Performance Evaluation at the Economic Development Administration, explained to the Committee that from the US national perspective the aim is to look broadly at regional development and to acknowledge that ‘economies don’t respect political borders’. The Department therefore focuses on encouraging activities that cross artificial boundaries.

Doug Henton of the Silicon Valley-based firm Collaborative Economics has identified collaborative leadership as the key to regional success. In a simple and appealing explanation of regional development, Henton and his colleagues argue that the places doing best in the United States are those where the stakeholders work together.

AnnaLee Saxenian contributed a substantial empirical study to our understanding of regional development. In her much quoted book, Regional Advantage, she examined the growth drivers in two major United States regions, comparing how one of the regions (Route 128) lost out to another which is famous for its regional success (Silicon Valley). Her book concluded that regional advantage requires an ‘opening of the boundaries’ of technology firms and between these businesses and surrounding government education and public sector institutions. She emphasises the success in the Silicon Valley of forums that bring together individuals from different firms and industries, the public and private sector, and financial education and training institutions to discuss common concerns and problems and to develop collective solutions. The regional development

model that she suggests characterizes the Silicon Valley as a decentralised but cooperative area.\(^\text{10}\)

6.24 More recently still, a number of writers, most prominently Richard Florida, suggest that economic development success is a function of human capital, specifically ‘creative capital’. Florida argues that economic development success is a function of the coincidence of what he terms the ‘three Ts’ of development – technology, talent and tolerance. He suggests that regions should develop a good ‘people climate’ rather than simply a good business climate in order to attract the creative people that are increasingly powering the new economy.\(^\text{11}\)

6.25 The Committee heard a number of unfamiliar terms, during visits to other jurisdictions, that are useful for describing the approach that regional stakeholders can take to local cooperation. Professor William Golden from the National University of Ireland explained that the Irish Government, through Enterprise Ireland, supports enhanced cooperation between industry and universities. To this end they have provided a forum for meetings of leaders from sectors in the Galway region, as well as providing financial incentives to work together. The goal of the Government was to create university/business collaboration. The advantages of this model are many according to Golden, including: provision of research capacity by universities to small firms that don’t have that capacity; a forum in which to solve dilemmas that arise; industry involvement in industry-led funding projects. Professor Golden described this as a forum for ‘co-opposition’ where competitors are brought together.\(^\text{12}\) A term used by Mathew Chase from the National Association of Development Organisations in the United States adds a further dimension to the need for local co-operation among traditional competitors. Mr Chase refers to ‘co-opetition’: cooperating locally to compete globally.\(^\text{13}\)

6.26 Many of these theories provide powerful explanations for regional growth, and they ring true of regional circumstances in Victoria and New South Wales. For example, Sydney’s dominance reflects both cumulative causation and core-periphery explanations of concentration. The theory of ‘growth poles’ explains the fact that generally it is larger regional towns which are achieving higher growth. Florida’s thesis about creative capital describes global Sydney well. Putnam’s social capital theory explains how some regional communities have built a positive future without massive growth, by focusing on community pride.\(^\text{14}\) Clusters theory is followed in a number of regional development strategies.

\(^\text{10}\) Ibid.


\(^\text{12}\) Professor William Golden, Dean of College of Business, Public Policy and Law, National University of Ireland, Meeting, Galway, 27 May 2009.

\(^\text{13}\) Mr Mathew Chase, Executive Director, National Association of Development Associations, Meeting, Washington DC, 19 May 2009.

International Studies of Regional Growth and Decline

6.27 A number of overseas studies and reports have addressed the question of regional growth and decline and the drivers of regional development. One of the most interesting and comprehensive was done by the Welsh Development Agency which published a report, Competing With the World, that studied some of the world’s most successful regions in order to see what was behind their success. This study has been referred to by academics and practitioners of regional development throughout the world.15

6.28 In the European context the notion of a region would be that territorial level between a nation state (in the context of Wales, the United Kingdom) and local government. However, Wales has its own national identity and regional development in that context can be seen in some ways as nation building. However, the Competing With the World report looks at varying regions around the world such as the city of Auckland in New Zealand, and Atlanta, Georgia in the United States and demonstrates the potential for comparison of regions worldwide.

6.29 The Committee believes that the findings of this report are instructive in relation to how Victoria’s regional centres should position themselves in the future.

6.30 The regions that have done best exhibited a series of what the study referred to as ‘fundamentals’. They had a strategic or central location. They had well-developed transport and telecommunications infrastructure. They had innovative businesses. They had an entrepreneurial culture. They had a small number of “driver” industry clusters. They had a polycentric urban structure. They had long-established industries. Businesses in the region recognised the need for productivity and competitive advantage. They had strong Small and Medium Enterprise support systems. They had a highly skilled workforce and world class educational institutions. They had a high quality of life. They had a strong self-image and local pride. Networking within the region was highly developed. They had international networks. They had high-quality analysis of their situation. And they had locally appropriate levels of autonomy and leadership.

6.31 Some of these attributes are shared by Australian regions and others are ones to which our regions can aspire, with the strategic support of government. Lessons include the following:

• the overriding objective of regional development should be to create regional competitive advantage;
• the role of connections between business and higher education in regeneration is critical;
• entrepreneurship must be supported;
• cluster development is important;
• rigorous analysis must precede strategy development; and

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• the Small and Medium Enterprise sector is the main source of economic vigour.\textsuperscript{16}

6.32 The findings of the Welsh Development Agency report are consistent with recent thinking in regional development about the knowledge driven, networked economy and the importance of creative capital, an idea recently popularised by the American researcher Richard Florida. As indicated above, Florida has argued persuasively that regions should have a good ‘people climate’ as well as a favourable business climate, that they should try to attract and nurture creative talent as well as high technology sectors, and that they should develop a tolerant attitude to diversity in the community. Florida’s theory is examined more closely below.

**Richard Florida and the Creative Class**

6.33 Richard Florida’s book, *The Rise of the Creative Class*, was published in the USA in 2002 and has since created massive interest among regional development thinkers and practitioners across the globe. Florida’s impact has rivalled that of Michael Porter in the 1990s.

6.34 Essentially, Florida’s project is to determine why certain regions and cities prosper. In other words, his task is to identify the drivers of regional development. He was initially prompted to investigate this issue because of the decline of his own city of Pittsburgh. His theory has appealed to a wide cross-section of society, including for example to ‘bohemians’, gays and people who work in the creative industries.

6.35 Florida’s argument is based on a particular concept of the importance of place:

\[\text{...place is becoming the central organising unit of our economy and society, taking on a role that used to be played by the large corporation.}\textsuperscript{17}\]

6.36 His argument can be summarised as follows:

• the economy is increasingly driven by creativity;
• the creative class have a large say over where they locate;
• companies follow creatives, not the reverse;
• creative people prefer certain kinds of places – places that have ‘energy’;
• places that do best economically are those that combine talent, technology and tolerance;
• tolerance means accepting all ideas and lifestyles; and
• place is the new organising unit of the economy and society – not companies.

6.37 Richard Florida’s thesis discusses what he describes as the emergence of a new social class, the Creative Class. Florida claims that the new class (in the

\textsuperscript{16} Ibid.
USA) totals 38 million members, amounting to more than 30% of the United States workforce. He states:

> The Creative Class derives its identity from its members’ roles as purveyors of creativity. Because creativity is the driving force of economic growth, in terms of influence the Creative Class has become the dominant class in society.\(^{18}\)

and

> ...the Creative Class consists of people who add economic value through their creativity...Their social and cultural preferences, consumption and buying habits, and their social identities...’\(^{19}\)

Further, he states that a key factor of our age is that more people are undertaking creative work for a living.\(^{20}\)

6.38 Florida’s suggestions for action by regions and cities, include or infer:
- integration rather than segregation of land uses in urban centres;
- the avoidance of urban sprawl;
- the strengthening of research universities;
- the encouragement of ethnic diversity;
- the preservation of regional authenticity rather than replication of what works elsewhere; and
- encouragement of downtown (urban) living in regional centres.\(^{21}\)

6.39 There are other, more specific, strategies that regional centres could adopt to implement Richard Florida’s ideas:
- taking better advantage of existing in-migration by the creative class;
- attracting further creative class in-migration;
- growing creative industry clusters;
- attracting more overseas migrants to force communities to be less inward-looking;
- building universities and regional campuses;
- building better research linkages with universities through spin-off companies;
- building greater scale in regional locations – more middle-sized cities;
- improving links to global networks and global cities (for example, through improved regional air services);
- building creative class infrastructure such as bandwidth and better internet access;
- regional branding of lifestyle locations that appeal to creatives;
- diversifying the economy in order to make labour markets thicker;
- ‘cosmopolitanising’ locations, improving lifestyle, for example more al fresco dining and other street-centred activities;

\(^{18}\) Ibid, p xv.
\(^{19}\) Ibid, p 68.
\(^{20}\) Ibid.
\(^{21}\) Ibid.
Inquiry into Regional Centres of the Future

- halting the exodus of regional professionals;
- creating more government positions in regional areas; and
- conducting skills audits in communities to see what you have got.\(^{22}\)

6.40 Despite Florida's relative lack of detailed advice on how to grow creative hubs – he suggests at one point, in fact, that creative cultures cannot be legislated – a wide range of cities and regions have responded positively and with vigour to Florida's message. The following selection of local and State programs in the United States indicates the extent of Florida's influence and the ways in which regional governments have taken up his message:

- Denver – $80,000 marketing the city as ‘cool’;
- Austin – ‘Keep Austin Weird’ campaign;
- Cleveland – Civic Innovation Lab;
- Madison – live/work/play neighbourhoods;
- Michigan – amenities for artists; cool cities program;
- Winnipeg – doubled the arts budget;
- Iowa – $45m community attractions, local blues society;
- Pittsburgh – bike paths, hiking trails;
- Memphis – celebrations of diversity;
- Cincinnati – cultural fund for ‘edgy’ groups; and
- North Adams (Massachusetts) – MassMoCA.\(^{23}\)

6.41 In the foreword of the Australian edition of *The Rise of the Creative Class*, Terry Cutler describes Florida's thesis as having ‘profound implications for government policies for science and technology, educational priorities and curricula, urban planning and investment attraction’.\(^{24}\) Further, he suggests that Florida's results will bring about challenging implications for industry and businesses regarding how to develop creative enterprises built around people, assets and talents. For councils and planners, the challenge is to shape communities to provide the physical and social amenities as desired by the Creative Class, to attract them to regions.

6.42 What Cutler suggests is that for Australia, Florida's work on the geography of innovation and creativity is important because it has lessons for the way cities and regions think about economic development strategies and investment attraction. It highlights the need to focus on strategies for attracting and retaining smart people.\(^{25}\) Furthermore, Florida's work enlarges our thinking about human capital and the changing nature of labour markets.\(^{26}\)

6.43 The Committee has learned that Australian regions have been influenced by Florida’s ideas. According to Geelong City Council:

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\(^{22}\) Ibid.

\(^{23}\) Ibid.

\(^{24}\) Ibid.

\(^{25}\) Ibid.

\(^{26}\) Ibid.
The lifestyle advantages of regional centres is a major strength for Victoria. A key feature of the knowledge economy is the rise of the knowledge worker or ‘creative class’ as described by social scientist Dr Richard Florida in his book *The Rise of the Creative Class*. Florida describes the creative class as an emerging economic force made up of scientists, engineers, intellectuals and various types of artists, to name but a few, who generate new ideas for products and services and develop high-tech businesses. Florida’s research shows that regions that can attract and retain the creative class prosper, while those that do not stagnate. Lifestyle is a major drawcard for the attraction of the creative class. Lifestyle is a strength of regional centres such as Geelong and should be leveraged to attract and retain the creative people that add economic and social vitality to cities.  

6.44 Florida’s thinking has clearly influenced the approach to development of the Geelong City Council. It has assisted them to recognise the potency of characteristics of the region that are seen as desirable to future residents and to recognise their marketing value.

6.45 Or as Warrnambool City Council noted, cultural assets are important not just for residents but for attracting new workers to their region:

The promotion of cultural life and vitality in regional areas to attract the ‘cool’ creative classes that lead wider market trends. This includes support for major upgrades in social infrastructure to foster the creative class and to promote wider regional appeal and migration. The creative classes lead the way for mainstream migration and business investment. They are also more prone to follow lifestyle destinations and seek new frontiers for innovation.

Development initiatives could include a major high-quality museum with university connections to support professional tourism, cultural growth and academic research; a major upgrade of the regional Performing Arts Centre, Library and Art Gallery; funding for regional arts development and cultural activities to promote the region as a vibrant alternative to the capital city; and promotion of graphic design and arts-based intellectual businesses. (Examples of creative towns and cities include Torquay, Natimuk, Brighton UK, Brisbane, Bern and Zurich.)

6.46 Clunes near Ballarat is a charming example of a regional town where local leaders have harnessed the town’s cultural capital to establish an annual festival that celebrates books. Clunes Booktown was discussed by this Committee during its *Inquiry into Rural and Regional Tourism*.

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Michael Porter and Clusters

6.47 Michael Porter’s book *The Competitive Advantage of Nations* published in the 1990s influenced regional development thinking profoundly and influenced many regional bodies and policymakers to establish clusters-based strategies.30 Porter’s work and work by others similarly minded noted the existence of clusters of firms in particular industries and regions and linked this to regional economic success. This coincided with an increased focus on supply chains and the importance of networks.

6.48 Porter’s theory of regional development was grounded in his ‘diamond’ of four drivers of regional competitiveness. These are:

- factor conditions – the region’s position in factors of production, such as skilled labour or infrastructure, necessary to compete in a given industry;
- demand conditions – the nature of home demand of the industry’s product or service;
- related and supporting services – the presence or absence in the region of supplier industries and related industries that are internationally competitive; and
- firm strategy, structure and rivalry – the conditions in the region governing how companies are created, organised, managed, and the nature of domestic rivalry.

6.49 To these Porter added chance and government support as additional factors driving regional competitiveness.31

6.50 Porter’s work influenced governments and regional development practitioners around the world to focus more directly on regional competitive advantage, relationships among firms in regions and eventually to clusters strategies.

6.51 Porter’s work and the rise of clusters thinking were highly fashionable in the 1990s, and like many regional development fashions, came to be viewed by some as a panacea for areas where development initiatives were needed. Yet not all regions have clusters to develop, and not all clusters are geographically concentrated.

6.52 The challenge is for regions which are not the home of clusters to determine ways of building scale into their economies and leveraging off the successful firms that they have in order to develop their potential for clusters.

6.53 Regions in Victoria have recognised the importance of developing strategies that encourage the formation and growth of clusters.

6.54 According to the City of Greater Geelong, government support for industry cluster growth should be continued and enhanced as a way to encourage growth in jobs and business investment in a region:

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Industry cluster development is a powerful economic development tool. A number of regional cities have established industry clusters or networks that hope to grow into industry clusters. The City of Greater Geelong in cooperation with the Victorian Government has facilitated development of biotechnology, ICT and food industry clusters within the Geelong region. The Geelong Manufacturing Council is investigating the formation of industry clusters for a Multi User Facility and a manufacturing cluster centred on Innovation and Research Development. A strong foundation has been provided for further development of these industry clusters that could see major jobs growth and business investment. Funding support for regional industry cluster development should be continued and enhanced.  

6.55 The Committee also heard about the role of clusters in regional development from the University of Ballarat.

6.56 According to Professor Julian Lowe the development of clusters is crucial to regional centres:

My centre has been involved in trying to understand clusters — that is, agglomerations of firms and institutions — around its common themes. You are all aware of Lygon Street, where there are a lot of cafés in the same street. The same sort of approach is appropriate, for instance, in the Wimmera, where there would be a grains cluster — that is, a group of very innovative farmers who do not come together in a formal way but work together informally to create leading-edge production and research in that area.  

6.57 Professor Lowe also cites the example of the presence of an information and communications technology cluster in Ballarat and its positive impact on the region:

Another example would be more of a nascent cluster ... in Ballarat. I think Ballarat, of all the regional cities in Australia, has the highest concentration of ICT firms, for instance. That represents a cluster as well. The argument here is that fundamentally clusters are important to regional centres. If you can get a cluster working; if you can get a group of businesses around a common theme working and sparking off each other and sometimes collaborating — then that will have a very positive impact on the region. Certainly the impact, for instance, of the ICT cluster on Ballarat can be seen in terms of the increasing share of employment in Ballarat of ICT workers and some of the benefits that brings to the region.  

6.58 The University of Ballarat Technology Park was officially launched in February 1995, as a first step towards implementing a significant, government supported, strategic initiative aimed at fostering new and emerging technologies in the region. The focus of the University of Ballarat Technology Park was the Information and Communication Technologies industry sector. The first commercial tenant to the park was IBM who was...
encouraged by the then government to be part of what has now developed into a significant technology cluster in Ballarat.

6.59 Professor Lowe emphasised to the Committee the importance of the university and business sectors working closely together to support and sustain important regional clusters. The role of government is to foster that crucial business/university sector relationship and to, in Professor Lowe’s words, be aggressively ‘orchestrating the education sector’ through grants and tax credits to support relevant research and cooperation activities:

The university’s role there is that fundamentally the university serves to upgrade that cluster by providing research and training to ICT workers and to the enterprises around ICT in Ballarat. The university has a very positive impact on the cluster, and the cluster itself in its ultimate form becomes like Silicon Valley and Ballarat becomes bigger than Melbourne and we will be going down to see you rather than you coming up to see us. ... That is how clusters work. What I see in regional Australia is that there are a number of clusters, but not many of them have become mature. Most of them are nascent and growing clusters. There is a real role for government there to upgrade and underpin those clusters by orchestrating the education sector, orchestrating from federal and state government grants and tax credits for research and development and exporting, and things like that. I think clustering is an absolutely crucial aspect of regional development and will continue to be in the future.\(^{35}\)

6.60 The wine industry in the Pyrenees is another example of a cluster that can be developed in regional Australia:

Through clustering we have looked extensively at how the wine industry and the tourism industry co-develop and how that is...very important in areas like the Pyrenees for the development of those areas — the co-development of those two clusters.\(^{36}\)

**Australian Studies of Drivers of Regional Growth and Decline**

6.61 While systematic studies have been rare, a number of Australian analysts have examined the notion of regional growth drivers. Associate Professor Tony Sorensen has undertaken analysis of regional growth drivers, and has produced the following list of drivers influencing successful regions:

- biophysical resource endowment;
- geographical accessibility;
- human and social capital;
- demography;
- changing lifestyle preferences;
- space transforming technologies;
- new production technologies;
- expenditure on public infrastructure;

\(^{35}\) Ibid.

\(^{36}\) Ibid.
• business management and development; and
• international events.\(^{37}\)

6.62 While Sorensen’s list was compiled largely to argue that governments control few of the drivers and influence some of them only marginally, the list also serves to note the breadth of influences on growth and decline and on their increasing complexity.

6.63 In another, differing study, Cocklin and Dibden have recently undertaken an analysis of the sustainability of rural communities in terms of whether they had access to stocks of various forms of ‘capital’ that were either declining or growing.\(^{38}\) The types of capital considered were natural capital, human capital, social capital, institutional capital and produced capital.\(^{39}\)

6.64 A number of studies have focused more specifically on impediments rather than success factors, typically relating to business investment decisions. For example, McKinsey examined the reasons why regional businesses did not invest more.\(^{40}\) The McKinsey Report highlights the status of regions as the ‘poor cousins’ in the mainstream economic debate, even though it is increasingly regions that compete not countries. McKinsey determined that constraints on investment were, in descending order:

• lack of sales or demand (71%);
• high on-costs (28%);
• workforce has insufficient skills, flexibility, motivation (22%);
• lack of new products, markets or exports (21%);
• access to finance (18%);
• insufficient profitability (12%);
• lack of confidence (8%);
• high cost of suppliers/overheads (7%);
• red tape (5%);
• high interest rates (5%);
• excessive competition (4%);
• high wages (4%);
• poor infrastructure (3%);
• poor equipment (3%); and
• inappropriate management skills/attitudes (2%).\(^{41}\)

6.65 The McKinsey Report was highly influential in the 1990s, and its lessons for regional centres are still highly relevant today. The report argues that businesses investment is the main driver of regional job growth. McKinsey’s principal focus was on regional leadership as a factor influencing the level of investment leading to job creation in regions. The theme of local

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\(^{39}\) Ibid, 4-6.


\(^{41}\) Ibid.
leadership is recognised as a crucial one by the Committee and is taken up in detail elsewhere in this Report.

**Summary: Explanations for Growth and Decline in Regions**

6.66 The Committee believes that there is much from the literature on regional success that contributes to a better understanding of how governments should intervene to assist regional centres. This includes the traditional theories of growth and change, more recent thinking and regional development practice both in Australia and internationally.

6.67 Whilst regional success is important to communities and their leaders, and to central governments, the search will continue for clues as to how governments should contribute to development and which strategies communities should pursue to achieve the success they seek. It is important that government funding and intervention is based on a sophisticated understanding of what will lead to regional development success. That understanding will assist governments in targeting their funding and support for regions and will contribute to regional communities and leaders targeting their efforts in the most effective way possible.

6.68 A number of conclusions emerge from the above examination of the challenge of identifying regional growth drivers:

- Wisdom about regional growth drivers comes from many sources, for example from the burgeoning ‘success’ literature, from public choice theory about why nations rise and decline, from surveys of firms, from studies of community economic development, and from more traditional theory building in the disciplines of geography, planning and economics.
- There can be no one single theory explaining all regional growth and decline.
- Local action is crucial: regional competitive advantage can be created, maintained, increased and even according to some theories destroyed by local action.
- All-encompassing explanations, like that of Florida’s, are interesting and instructive but must be seen in the context of the overall picture of what contributes to development.
- Explaining regional growth is becoming increasingly challenging, due to growing complexity at many levels of society and the economy.
- We should never give up trying for evidence-based policy underpinned by serious evaluation and analysis.
- Practitioners have a lot to tell us.
- The success literature helps reinforce the powerful restrictive role of economic realities, for example how agglomeration economies work to restrict options for business locations.
• The lack of agreement over the ultimate causes of growth might be seen as a significant policy retardant that lends itself to a cautionary approach to intervention.
• There are many fine examples of success in regional development that provide inspiration to governments and to regional communities.

6.69 In summary, the Committee has concluded that there is no single comprehensive explanation for regional growth and decline. This makes the task of intervening successfully to develop regions a particular challenge for governments at all levels. However, examining theoretical perspectives on growth and decline is a useful exercise which has assisted in understanding patterns of growth and development in other jurisdictions and in Victoria.

6.70 This Report has drawn on these theoretical perspectives as well as benchmarks and case studies of successful regions to assist in developing ideas and recommendations for action and change.

6.71 Later Chapters will deal with more specific issues that are informed by the perspectives presented here.
Chapter Seven

The Building Blocks for Regional Development

Introduction

7.1 This Chapter sets out the Committee’s findings in relation to those elements that it believes are critical to the future of viable regional centres. These are the basic services and infrastructure that people and businesses expect to be available in regional centres. They make regional centres liveable and attractive to potential residents. Regional centres require continuing effective investment in the infrastructure, services and utilities that support them, and which allow them to both retain their good people, and to accommodate projected population growth in regional Victoria.

7.2 While there will always be debate over what elements are essential for ‘community wellbeing’, there are a number of ‘non-negotiables’ required to sustain and develop regional centres that local government representatives, business people, community groups, educators, health practitioners and all regional citizens agree on. These are infrastructure, connectivity (transport, information and communications technology), health and education, both on a local level and globally.

7.3 This Chapter discusses these areas and reports on the evidence brought before the Committee in submissions and at Public Hearings that supports this crucial finding. It looks first at some of the questions raised at hearings and in transcripts that face governments planning to invest in infrastructure. It then discusses the core elements of infrastructure. The Chapter goes on to look at infrastructure in the context of liveability and sustainability as well as connectivity across Victoria. It also profiles the Logic
Wodonga project, the Transport Connections scheme and teacher education in Mildura.

**The ‘Non-negotiables’**

7.4 The Committee believes that infrastructure, connectivity (transport, local, regional and statewide; and information and communications technology), health and education, are the core elements needed for regional centres of the future. These can be defined as the ‘non-negotiables’. Most submissions received for this Inquiry raised issues related to health and education in particular. Broadband connectivity is an issue both for liveability and for business development.

7.5 The argument is often put that regional centres cannot replicate the standards of infrastructure and the range of services in health and education that are available in a major city. However, for the sake of developing the state of Victoria as a whole it is important to ensure that government spending on the ‘non-negotiables’ is balanced across the state and is geared to the development of regional centres just as carefully as it is to our major metropolitan city.

7.6 The Committee has considered a number of options in relation to the provision of infrastructure for regional centres by the Victorian Government, and deliberated on the complexity of infrastructure delivery. Listed below are a number of difficult questions that have been raised through submissions and at hearings. It is important for the Government and policy makers to have a clear view on these issues, the answers to which will determine their position in relation to regional centres of the future:

- Should the overall spend on infrastructure for the state be increased? How would this be paid for?
- What is the role of the Australian Government and in particular Infrastructure Australia?
- Should the relative weighting of state infrastructure spending on Melbourne and on regional Victoria be altered in favour of regional Victoria?
- Should the regional infrastructure spend be shifted in favour of regional centres and away from a broader spread across all of regional Victoria?
- Is the current focus of regional infrastructure spending the best use of taxpayer funds?
- Are current government processes adequate for considering the best ways of supporting infrastructure spending on regional centres and assessing regional infrastructure needs?
- Should there be a greater emphasis within the overall infrastructure spend on connectivity between regional centres and Melbourne?
- What is the role of public–private partnerships in the provision of infrastructure for regional Victoria?
7.7 These are important questions. It is the Committee’s view that, while the greater absorption of population by regional cities would benefit Victoria as a whole in many ways, achieving greater decentralisation of population and industry is complex and policy needs to be focused on a range of supports for regional centres, in conjunction with increasing spending on regional infrastructure.

7.8 As well, there are different views as to what the likely rate of future regional growth will be, and whether government infrastructure spending should attempt to lead regional population growth or respond to it.

Infrastructure

7.9 The Committee believes that providing adequate infrastructure for regional centres is critical for their future, and heard much evidence supporting the need for better infrastructure for regions.

7.10 Mr Geoffrey Carruthers is Convenor of Champions of the Bush, a group of regionally based private sector leaders working to raise the profile of regional Victoria. He succinctly states the primacy of infrastructure development for regional growth:

Having worked with ministers and prime ministers and some fairly experienced private sector people I would suggest to you that the fundamental core element is infrastructure. It is a broad term, and to a lot of people it is very nebulous, but from my perspective the development of infrastructure to build capacity which we can grow into is fundamental to the future of regional centres in Victoria.¹

7.11 Infrastructure provision for regional cities has always been central to debates over government decentralisation and regional development. It is also highly contentious, with competing claims about the efficacy of spending more on infrastructure in regional areas as opposed to supporting further growth in the capital cities. This Inquiry has taken place at a time when recent population projections suggest fast future growth in Melbourne and it is a stated aim of the Government for regional cities to absorb some of this growth. It is suggested here that, in order for this to occur, there has to be a re-alignment of infrastructure spending priorities.

7.12 The Victorian State Government, through the 2008 Victoria in Future projections, predicts that Victoria’s population will increase from 5.13 million in 2006 to 7.40 million by 2036, an increase of 2.27 million, or 44.2%. The Government suggests that regional Victoria will secure 21% of this future state population growth.²

7.13 A recent report prepared for Regional Cities Victoria, entitled Implications of Population Growth on Infrastructure and Resources in Regional Cities,

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¹ Mr Geoffrey Carruthers, Convenor, Champions of the Bush, Public Hearing, Geelong, 17 November 2009.
argues that the State Government should increase infrastructure spending on regional cities, for two reasons. First, recent higher population growth is placing additional strains on existing infrastructure, and projected future population growth is likely to place still further strains on capacity. Second, spending on infrastructure in regional cities is argued to be more cost effective than supporting more growth in Melbourne, particularly on its fringes.

7.14 The Regional Cities Victoria Report uses as its base the 21% scenario for population growth predicted by Regional Development Victoria. It then applies its analysis to scenarios for greater population distribution. With regard to the cost effectiveness of investing in regional infrastructure spending compared to spending in Melbourne the Regional Cities Victoria report states that, by 2036:

- the additional cumulative cost of providing critical infrastructure to support a redistribution of 50,000 persons (that is, regional Victoria secures 25% of future state population growth) from metropolitan Melbourne to the regional cities is estimated to be $1 billion; this compares with inefficiency costs of $3.1 billion associated with the same number of persons being accommodated in metropolitan Melbourne; and

- the additional cumulative cost of redistributing 115,000 persons (30% scenario) between metropolitan Melbourne and the regional cities is estimated to be $2.1 billion compared to inefficiency costs of $7 billion associated with this level of population being accommodated in Melbourne.

Accommodating population in regional cities is argued by Regional Cities Victoria in the report by Access Economics to be more cost effective than supporting more growth in Melbourne, particularly on its fringes.

7.15 Provision of infrastructure for regions is largely the responsibility of the State Government, both through the normal capital works programs of government, and specifically for the current government through the Regional Infrastructure Development Fund. However, the Federal Government shares responsibility for the provision of infrastructure in relation to projects of national importance.

7.16 As well, the Australian Government states that it has a greater focus on the provision of nationally significant infrastructure. In 2008, the Australian Government established Infrastructure Australia, chaired by Sir Rod Eddington, to facilitate the provision of nationally significant infrastructure. The States and Territories are represented on the Advisory Board. The role of Infrastructure Australia is to advise the Commonwealth Government and

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4 Ibid.
5 Ibid.
6 Ibid.

Core Elements of Infrastructure

7.17 In paragraphs 7.2 and 7.4 above, the core elements required for the development of a regional centre were discussed. These were described as ‘non-negotiable’. The ‘non-negotiable’ elements that support the viability of regional centres are infrastructure, health, education and connectivity.

7.18 At all of the Committee’s regional hearings, as well as during hearings and workshops in Melbourne, the subject of infrastructure development was raised. Many witnesses provided their view with regard to the infrastructure required to support regional centres. Several submissions referred to the need for ‘world class infrastructure’. Other submissions and witness stated the view that infrastructure development in regional Victoria should be at the same standard expected in Melbourne. General calls for across the board, continued development of infrastructure, and for coordinated planning and delivery of infrastructure were raised. These are a reminder to Government of the enormous importance that regional economic development practitioners and stakeholders in general place on effective infrastructure development. Given the population projections contained in\textit{ Victoria in Future}, discussed above in 7.12 and 7.14, current concerns about infrastructure development by regional Victorians must be taken seriously.

7.19 According to Richard Rijs, Director of Patties Foods in Gippsland, any government must confront regional infrastructure needs proactively. He suggests:

\begin{quote}
If growth in regional centres is to be encouraged investment in infrastructure should be pre-emptive, not reactive. For example, if you wish to encourage growth in an outlying region that has as one of its handicaps the fact that it is outside of the, say, convenient two hour travel time from Melbourne, why would you put tapes across the road to count the traffic so you can justify improving the road with extra lanes? If you know that by improving the roads you are going to increase business activity in that region, it would make sense to do it proactively rather than reactively. Other examples of infrastructure are broadband access and reliability of electricity supply. Just on electricity supply, Patties Foods has had several outages throughout October and November alone costing the company tens of thousands of dollars. Health services and natural gas connection are just some of the infrastructure and service challenges that, if treated proactively, would encourage growth in the regions.\footnote{Mr Richard Rijs, Director, Patties Foods, \textit{Public Hearing}, Morwell, 25 November 2008.}
\end{quote}
7.20 Mr Geoffrey Carruthers also states the need for a proactive approach to infrastructure development:

Historically our planning authorities here have worked on historical data and tried to extrapolate that data forward to see where the need will be in the future, and that is a very professional way of providing infrastructure based upon planning grounds. But if we take the lead of some of the other countries in the world, such as America and some of the EU countries — in particular Ireland, which I think most of you will be aware has been very successful in opening up its provincial areas — they have invested in infrastructure in advance of development. In other words, they have created the capacity for growth to occur. That is the fundamental issue. I think we have missed the boat in our generation.9

7.21 This sentiment was also expressed by others, such as the Executive Director of the Committee for Geelong:

...we want to be secure. We want to have the infrastructure ready for the population that we are expecting to grow to.10

7.22 Witnesses described clearly what they saw as their infrastructure requirements for regional development. According to Mr Paul Buckley in Morwell:

The type of infrastructure that will need to be provided to influence population movement to regional Victoria includes telecommunication capacity that delivers world class service, secure water supply, reliable and price competitive electricity supply, access to a skilled and ready labour force, access to high-quality education facilities including tertiary institutions, health care, diverse housing stock, adequate supply of appropriately zoned land, transport infrastructure that facilitates the movement of goods and people via the most competitive medium, whether that be road, rail, air or water.11

7.23 The Committee heard evidence that access to markets is also critical for regional firms. Global connectedness is important, and in practical terms means first class freight facilities, fast rail and road links, and daily regional air services.

7.24 Suggestions covered a wide range of infrastructure needs. They included the provision of zoned industrial land, first class telecommunications, better (or faster) rail links, rail freight, intermodal freight hubs, power supply, an inland port, road upgrades, wastewater, transport links to ports, airports and markets.

7.25 Some submissions favoured an infrastructure audit. Others recommended action by the Commonwealth or by Infrastructure Australia. Others still a greater overall government commitment to infrastructure. Many were

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10 Mr Peter Dorling, Executive Director, Committee for Geelong, Public Hearing, Geelong, 17 November 2008.
11 Mr Paul Buckley, Chief Executive Officer, Latrobe City Council, Public Hearing, Morwell, 25 November 2008.
concerned about better linkages to Melbourne and to international markets.

7.26 In addition, infrastructure needs relating to ‘liveability’ issues were canvassed. These included the necessity for the availability of a skilled workforce and the infrastructure to support that workforce such as commuting and passenger transport, information and communications technology, technology precincts and education (including the enhancement of regional universities), community centres, shopping centres, and recreational and entertainment facilities. Rail crossing safety, housing and hospitals, and other relevant social infrastructure were raised in submissions and at hearings.

7.27 Planning for the future occupied the minds of many witnesses. The mooted population growth and its potential impact on regional centres was flagged as an infrastructure planning issue for urgent consideration, and this related to future industry, municipal and social infrastructure requirements. The Southern Grampians Shire highlighted the need to manage the impact of new and emerging industries such as plantation timber harvesting and the construction of alternative energy projects, particularly in relation to roads and rail.12

7.28 The need for increased investment for infrastructure was raised across the regions. The call for investment was closely related to improved and coordinated planning and integration of services, for example, transport infrastructure. Overall, the investment in infrastructure was considered to be urgent by some witnesses. Others described the need for infrastructure investment by government which was pre-emptive, coordinated and ‘across-the board’.13 As expressed by the Hepburn Shire Council, it also needs to be ‘continual’, for example in the case of the maintenance and upgrading of road infrastructure.14 In addition, many submissions called for ‘equity’ in investment between urban and regional areas.15

7.29 The East Gippsland Shire Council was typical of submissions and evidence heard. It called for ‘...coordinated planning and delivery of infrastructure that ensure efforts are directed towards outcomes rather than departmental functions’.16 In a similar vein, the Committee For Ballarat called for an upgrade to the national rail freight system that would be ‘...integrated with a comprehensive road freight network, including C class regional roads that feed the arterial network and are not only radial to metropolitan centres’.17

7.30 Whilst, as already suggested, many generic requirements for ongoing infrastructure funding and development were expressed, some were region

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13 Victorian Farmers Federation, Submission, Number 22, October 2008.
14 Hepburn Shire Council, Submission, Number 27, 20 October 2008.
16 Mr Martin Richardson, Senior Strategic Planner, East Gippsland Shire Council, Public Hearing, Morwell, 25 November 2008.
17 Committee for Ballarat, Submission, Number 54, October 2008.
specific. These included the completion of the Dandenong third rail project, which Latrobe City regarded as ‘very important for access to Melbourne and liveability in the area’. The Southern Grampians Shire Council highlighted the need for further development of the Hamilton Livestock Exchange and the Hamilton Airport as a regional facility enabling convenient and fast access to Melbourne for professionals.

7.31 Wodonga City Council asked for State Government support to fund the revitalisation and the redevelopment of the Wodonga CBD district ‘through the relocation of the central train station’. A similar issue was raised by the Committee for Ballarat who called for an upgrade of the Midland Highway between Ballarat and Geelong re-routed around Ballarat’s CBD (the Western Arterial Road Link).

7.32 Infrastructure needed to support specific industry was reflected in the submission from the Municipal Association of Victoria who called for investments in:
- access to a sea port development on the eastern side of Melbourne;
- an integrated, workable transport network within the expanding community;
- access to high-speed internet and associated business services; and
- enhancement of the role of regional universities.

7.33 Latrobe City called for the provision of high quality hard and soft infrastructure equal to metropolitan standards, with the following list:
- appropriately zoned and available industrial land;
- water, power and gas;
- a skilled labour force;
- high liveability: housing, education, hospitals, health care, community centres, shopping, recreational and cultural infrastructure including arts and convention centres;
- telecommunication capacity that delivers world class service; and
- infrastructure that facilitates access to markets and ports via the most competitive medium.

7.34 At the Committee’s hearing in Geelong witnesses described their requirements for infrastructure in the region as well as their broader ‘wish list’. They also provided information about their approach to planning, to regional partnerships and partnerships with government. In relation to plans for Armstrong Creek (a growth corridor expected to accommodate from 60–80,000 people) Mr Terry Demeo from the City of Greater Geelong spoke about Council plans and the need for ongoing support from government, particularly in the area of infrastructure development:

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18 Latrobe City Council, Submission, Number 9, 29 August 2008.
20 Wodonga City Council, Submission, Number 44, 29 October 2008.
21 Committee for Ballarat, Submission, Number 54, 14 October 2008.
22 Municipal Association of Victoria, Submission, Number 60, December 2008.
23 Latrobe City Council, Submission, Number 9, 29 August 2008.
Infrastructure support — support from the state in relation to rolling out infrastructure more quickly than would be the case otherwise — would enable us to accommodate more of that population explosion which Victoria is experiencing and we would welcome state engagement in that project to a high level. Having said that, I acknowledge from the outset that the state is supportive. We have a working group working with us towards the delivery, but we would certainly welcome more support from the state.24

7.35 Specific needs for industry infrastructure and community infrastructure in the Latrobe City region include:

- development of an intermodal freight terminal – the Gippsland Logistics Precinct; and
- development of a Performing Arts and Convention Centre as a priority that would enhance liveability.

7.36 Further suggestions were for the upgrading of rail terminals, passenger and freight services, and improved linkages between transport systems including the ‘standardisation of the track with the national network to include the passenger rail and freight rail’,25 educational and social facilities, and planning.

7.37 High-speed reliable broadband access for regional areas was consistently raised as an infrastructure requirement for regional development. Many see it as crucial support if regional centres are to achieve the status described in the Terms of Reference for this Inquiry. That is, as ‘places of economic, environmental, social and cultural innovation...’.

7.38 The Committee is grateful for the frank advice that was provided to it in submissions and by witnesses with regard to both general and region-specific suggestions relating to infrastructure.

Infrastructure for Liveability

7.39 The definition of what counts as adequate infrastructure for regional cities is itself changing, as people’s expectations grow and their priorities develop. The notion of ‘liveability’ and the infrastructure required to support liveable cities and regions was often raised as an important focus for regional development practitioners and residents of regions. The Rural City of Wangaratta stated simply that enhancing the liveability of regional centres requires ‘capital funding to modernise regional centres’.26

7.40 A number of submissions noted that making regional cities more liveable is critically important in attracting investment. Supporting liveability and business investment are now seen by both business people and the community as interlinked.

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25 Mildura Rural City Council, Submission, Number 48, 10 November 2008.
26 Rural City of Wangaratta, Submission, Number 13, 1 October 2008.
7.41 It is obvious from submissions and comments made by witnesses in every region of Victoria that regional centres are increasingly conscious of the need to offer new residents an attractive lifestyle comparable to life in the capital city, for example through the development of cultural attractions and recreation facilities.

7.42 Building first class infrastructure for regional centres therefore now means much more than simply hospitals, schools, transport and communications, important as these remain. Increasingly, providing good infrastructure means supporting a quality of life and a range of services that will attract highly skilled employees and the professional classes. These might include arts centres, libraries, university campuses, restaurants and special events.

7.43 Warrnambool City Council pointed out in its submission that to attract people to regional areas, ‘social infrastructure’ will be required, including support for the arts, because city dwellers who are attracted to moving to a regional area ‘...will not move to areas perceived as cultural backwaters’. Social and cultural infrastructure are ‘vitaliy important’. Doug Sharp, Chief Executive Officer of the Rural City of Wangaratta also made this point to the Committee: ‘... in terms of liveability, what we are saying is that for regional centres of the future to be that true alternative, people should not feel as though they are coming to a backwater when they come to a regional centre or a regional centre setting’. For this reason he suggests that the provision of infrastructure relating to liveability such as ‘...aquatic centres, performing arts centres such as the one we see being constructed over the road, good modern sporting facilities, good transport facilities...’ is ‘imperative’ to both attracting and retaining people.

7.44 In Mildura, the Committee heard that it is difficult to showcase art in the region because of the need to upgrade facilities. The Committee heard that local leaders look enviously to Bendigo as a centre where significant investment in arts infrastructure is attracting people to the region from all over Australia.

7.45 The need to counteract perceptions that regional centres are deficient in cultural assets was also raised in Wodonga. Cr Mark Byatt states:

...I want to just stay focused on this concept of, ‘We’re lacking culture and lacking arts in the regions’. It is certainly not the case. It certainly can be developed further, but there is a perception, I think, from particularly those at executive levels — and they are the decision-makers, quite often — that we are culturally a backwater. That is certainly not the case.

That is a perception thing that we need to overcome, to be able to transition those people here, then appropriately cater for their expectations and their spouses’ expectations and then the links

27 Warrnambool City Council, Submission, Number 14, 1 August 2008.
28 Ibid.
29 Mr Doug Sharp, Chief Executive Officer of the Rural City of Wangaratta, Public Hearing, Wangaratta, 23 April.
30 Ibid.
down through the community expectations through education. Those sorts of things are important to us as a region. Therefore we need to develop and enhance what we already have in cultural and arts — whatever ‘arts’ means, and it is many things to many people — areas. It is important that we have a focus on those in the region, not only as a hub here for the region but then dispersing out into the region. It is a critical part of getting people here in the first instance but also a critical part of keeping them, maintaining them, in the region as well.  

7.46 This is consistent with recent thinking on regional development, particularly the ideas of Richard Florida relating to the ‘creative class’ and human capital noted in Chapter Six. People attraction strategies by regional centres are discussed in more detail in Chapter Ten. It is noted here that many regions have accepted the idea that attracting and retaining talented people is as vital now, if not more vital, than attracting firms. This has important implications for the kind of infrastructure that regional cities need to provide.

7.47 Some submissions stressed the need for the quality of life in regional cities to be as good as that experienced in the capital cities. In a statement that calls for investment in the ‘non-negotiables’ as the main factors ultimately contributing to ‘liveability’ the Victorian Farmers Federation argues that:

Another important measure the Government can take to develop regional centres as places of economic, environmental, social and cultural innovation is to ensure that rural residents have access to services and infrastructure equivalent to that provided to urban residents. Regional areas must offer a quality of life and economic return that is comparable with urban areas. If these things are not provided the decline of our rural communities will continue. Deficiencies in urban lifestyle are remedied through the introduction of programs such as green wedges. This policy should also work for rural residents for deficiencies like services access. To this end, the VFF suggests that the areas that are most in need of development and investment measures are transport infrastructure, communications technology, and health, employment and education.

7.48 In their submission to this Inquiry the Warrnambool City Council discussed the notion of liveability in terms of ‘The promotion of cultural life and vitality in regional areas to attract the ‘cool’ creative classes that lead wider market trends’. They state that:

This includes support for major upgrades in social infrastructure to foster the creative class and to promote wider regional appeal and migration. The creative classes lead the way for mainstream migration and business investment. They are also more prone to follow lifestyle destinations and seek new frontiers for innovation.

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32 Cr Mark Byatt, Mayor, City of Wodonga, Public Hearing, Wodonga, 22 April 2009.
33 Victorian Farmers Federation, Submission, Number 22, 9 September 2008.
34 Warrnambool City Council, Submission, Number 14, 1 September 2009.
7.49 The Victorian Competition and Efficiency Commission in their report *A State of Liveability* identified key links between achieving liveability and competitiveness. They state in their Finding 5.1 that:

> An examination of well-established measures of liveability and competitiveness shows that these measures are broadly related through a number of common factors such as stability, health, education, infrastructure, the economy and the environment. Policies or actions that focus on common factors are likely to influence both liveability and competitiveness.\(^{35}\)

7.50 Furthermore the Commission found that infrastructure is a key component of achieving both liveability and competitiveness:

> The liveability of provincial areas has encouraged people and businesses to locate in these areas, an effect that is beneficial to the liveability of Victoria as a whole. This highlights the importance of the timely provision of infrastructure and services to meet the needs of individuals and businesses and the likely movement of some employment to provincial Victoria.\(^{36}\)

7.51 This Committee believes that both infrastructure for liveability and for economic development is needed in regional cities in order for them to be attractive to new residents and businesses.

7.52 Liveability is also discussed in a broader context in Chapter Ten.

**Infrastructure for Sustainability**

7.53 The imperatives of sustainability and concerns about climate change have meant another shift in thinking about what constitutes core infrastructure for regional cities. In particular, water re-use, waste management and renewable energy have become key items of required infrastructure.

7.54 The notion of sustainable development is one that includes environmental concerns, business development and trade, and also human development, participation in decision-making processes, and access to education and health.

7.55 The shift in emphasis towards infrastructure for sustainability is reflected in the Government’s Regional Infrastructure Development Fund priorities, described below, which currently include the Biofuels Infrastructure Grants Program and the Water and Energy Efficiency Initiative.

7.56 Along with stakeholders and representatives from regional Victoria that appeared before it, the Committee strongly supports infrastructure provision that is environmentally sustainable. Given the importance of the issue of environmental sustainability it is discussed separately in Chapter Eleven.


\(^{36}\) Ibid.
The Regional Infrastructure Development Fund

7.57 The Regional Infrastructure Development Fund was established in 2000. Among stakeholders in Victoria and in other jurisdictions it is considered to be a unique vehicle for supporting regional development.

7.58 The aim of the Regional Infrastructure Development Fund is to support projects with socio-economic impacts that are in line with both State Government priorities and regional priorities. Funding is provided for capital works projects which lead towards growth and development and which achieve economic outcomes such as new investment, new market access and new employment opportunities, and is made available for the following groups and organisations:

- local government authorities in provincial Victoria;
- State Government;
- regional infrastructure providers;
- regional organisations;
- business groups; and
- higher education institutions.37

7.59 The Government describes its current priorities for the Fund as: regional airport upgrades to support regional tourism; arts and cultural facilities; intermodal freight infrastructure; water for industry; water and energy efficiency; and local roads to markets.38

7.60 Appearing before the Committee at a Public Hearing the Minister for Regional and Rural Development described the Fund as follows:

To date we have committed over a ten-year period $585 million through RIDF and...as at October 2008 we have committed $427.5 million to 209 major projects that have a total leverage value of over $1.27 billion...The important point I want to make here is that the RIDF infrastructure projects are in addition to regular government programs, through schools, hospitals, police stations, and road and rail. This is additional infrastructure in the area of tourism which this committee would know well from its previous investigations, and in other areas it really has provided additional critical infrastructure to support regional and rural communities...every local government area in rural and regional Victoria has received funding through the Regional Infrastructure Development Fund.39

7.61 The Greater Shepparton City Council described the benefits it receives from the Fund, and registered a wish for greater flexibility regarding how programs are delivered:

We have received some good money for facilities such as our regional showgrounds, upgrades to our entertainment precincts, which we believe play a regional role, and more recently support for

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38 Ibid; accessed 30 October 2009.
the Goulburn Valley freight and logistics centre, which is designed to provide an efficient and modern logistical solution for the Goulburn Valley and to service the concentration of food producers and manufacturers I mentioned earlier. That is a program we certainly would support. Again, to support Gary’s comment, we would highlight that we work very well with RDV on a number of those issues. The common theme that we probably all have is that there is not a one-size-fits-all approach to a lot of these programs and policies. We would highlight again that we would like to see some flexibility in how many of these programs are delivered so that they can actually fit the circumstances.\textsuperscript{40}

7.62 In the context of the introduction of ‘fast rail’ to regional Victoria representatives of Shepparton argued that their comparatively lower level of rail service provision is an impediment to growth in the region:

In a state context fast rail is an example of where we feel that our status as a regional centre is sometimes overlooked. By way of example, Bendigo is a recipient of the very fast rail program and has 14 services per day to Melbourne; Shepparton, which is not on that particular program, has three services per day to Melbourne. We think that does impact on our ability to provide that regional role.\textsuperscript{41}

7.63 In 2008, PricewaterhouseCoopers conducted an evaluation of the Fund which was published in July of that year.\textsuperscript{42} The Report concludes that there is a net economic benefit generated by the Fund.\textsuperscript{43}

7.64 Of relevance to the Inquiry was the high level of responses cited in the Report reinforcing the importance of transport hubs, linkages and infrastructure to projected population growth and enhancing social capital.\textsuperscript{44}

7.65 Around two-thirds of Regional Infrastructure Development Fund recipients reported that they would not have been able to proceed without funding.\textsuperscript{45} This seems consistent with reports and evidence gathered elsewhere in relation to this Committee’s Inquiry, that in regional areas, financial constraints are a significant barrier to ongoing socio-economic development.

7.66 During a Public Hearing in Warrnambool suggestions were made for improvement of infrastructure necessary to sustain Warrnambool’s strong population growth.\textsuperscript{46} In Wodonga the particular issue of the lack of

\textsuperscript{40} Mr Dean Rochfort, Director, Corporate and Economic Development, Greater Shepparton City Council, \textit{Public Hearing}, 11 December 2008.

\textsuperscript{41} Ibid.


\textsuperscript{43} Ibid, p 4.

\textsuperscript{44} Ibid, p 71.

\textsuperscript{45} Ibid, p 83.

\textsuperscript{46} Mr Stuart Burdack, Chief Executive Officer, Glenelg Shire Council, Warrnambool, \textit{Public Hearing}, 12 February 2009.
reticulated natural gas was raised in terms of the extra cost burden that imposes on residents in the region.47

7.67 It is the Committee’s view that the Regional Infrastructure Development Fund continue to be supported by the Government, with a view to its ongoing development and improvement in response to the needs of regional centres.

7.68 However, in relation to funding of infrastructure and to the Regional Infrastructure Development Fund in particular, a number of difficult questions arise for consideration. Although these are not questions or issues that can necessarily be resolved here they are important questions that the Committee has considered and which the State Government must constantly address in framing its infrastructure policies. These include the following:

- Should the fund be more tailored to the needs of regional centres specifically rather than to regional Victoria more generally?
- Should the Government’s overall commitment to the Fund be increased?
- Should there be different emphases on spending money from the Fund than the current priorities?
- What should the weighting of funding be between economic development, liveability and sustainability objectives?
- Are the processes adequate for considering funding applications?

7.69 As described earlier in this Chapter, many arguments for specific local funding initiatives were put before the Committee during Public Hearings and through submissions. These requests related to the provision of specific infrastructure projects in regional locations. The Committee commends economic development officers and councils who have assessed their regional infrastructure needs and supports their good work in this area. In particular it supports those working collaboratively across regional areas and with business and the community to identify their requirements.

7.70 The Committee heard evidence that the Government should conduct an infrastructure audit across Victoria to determine the infrastructure requirements it needs to develop in order to support current regional centres as well as projected population growth. This is often recommended as a means of enhancing regional infrastructure. Infrastructure Australia has the conduct of infrastructure audits as one of its roles, with the capacity to report to the Council of Australian Governments. Infrastructure Australia includes many regional programs in its work. However, Infrastructure Australia does not have a specifically regional focus.48

7.71 The Regional Development Australia Committees are another potential mechanism for considering infrastructure needs and lobbying for support. This depends on the role they are given by the Federal Government.

47 Ms Juliana Phelps, Acting Chief Executive Officer, Shire of Towong, Public Hearing, Wodonga, 22 April 2009.
48 Infrastructure Australia does not specify figures relating to regional spending compared to metropolitan spending when describing its funding of projects.
The Regional Management Forums, described in more detail in Chapter Eight, may be an appropriate mechanism for discussing regional infrastructure needs with the Victorian Government.

Indeed, in a paper to a conference in 2008, Andrew Wear, Manager of Community Development Strategy at the Department of Planning and Community Development, suggests that Regional Management Forums have a greater role to perform in Victoria than they currently do. He suggests that ‘the Forums have successfully established a collaborative relationship between State Government and local governments, providing a mechanism for constructive, regular dialogue’. He goes on to say that:

Nevertheless, if Regional Management Forums are to be successful in the longer term, they will need to move beyond their existing functions of information sharing, networking and the implementation of selected regional initiatives. A key component of this broadened approach should be the development of integrated approaches to regional development.49

Part of this broadened approach might be to feed into a State Government initiative to conduct an audit of infrastructure needs across Victoria according to both regional priorities and the Government’s own priorities for growth. This could be done effectively in collaboration with currently established Regional Management Forums.

Further discussion of the need for an audit of infrastructure is discussed in Chapter Twelve, where a Recommendation is made for an ‘Opportunity Audit’ to be conducted for regional Victoria, including consideration of infrastructure availability and needs. See Key Recommendation Two.

**Rail Infrastructure**

There are trends world wide and in Australia towards greater use of rail for longer haul freight helping to reduce highway congestion and providing economies of scale. The energy efficiency of rail versus road transport is well documented. Studies have shown that even after accounting for fuel usage for road pick-up and delivery from rail terminals, rail is still twice as energy efficient as road.50

Rail freight on the Melbourne–Sydney and Melbourne–Brisbane freight corridor currently accounts for over 39% of a total 22 million tonnes moved along the Melbourne–Brisbane corridor. Total freight flows are expected to double over the next 21 years with research indicating the percentage share for rail freight running past Wodonga increasing to 85% or an estimated 37.4 million tonnes by 2029. Future rail investment in the Melbourne–Sydney–Brisbane rail corridor is estimated to have the

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50 Wodonga City Council, Submission, Number 34, 29 October 2008.
potential to remove 111,000 long-distance truck movements per year from the Hume, Pacific and Newell Highways.  

7.78 In response to the Rail Freight Network Review’s December 2007 Report, ‘Switchpoint: The template for rail freight to revive and thrive!’ the State Government implemented a number of rail infrastructure policies, including:

- an joint Commonwealth and State Government project upgrading the Mildura line that was completed in August 2009;  
- a program of network maintenance;  
- a rail freight support package providing an access fee rebate for export grain and containers from regional Victoria to the Port of Melbourne;  
- a joint Commonwealth, State and Australian Rail Track Corporation project to improve rail access to the Port of Melbourne;  
- upgrading Victoria’s ‘Gold Lines’ and ‘Silver Lines’ as identified in the Report;  
- a joint Commonwealth, State and Australian Rail Track Corporation North East Rail Improvement Project standardising and upgrading the 208-km broad gauge line between Albury and Seymour, building a dual standard gauge Wodonga Bypass track, and replacing the existing standard gauge timber sleepers with concrete sleepers.  

7.79 The profile below looks at the case of rail terminal funding for ‘Logic’ in Wodonga. Logic Wodonga is a Wodonga City Council initiative. The Council’s submission to the Committee and evidence during a Public Hearing in Wodonga in April this year requests that funding be provided for development of an intermodal distribution hub for south-eastern Australia.  

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51 Booze, Allen and Hamilton, Report to the Standing Committee on Transport: Independent Review of Rail Safety Arrangements in Australia, Sydney, September 1999; Ernst and Young, North South Rail Corridor Study, Department of Transport and Regional Services, Canberra, June 2006.
55 Ibid.
56 Ibid.
57 Ibid.
58 Wodonga City Council, Submission, Number 34, 29 October 2008.
Profile 1: Logic Wodonga

As the fifth largest Victorian city outside of Melbourne, Wodonga plays a significant role in the regional economy of the state’s north-east. Logic Wodonga is an industrial estate initiative of the Wodonga City Council, aimed at developing an inland ‘intermodal distribution hub’ for south-east Australia, offering the potential for significant savings in supply chain logistics.\(^{59}\)

The Wodonga region represents one of the largest inland industrial centres in Australia with the level of exports estimated at $4.6 billion each year. Manufacturing is the primary industry sector in the Albury–Wodonga $4.3 billion regional economy. According to Wodonga City Council, the manufacturing sector accounts for over 41% of output in Wodonga, and ‘...continues to expand with the attraction of several major manufacturing operations to new industrial hubs such as Logic...’.\(^{60}\)

The Wodonga City Council believes that the continued development of industrial land in their region is critical in ensuring the Wodonga economy continues to grow and prosper, capitalising on its existing strengths. In a report produced by Impact Consulting Group, Regional Development Victoria acknowledges: ‘It was only for the two large projects in Wodonga that a clear economic impact for Victoria as a whole can be discerned.’\(^{61}\)

In excess of 50% of direct new employment created in provincial Victoria (by projects funded under the Regional Infrastructure Development Fund) is attributed to the Logic and Enterprise Park projects, according to the study by Impact Consulting Group.\(^{62}\) In addition, these projects represent almost 85% of all leveraged investment in industrial estates ($206.3 million of a total $244.2 million across provincial Victoria until the end of 2007).\(^{63}\)

The Logic industrial park is over 610 ha in size, and zoned Industrial 1. It has been designed and built to attract major businesses involved in distribution, warehousing, transport, logistics and manufacturing. All land is owned by Council apart from the land already sold to tenants at Logic.

The project has been deemed of state significance given its capacity to deliver significant logistics benefits, investments and job creation to Victoria. In September 2009, tenants included: Woolworths, Border Express, Roadmaster, Cope Sensitive Freight, PacLib Pty Ltd and Ronam Nominees.

Critical to the ongoing success of Logic is the development of an intermodal container and bulk terminal. According to the Wodonga City Council a number of prospective investments are likely to occur at Logic once an intermodal terminal is built.

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\(^{60}\) Wodonga City Council, Submission, Number 34, 29 October 2008.


\(^{62}\) Ibid.

\(^{63}\) Ibid.
Mr Gavin Cator, Chief Executive Officer at the Wodonga City Council, made the following statement in evidence to the Committee:

Council believes the provision of a rail terminal at Logic will provide significant growth in industry at Logic and with Wodonga and surrounding municipalities. In fact Wodonga actually owns land within Indigo Shire and part of the Logic estate, so if we are able to fully develop Logic, the rate base of Indigo would be significantly increased and the population, due to the employment generated from that area, would spread within both Indigo Shire and surrounding areas. 64

Rail freight currently accounts for over 39% of freight flows in the area. Total freight flows are expected to double over the next 21 years and the percentage share for rail freight running past Wodonga increasing to 85% (or an estimated 37.4 million tonnes) by 2029. 65 The provision of funding to assist in construction of a rail terminal will enable Logic to become a fully intermodal freight hub with the potential to create thousands of jobs in the region.

Council says that the benefits of the project are proven with over 65 ha of land sold and over 450 new positions created since 2003. Failure to facilitate the construction of a rail terminal could result in substantial investment being lost to nearby Albury in New South Wales, a major competitor.

Connectivity Across Regional Victoria

7.80 Connectivity relates to both transport infrastructure in its various forms and to communications technology. Connectivity is critical for businesses, particularly those with global reach. Connectivity refers both to linkages between regional centres and Melbourne, between regional centres and their hinterlands, and among the regional centres.

7.81 Telecommunications infrastructure is critical in an age where new technology and cheaper, more accessible transport and communications makes it possible to locate away from capital cities and still be connected to global markets for most products and services.

7.82 Access to high-speed broadband internet services has been an issue for regional Australia for many years. During this Inquiry the Committee heard that sophisticated broadband services are necessary in regional cities to allow them to develop their full potential. The current Australian Government’s National Broadband Network rollout, announced in April 2009, aims to improve the connectivity landscape in Australia. According to the Australian Government’s media releases, this new National Broadband Network will:

- connect 90% of all Australian homes, schools and workplaces with broadband services with speeds up to 100 megabits per second – 100 times faster than those currently used by many households and businesses;

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64 Mr Gavin Cator, Chief Executive Officer, Wodonga City Council Public Hearing, Wodonga, 22 April 2009.
65 Wodonga City Council, Submission, Number 34, 29 October 2008.
• connect all other premises in Australia with next generation wireless and satellite technologies that will deliver broadband speeds of 12 megabits per second; and
• directly support up to 25,000 local jobs every year, on average, over the eight-year life of the project.66

7.83 The Committee believes that first class information and communications technology in particular is essential both for liveability and for business development in regional areas. Those considering a move to regional Victoria simply demand first class broadband internet connectivity, as the Committee heard throughout its Inquiry.

7.84 The Committee heard from a number of community groups, organisations, local government organisations and councils regarding communications and connection. Consistent themes emerging in the submissions and Public Hearings included requests and suggestions related to the following:
• revitalisation of the rail freight network and funding of intermodal freight hubs;
• passenger rail improvement;
• effective transport between sub-regional centres and regional counterparts so that people can access work effectively;67
• regular air passenger services;
• upgrading of rail services;
• rail link, for both passengers and freight, because of the need to reduce the dependence on cars;68
• telecommunications capacity that delivers world class service including access to broadband;
• universal mobile phone coverage;
• gas reticulation to many towns;
• public transport improvements;
• better connectivity and regularity of public transport;
• improvement of super-fast broadband in the smaller satellite areas surrounding Horsham;69
• lack of telecommunications especially digital television and broadband resulting in professionals choosing not to come to the area; and
• ensure that communities and major centres have reliable and fast communication systems.70

69 Mr Phillip Sabien, Executive Director, Wimmera Development Association, Public Hearing, Horsham, 11 February 2009.
7.85 A number of these issues focus on linkages to Melbourne, for example passenger air services. Others relate more to services between centres and their surrounding regions. Here, the scarcity of public transport is a constant issue for people living in regional centres. For example, the following suggestions were made in particular:

• upgrading the quality of transport infrastructure (road, rail, air) to ensure that the linkages with the major capital centres are maintained;\(^{71}\)
• establishment of a viable freight network outside of Horsham;\(^ {72}\)
• upgrade of problems with the road transport network – especially the Princess Highway west from Warrnambool;\(^ {73}\)
• establish public transport – no public transport linking regional towns and rural centres, for example from Tallangatta into Wodonga;\(^ {74}\)
• upgrade sub-standard public transport networks which are having a major negative impact on tourism, education, training and employment potential – especially for young people;\(^ {75}\) and
• establish public transport access for disabled people.\(^ {76}\)

7.86 Support was particularly strong for provision and investment in telecommunications connection and service to regional areas, namely broadband and mobile service coverage.\(^ {77}\)

7.87 Consistent with many other submissions, the Gippsland Area Consultative Committee submission argued that:

There remain gaps to be addressed in access to high-speed broadband, universal mobile phone coverage, gas reticulation to many towns, and improved logistics / transport links.\(^ {78}\)

7.88 The Committee strongly believes that the provision of high-quality, modern telecommunications infrastructure to regional Victoria is vital to its development.

7.89 In 2006, the Rural and Regional Services and Development Committee produced an extensive Report on Regional Telecommunications Infrastructure for Business, in which recommendations were made to each

\(^{70}\) Mr Stuart Burdack, Chief Executive Officer, Glenelg Shire Council, Warrnambool, Public Hearing, 12 February 2009.

\(^{71}\) Mr Tony Bawden, General Manager, Horsham City Council, Public Hearing, Horsham, 11 February 2009.

\(^{72}\) Mr Phillip Sabien, Executive Director, Wimmera Development Association, Public Hearing, Horsham, 11 February 2009.

\(^{73}\) Mr Stuart Burdack, Chief Executive Officer, Glenelg Shire Council, Warrnambool, Public Hearing, 12 February 2009.

\(^{74}\) Ms Juliana Phelps, Acting Chief Executive Officer, Shire of Towong, Public Hearing, Wodonga, 22 April 2009.

\(^{75}\) Mr Bob Elkington, Economic Development and Tourism Manager, Shire of Murrindindi, Public Hearing, Wodonga, 22 April 2009.

\(^{76}\) Ms Maryanne Grunow, Director of Nursing, Tallangatta Health Service, Public Hearing, Wodonga, 22 April 2009.

\(^{77}\) Mr Kenneth Fraser, Economic Development Coordinator, Public Hearing, Morwell, 25 November 2008.

level of Government on how to improve the supply, adoption and utilisation of modern telecommunications to regional Victoria.  

7.90 The Committee is aware of the Federal Government’s ongoing outlaying of the National Broadband Network, although it is acknowledged that there are some regional communities yet to be covered by the Network.

7.91 Concerning freight and transport links the National Council of Women, Victoria, along with others, stated that ‘Improved V/Line services, [and] public and community transport to and from outlying towns are essential’.  

7.92 Anthony Schinck, the Chief Executive Officer of Ballarat, made a similar comment in a presentation made on behalf of the Mayors and Chief Executive Officers of the Central Highlands:

An increasing population will create inevitable pressures upon the assets that support our society, and this is right across our region. What I am really saying here is that we need to think about it in three ways, and certainly that is the approach that Ballarat has taken in terms of growth and development of the infrastructure that is required for that; people and communities, and what I am talking about here is accessibility to services, social inclusion et cetera; and destination and connections, which is really the connectivity from Ballarat to metropolitan areas and also, I suppose, what we like to call intraregional, so across our region.

7.93 Some submissions and hearings focused on the particular pressing connectivity needs of their own regions. For example, the Greater Shepparton City Council ‘urgently requests that the line from Melbourne to Shepparton through Seymour be investigated with a view to providing the same level of services that have been provided on the other four lines. That is, Geelong, Ballarat, Bendigo and the Latrobe Valley.’ It was also made evident that upgrading rail services ‘will assist in the development of the Goulburn Valley Freight and Logistics Centre.’

7.94 The submission from the Shepparton City Council argues that: ‘A partnership approach between all levels of Government to fund these [community] facilities is the solution to modernise and enhance the liveability of the regional centres.’

7.95 The Victorian State Government’s Transport Connections project is profiled below. Although the project has received support there have also been cautionary statements about its development, such as the comment from Paul Westcott in Geelong:

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79 Rural and Regional Services and Development Committee, Inquiry on Regional Telecommunications Infrastructure for Business, Parliament of Victoria, Melbourne, 2006.
80 Mr Anthony Schinck, Chief Executive Officer, City of Ballarat, Public Hearing, Ballarat, 18 November 2008.
81 Ibid.
82 Greater Shepparton City Council, Submission, Number 18, 3 September 2008.
83 Ibid.
84 Ibid.
I think it is early days. I have certainly been involved with the setting up of it. When I say ‘involved’, I have been involved in the consultations regarding the setting up of it. It certainly has potential, but we do not see it as being a replacement for regular scheduled public transport services. And obviously there are coordination problems involved in getting the Transport Connections thing running smoothly. While in theory there is a huge amount of potential there, you know, with the various institutions with all their minibuses and so on that are in theory available, coordinating them and getting them coordinated, I know, is already proving to be difficult, as it inevitably will be.\textsuperscript{85}

7.96 Ms Victoria Reynolds from the Gippsland Area Consultative Committee makes the following comment, also with regard to the need for planning and coordination of transport-based initiatives:

Yes, but I think you will find — and I mentioned this in our paper — that there is a very patchwork, ad hoc, local government level of things like community transport options being cobbled together for different parts of the region.\textsuperscript{86}

<table>
<thead>
<tr>
<th>Profile 2: Transport Connections</th>
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<td>The Transport Connections Program is an $18.3$ million whole-of-government initiative, designed to assist regional communities to work together on projects to improve local community transport. The Program enables communities to set up working groups, employ coordinators and develop a range of transport initiatives, via the allocation of grant money from the Transport Connections Flexible Fund.\textsuperscript{87}</td>
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In July 2006, KPMG was commissioned to produce a final evaluation report on the initial nine pilot projects funded by the Transport Connections Program. The report concluded that the pilot projects had been successful in identifying and assessing local transport needs and planning requirements; influencing statewide policy change in addressing transport disadvantage by implementing local solutions; and increasing accessibility to and use of local community transport assets and infrastructure.\textsuperscript{88} In May 2009, there were 32 active projects throughout rural and regional Victoria.

Through local partnerships and the use of existing transport assets and services such as taxis, school buses, community buses and volunteers, the aim of the Program is to assist communities to develop innovative approaches to solving transport problems. Transport is consistently rated by rural and regional communities as one of the most significant barriers to accessing services,

\textsuperscript{86} Ms Victoria Reynolds, Project Officer, Gippsland Area Consultative Committee, Public Hearing, Morwell, 25 November 2008.
employment and social networks. The projects aim to make better use of existing transport resources to meet the community’s needs. That means the projects complement existing transport options rather than competing with them.

Ms Victoria Reynolds, Project Officer for the Gippsland Area Consultative Committee, said:

I would argue that it is very difficult for State Government or for governments to provide a fully functioning transport system — the way we had it in the 19th century — and to bring back all the railway lines...They were there once upon a time going out to some of the little far-flung towns. Whether government is fiscally capable at the moment of doing such a thing is probably not realistic.

Despite these concerns, various communities have successfully applied Program funding to support multifaceted local projects that have grown to enhance and enrich local community transport options. Examples include: a mini-bus being used to transport people to the nearby town for appointments, delivering blood products to the nearest hospital and collecting groceries to drop off to house-bound residents on the return trip; a bus network that has reconnected socially isolated people to their major regional centre, using under-utilised school and community buses; and an initiative that uses volunteer transport and the V/Line network to assist people in regional and rural Victoria to attend medical appointments in Melbourne.

*Buchan Bus ‘n’ Freight*

Ms Rhonda James, East Gippsland Shire Council’s transport project coordinator, said the ‘Let’s GET Connected’ project, in partnership with the bus operator and community groups, brought people together to review the local bus operator’s service. Ms James says she acted as a broker between the bus operator, the community and the Department of Infrastructure.

The service takes people to Bairnsdale and back, allowing them to shop, visit friends and family, and make use of services not available in Buchan. It also brings services to people in the region by way of freight. The freight service has been popular, with residents able to ring Bairnsdale supermarkets, order their goods and arrange with Buchan Bus ‘n’ Freight to collect groceries and deliver them to their door for a small fee. The bus is also being used by other community organisations, such as the Bush Nursing Centre to deliver blood products to the Bairnsdale Hospital. The service is also viewed as an important step towards better local transport links with V/Line services for longer trips in Gippsland or to Melbourne and Canberra.

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94 Ibid.
**Goulburn Valley Transport Connections**

Greater Shepparton, Moira and Strathbogie municipalities – an area where councils describe transport and ‘positive ageing’ as high priorities – are serviced by the Goulburn Valley Transport Connections project.95 In evidence, the National Council of Women, Victoria – Goulburn Valley branch, spoke of the significance of the service as a first ‘port of call’ for local frail, aged, and socially and medically isolated residents. The Council also spoke of the increasing use of the service; and the need for ongoing government funding to support its volunteer driver program and assist with infrastructure needs:

Last year alone there was a 13.7 per cent increase in demand. Government needs to adequately fund all aspects of the volunteer drivers program, as DHS currently only provides money for coordination of volunteers. There have been no Department of Human Services major equipment grants since 2004, and the local program may be forced to reduce services due to the urgent need for a new replacement vehicle. Community transport options are vital for ageing people in our smaller towns as well as for the urban dwellers.96

**Goldfields Transport Connections Project**

The Goldfields Transport Connections Project is managed by a steering committee comprising regional representatives of the Central Goldfields Shire, Department of Transport, Department of Planning and Community Development, Goldfields Employment and Learning Centre, Maryborough District Health Service, and community representatives from Talbot, Maryborough and Dunolly.97

This project operates a town bus service in Maryborough with steadily increasing usage over the three months of its trial period. The service operator, Graeme Lean, and his drivers are dedicated to providing a quality service, including free travel on the day of commencement, 10 March 2009, and ANZAC Day to assist residents attend memorial events, and introducing the service to the community.98

Goldfields Transport Connections also operates a trial rural bus service to enable access to Maryborough for residents of outer localities such as Daisy Hill, Bealiba, Natte Yallock, Talbot and Carisbrook, with services to the markets of the latter two running monthly.99

**Health**

7.97 Providing excellent health care is critical to the liveability of regional centres. It is one of the essential building blocks for regional centres of the future.

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98 Ibid.
99 Ibid.
7.98 The Committee heard much about healthcare provision in both submissions and at hearings. A number of submissions stated that high-quality hospitals and health care are essential to enable the growth of vibrant regional centres of the future. Some submissions spoke of the specific health infrastructure, or healthcare needs of their region. Health, education and marketing were often linked due to the difficulty of attracting medical personnel to regional centres.

7.99 In evidence to the Committee, regional stakeholders from around Victoria made suggestions or provided advice with regard to healthcare-related issues.

7.100 Comments covered a wide range of healthcare needs. They include health infrastructure, health education and training linked to regional centres; maintenance of basic health services to smaller regional towns, including provision of public transport to access health services; and attraction strategies and on-going support for encouraging medical and allied health personnel to locate in the regions.

7.101 The Victorian Farmers Federation is typical of many submissions linking education, marketing and medical service provision in regional centres. In order to remedy what they see as ‘the shortage of rural health services’, the Victorian Farmers Federation expressed their support for:

- marketing of medical opportunities in rural areas;
- recruitment support packages, relocation grants and salary packages;
- training of more doctors in rural areas, and promoting more internships in rural hospitals.\(^{100}\)

7.102 Many suggestions requested that the State and Federal Government provide increased support for health infrastructure. In some cases Government funding has been committed to projects raised at Public Hearings.

7.103 Suggestions in relation to health are listed below. Many are broader requests which include other infrastructure suggestions along with requests for the development of healthcare-related infrastructure:

- in the case of Latrobe City, the provision of ‘high-quality hard and soft infrastructure’ that is equal to metropolitan standards is important. The following list is provided:
  - appropriately zoned and available industrial land,
  - water, power and gas,
  - a skilled labour force,
  - high liveability – housing, education, hospitals, health care, community centres, shopping, recreational and cultural infrastructure including arts and convention centres;\(^{101}\)
- government support for additional places at the Deakin Medical School, as this school targets rural and regional medicine and encourages graduates to stay in regional areas;\(^{102}\)

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\(^{100}\) Victorian Farmers Federation, Submission, Number 22, October 2008.

\(^{101}\) Latrobe City, Submission, Number 9, October 2008.
• all significant government departments contributing services to this region should have authority given back to the region through a locally based Regional Manager, for example Health, Transport, Department of Planning and Community Development, Sport and Recreation;\(^{103}\)
• further investment in community infrastructure in the small towns of the Southern Grampians Shire providing better opportunities to access health and community services. ‘The delivery of potable water and sewerage to all of our small towns would greatly enhance their liveability’;\(^{104}\)
• maintain the basic services in small regional towns. For example, banks, petrol stations, a medical practitioner and a supermarket;\(^{105}\)
• to support and encourage population growth there needs to be:
  - availability, diversity and relatively affordable housing stock
  - availability of employment
  - a high level of liveability, including access to education and health facilities, arts and leisure activities and retail shopping experiences
  - public transport;\(^{106}\)
• strengthening support for regional based universities to provide health-related studies;\(^{107}\)
• that the State Government provide funding to complete the redevelopment of the Warrnambool Campus of South West Healthcare;\(^{108}\)
• retain medical services within township boundaries for ease of access by public transport;\(^{109}\)
• more medical practitioners and allied health staff in Shepparton;\(^{110}\)
• rural areas need special consideration for low-risk maternity services to service growing families;\(^{111}\)
• increase the contracted work term for overseas health professionals from two years to five years, to encourage community involvement and a greater chance of assimilation into the region;\(^{112}\)
• that the State and Federal Governments provide increased support for health infrastructure;\(^{113}\)
• healthcare, education and childcare are essential in attracting young working families;\(^{114}\)
• urgent investment in health infrastructure, particularly a new regional hospital in Greater Bendigo;\(^{115}\)
• provide higher education opportunities in regional centres;\(^{116}\)

\(^{108}\) Warrnambool City Council, *Submission*, Number 14, October 2008. Note that the State Government is providing funding for this facility.
\(^{109}\) Toongabbie Community, *Submission*, Number 29, October 2008.
\(^{113}\) Mr Stan Liacos, Director, City Futures, City of Greater Bendigo, *Public Hearing*, Bendigo, 12 December 2008.
- increase investment in social infrastructure, including sporting centres, educational facilities, healthcare and arts/convention centres, as regional centres need to be hubs providing high-level facilities for the benefit of surrounding areas;\(^{117}\)
- investment in social infrastructure such as medical and health facilities, services, public transport, recreation and education will provide a high quality of life;\(^{118}\)
- improve facilities for primary and secondary schools, expand library facilities, have access to a wider range of medical services and access to a broader range of specialist and medical solutions at hospitals;\(^{119}\)
- core infrastructure in education, health and safety and recreation will provide high quality of life;\(^{120}\)
- conduct an information campaign targeted at professionals (such as doctors) to correct the impression that regional areas are unable to provide quality secondary education;\(^{121}\)
- attract doctors to regional areas to cater for families and the ageing population;\(^{122}\)
- implementation of remote diagnosis and treatment via broadband and government investment in medical technology, infrastructure and professional training;\(^{123}\)
- support for the great number of people with depression and quality-of-life issues;\(^{124}\)
- support for employment of skilled and qualified staff especially medical and health professionals;\(^{125}\)
- need for specialist care and support and the provision of adequate and relevant services at a regional level;\(^{126}\)
- the need to improve access to psychiatric assistance though psychiatric services;\(^{127}\)
- tackle the skills shortage in allied health (division 1 and 2 nurses, speech pathology, physio, counselling);\(^{128}\)
- address the alarming statistics concerning life expectancy and heart disease in regional centres;\(^{129}\)
- improvement of services in aged-care and health to cope with the huge growth in the baby boomer market;\(^{130}\)

\(^{117}\) Latrobe City, Submission, Number 9, October 2008.
\(^{118}\) Foodbowl Unlimited Inc, Submission, Number 40, October 2008.
\(^{119}\) Gippsland Water, Submission, Number 41, October 2008.
\(^{120}\) Corangamite Shire, Submission, Number 62, October 2008.
\(^{121}\) Yinnar and District Community Association, Submission, Number 12, October 2008.
\(^{122}\) Economic Development of Australia, Victoria, Submission, Number 28, October 2008.
\(^{123}\) Cr Reid Mather, Mayor, Buloke Shire Council and Chair, North West Municipalities Association, Public Hearing, Horsham, 11 February 2009.
\(^{124}\) Mr John Smith, Chief Executive Officer, West Wimmera Health Service, Public Hearing, Horsham, 11 February 2009.
\(^{125}\) Ibid.
\(^{126}\) Ibid.
\(^{127}\) Ibid.
\(^{128}\) Mr Phillip Sabien, Executive Director, Wimmera Development Association, Public Hearing, Horsham, 11 February 2009.
\(^{129}\) Mr Stuart Burdack, Chief Executive Officer, Glenelg Shire Council, Warrnambool, Public Hearing, 12 February 2009.
\(^{130}\) Mr Bob Elkington, Shire of Murrindindi, Public Hearing, Wodonga, 22 April 2009.
• opportunity to invest in e-health technology which support rural and remote people accessing assessment, diagnosis and treatment;\textsuperscript{131}
• higher levels of investment in early intervention and prevention initiatives in health, particularly into early years, as a good place to invest for further securing families, and young children’s health;\textsuperscript{132}
• allocation of capital funding for health services in future rural and regional centres,\textsuperscript{133} and
• Consideration for the prioritisation of capital grants funding allocation to address the issue of ageing buildings.\textsuperscript{134}

**Education**

7.104 As the world becomes more interconnected and global markets for skills and innovation develop even further, it will be crucial for Australia to have enough skilled people able to adapt to the uncertainties of a rapidly changing future. Higher education will clearly be a major contributor to the development of a skilled workforce but, as never before, we must address the rights of all citizens to share in its benefits. Higher education will continue to be a cornerstone of our legal, economic, social and cultural institutions and it lies at the heart of Australia’s research and innovation system.\textsuperscript{135}

7.105 Providing good quality education at all levels is critical to the liveability of regional centres. Like health, it is one of the essential building blocks for regional centres of the future. Quality education at primary, secondary and TAFE levels is essential. Higher education options are also important for regional centres. The Review of Australian Higher Education released in November 2008 (colloquially known as the Bradley Report) found that Australia is falling behind in performance and investment in higher education.\textsuperscript{136} According to the report:

Twenty-nine per cent of our 25- to 34-year-olds have degree-level qualifications but in other OECD countries targets of up to 50 per cent have already been set. These policy decisions elsewhere place us at a great competitive disadvantage unless immediate action is taken.\textsuperscript{137}

7.106 The Bradley Report recommends an increase in funding for education in rural and regional areas, in particular. Participation by rural and regional students has been ‘static or falling’ over the last decade.\textsuperscript{138} The Bradley Report suggests that to increase the numbers participating in higher

\textsuperscript{131} Ms Maryanne Grunow, Director of Nursing, Tallangatta Health Service, *Public Hearing*, Wodonga, 22 April 2009.
\textsuperscript{132} Ms Judith Moore, Executive Officer, Upper Hume Primary Care, *Public Hearing*, Wodonga, 22 April 2009.
\textsuperscript{133} Ms Maryanne Grunow, Director of Nursing, Tallangatta Health Service, *Public Hearing*, Wodonga, 22 April 2009.
\textsuperscript{134} *Ibid.*
\textsuperscript{136} *Ibid.*
\textsuperscript{137} *Ibid.*
\textsuperscript{138} *Ibid.*
education groups that are currently underrepresented must be targeted. However, as has been suggested elsewhere in this Report and by witnesses to the Inquiry, this may require a change in current funding structures:

We also face difficulties with provision of higher education in regional areas where there are thin markets which will not sustain a viable higher education presence. These problems will be exacerbated by projections of further decreases in the 15- to 24-year age group in many regional areas. Current arrangements provide no clear incentives to set up education programs in areas of need nor to work collaboratively with other providers to address problems of provision, and they mask signals that provision in some areas may need review. It is in regional areas that some of the difficulties, blockages and inefficiencies which derive from the structures of tertiary provision in our federal system are most evident.  

7.107 The Committee heard much about provision of regional education in both submissions and at Public Hearings. A number of submissions stated that high-quality education at all levels is essential to the development of dynamic regional centres of the future. Some submissions addressed the specific education infrastructure or education needs of their region, in areas such as, for example, skills training. Education and availability of high-speed internet were often linked.

7.108 The availability of quality education is clearly a priority for regional stakeholders. This is obvious from the number of suggestions regarding regional education issues made by witnesses to the Committee and in submissions.

7.109 These suggestions on which the Committee deliberated covered a wide range of education needs. They include education infrastructure, training linked to specific sectors, support of industry and training provider collaboration, funding support for regional research and training, funding for regional students undertaking tertiary education, and public transport access for regional students.

7.110 Of the submissions on education, many considered that the availability of good quality secondary and tertiary education facilities is an incentive to attracting skilled professionals to a regional location. Suggestions include:

- core infrastructure in education, health and safety, and recreation will provide high quality of life;
- healthcare, education and childcare are essential in attracting young working families;
- the continued investment in education at the primary, secondary, tertiary and technical levels in regional Victoria.

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139 Ibid.
140 Corangamite Shire, Submission, Number 62, October 2008.
142 Mr Stan Liacos, Director, City Futures, City of Greater Bendigo, Public Hearing, Bendigo 12 December 2008.
• emphasis on quality distance learning opportunities for all ages (possible with investment in technology, appropriately designed learning centres and trained staff);\textsuperscript{143}

• government investment in innovative ways of delivering mobile early childhood education and child care services. Different funding criteria for rural-based communities;\textsuperscript{144}

• more flexibility for rural communities regarding primary education. Offering longer tenure (three years) to potential teachers;\textsuperscript{145}

• support programs for the very high level of social disadvantage resulting in a significant proportion of children starting school not ready to learn – children with social problems and pre-literacy and numeracy issues;\textsuperscript{146}

and

• need for teacher education to include underrepresented groups – groups from non-English speaking backgrounds, indigenous students and low socioeconomic backgrounds.\textsuperscript{147}

7.111 Mr Kim Carr, a witness to the Committee in Mildura, gave a compelling presentation on the issues that have arisen in the region because of the relatively lower access to high-quality education for students in some parts of the region. He described the social problems arising from these:

• because of Merbein’s lack of Year 11 and 12 facilities the transition to Mildura for final secondary years means that half the students drop out at Year 10;\textsuperscript{148}

• the high cost to the community of those aged 15–19, over 800 of whom neither work or attend school;\textsuperscript{149} and

• partly due to Mildura’s isolation and lack of education as a high-priority issue, the number of criminal convictions and number of admissions to psychiatric hospitals in Mildura are double that of Melbourne.\textsuperscript{150}

7.112 Many of the witnesses to the Committee from cities with university campuses, such as La Trobe University at Bendigo, with facilities at Shepparton and Wodonga; and the University of Ballarat, with sites at smaller cities such as Horsham, value the contributions these campuses make to attracting professionals, as well as investment and research capabilities.

7.113 Comments from witnesses and in submissions are reflected in the following:

To attract business/employees the first thing people relocating consider is education – for their children, and professional development for themselves. The secondary and tertiary facilities in

\textsuperscript{143} Cr Reid Mather, Mayor, Buloke Shire Council and Chair, North West Municipalities Association, \textit{Public Hearing}, Horsham, 11 February 2009.

\textsuperscript{144} Ibid.

\textsuperscript{145} Ms Juliana Phelps, Acting Chief Executive Officer, Shire of Towong, \textit{Public Hearing}, Wodonga, 22 April 2009.


\textsuperscript{147} Ms Debbie Neal, Campus Coordinator, La Trobe University Mildura, \textit{Public Hearing}, Mildura, 18 March 2009.


\textsuperscript{149} Mr Kenneth Carr, Mallee Family Care, \textit{Public Hearing}, Mildura, 18 March 2009.

\textsuperscript{150} Ibid.
the region are of a high standard but need continual upgrading and support from Government.\footnote{151}

and

...we cannot underestimate the benefit to a local community and local economy of a strong, resilient tertiary education institution.\footnote{152}

7.114 The Churchill District Association’s comment was typical of many suggestions made to the Committee, stating that:

The State Government should play an active role in supporting the establishment of employment through industries that build on research and education capacities of regional university campuses.\footnote{153}

7.115 In addition there were suggestions that:

- support for affordable student housing at regional universities is an investment in the social and physical infrastructure to attract future generations of young people to regional centres;\footnote{154} and

- State Government (in addition to the Commonwealth and universities) should consider providing scholarships to rural students to increase progression to university.\footnote{155}

Profile 3: Educating Sunraysia Teachers – La Trobe University Mildura

Debbie Neal, campus coordinator for education at La Trobe University in Mildura, describes the enormous success that she and her colleagues, along with local school principals, have had in attracting students to their campus to study education. Her enthusiasm for education in her region is heart warming and has been of enormous significance for her community, as she recognises in her opening comment to the Committee:

What I want to say about the Faculty of Education in Mildura looks at the Terms of Reference promoting strong social capital and high quality of life outcomes. I think in over a decade we have evidenced this with the partnerships we have between the schools and the Faculty of Education.\footnote{156}

In 2000, Debbie explains, they were at crisis point, with only a small number of students enrolling to study education at the Mildura campus. Ms Neal says that because La Trobe University only offered one year of the four year Bachelor of Education course in Mildura students were required to relocate to Bendigo after that year for a further three years of study – potential students in the local region faced a practical barrier to undertaking the course. As Ms Neal explained: ‘What were they going to do with their families?’\footnote{157}

\footnote{151} Ms Lin Baddock, Focus Consulting, Submission, Number 48, October 2008.
\footnote{152} Mr Paul Younis, Chief Executive Officer, Corangamite Shire Council, Public Hearing, Warrnambool, 12 February 2009.
\footnote{153} Churchill District Community Association, Submission, Number 35, October 2008.
\footnote{154} Monash University Gippsland Campus. Submission, Number 43, 28 October 2008.
\footnote{155} Ibid.
\footnote{156} Ms Debbie Neal, Campus Coordinator, La Trobe University Mildura, Public Hearing, Mildura, 18 March 2009.
\footnote{157} Ibid.
These and other factors meant that only 15 to 25 students were starting their course in Bendigo, and only five or six were returning to the area. Ms Neal’s passion for solving this crisis was evident to the Committee. It was fuelled by the knowledge that there are 18 schools in the district, which was categorised by the Department of Education and Early Childhood Development as being at the ‘highest level of difficulty to staff’ area.\textsuperscript{158}

Ms Neal’s relationship with local school principals led to a campaign by them in 2006 to collectively encourage La Trobe’s Education Faculty to offer the full four year Bachelor of Education course in Mildura. A proactive Dean recognised the need to do so and in 2008 the first of the full four Mildura-based years was offered. Enrolments that year increased from 25 to 36 students, many of them from the mature age cohort. Ms Neal says:

\begin{quote}
It is 2009, the second year of the full four years, so 2008 has now rolled into second year. This year we have first year, second year and fourth year. We have got 75 education students. So in a year we have gone from 25 to 75. Next year we will have over 12. This year, the highest ENTER again, an incredible group of another 36 students. It is just a delight to walk into these rooms and see these people who have been waiting so long to do something.\textsuperscript{159}
\end{quote}

Ms Neal talks about ‘promoting the social competence of the community’ in her evidence to the Committee. She sees this in the Kenneth Wallace Stewart Aboriginal or Torres Strait Island Scholarship that the Mildura Returned Services League Sub-branch established this year to support a local Koori or Torres Strait Islander first year student.\textsuperscript{160} This scholarship is in addition to the RSL’s regular first year Education student scholarship. Ms Neal also highlights the 40 or so extra hours above the required 80 that students in the region get from their teachers, who don’t accept payment for the extra work. Given that 250 graduates in the district have gone through La Trobe here, these are teachers with a personal connection to the schools. Local efforts and local partnerships have been supported by the Victorian Institute of Teaching recognising the huge shortage of teachers in the area and allowing them ‘permission to teach’ while in their final year.\textsuperscript{161}

Ms Neal’s story is one that demonstrates the merit of effective partnerships, of dealing with local issues through specific solutions, and the huge benefits that derive from educating students in their region.

\section*{Skills Development}

7.116 The Committee heard many times that attracting and retaining skilled people is vital for the future of regional centres. Michael Brockoff, the Managing Director of MaxiTRANS, Australia’s largest manufacturer of road

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\begin{itemize}
\item \textsuperscript{158} Ibid.
\item \textsuperscript{159} Ibid.
\item \textsuperscript{160} See: \textltt{http://www.mildura.rslvic.com.au} \textastdbl; accessed 25 September 2009.
\item \textsuperscript{161} Ms Debbie Neal, Campus Coordinator, La Trobe University Mildura, \textit{Public Hearing}, Mildura, 18 March 2009.
\end{itemize}
7.12 Transport vehicles, in Ballarat cited the skills shortage as the number one barrier to the growth of his business.162

7.117 What is described as ‘human capital’ is a fundamental element of regional development. Human capital has featured prominently in writing on regional development since the 1980s. Nurturing the talent and enhancing the skills of regional people is essential to the sustainable development of regional centres.

7.118 Traditionally, access to labour has been an important consideration for firms locating in regional areas, in particular manufacturing firms.

7.119 Now the focus is on skills and education across all industry sectors.

7.120 In the 1990s, high regional unemployment drove many regional policy interventions. As a result of the long economic boom following the 1990s recession, however, unemployment fell across regions. At the same time, a new problem emerged – regional skills shortages. Sometimes these simply reflected national skills shortages in various professions and semi-professional groups. In some cases, they resulted from the inability of particular regions to attract and retain professionals.

7.121 Certain professions in particular are in short supply in regions, such as doctors, other medical staff, accountants and planners. During the building boom, trades were also in short supply.

7.122 Addressing skills shortages is a challenge for regions. Potential solutions include supply led solutions, such as refashioning TAFE courses to focus on areas of shortages. Others involve marketing campaigns to bring in skills from outside the region, including from overseas. A number of regions have undertaken recruitment strategies.

7.123 According to Andrew Scott from Geelong’s G21 Regional Alliance one of the major contributions government can make to regional development is through assisting companies getting a skilled workforce, rather than through cost incentives for example. He says:

The incentives that generally work are ones about helping a company get a skilled workforce — that is very important — and about the transition of bringing in their staff to the local economy. It is those sorts of broader things. It is not a matter of signing a cheque and giving it to a company which generally goes to their bottom line. It does not always help.163

7.124 The Victorian Government’s Community Regional Industry Skills Program (CRISP; also referred to in Chapter Nine) is administered by Regional Development Victoria. This program, which began in 2003, addresses regional skills shortages and supports skills development in regional industries.

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162 Mr Michael Brockoff, Managing Director, MaxiTRANS Industries Ltd, Public Hearing, Ballarat, 18 November 2008.

163 Mr Andrew Scott, G21 Regional Alliance, Submission, Number 52, October 2008.
7.125 The Community Regional Industry Skills Program is intended to contribute to the generation of industry development, new jobs, increased skills, and improved services for rural and regional communities. CRISP II is an expansion of the CRISP Program.

7.126 The program has included funding assistance to tackle skill shortages. As part of the provincial statement, Moving Forward, funding has been allocated for the period 2005–6 to 2009–10 to extend the CRISP Business program. This 2005–6 to 2009–10 program has been designated CRISP II.164

7.127 The goal of the expanded program is to provide an additional avenue to support the enhancement of business skills. Municipal councils, business and community organisations can apply for CRISP funding to address skill needs. The program also has a focus on maintaining the participation of mature age workers in the Victorian workforce.

7.128 The objectives of CRISP II are to:
• create opportunities for skills enhancement and help rural and regional enterprises to undertake jobs growth and new or increased investment;
• increase the viability and sustainability of rural and regional enterprises by enhancing the skills and capabilities of the enterprises and their workforce including mature age workers;
• tackle skills shortages at the local or regional level resulting in enhanced job security for existing employees, increased industry competitiveness, and the creation of sustainable industries and jobs across regional Victoria including the maintenance of jobs for mature age Victorians;
• provide funds where an organisation (including individual businesses, business organisations, councils or community groups) has articulated a targeted strategy for dealing with an identified skills-related impediment to jobs growth and/or new or increased investment. In the case of individual companies, this strategy may involve on-the-job training, formal training, mentoring or skills sharing by recognised experts to increase the skills of both existing and new workers; and
• provide funds where an organisation (including councils, businesses, business organisations and community groups) is seeking to attract workers to meet specific skills shortages or fill specific positions.165

7.129 The Committee heard from a number of community groups, organisations, local government organisations and councils regarding skills shortages, and the need to develop initiatives to address training, recruitment and labour attraction. The City of Wangaratta’s submission based on its economic development strategy was one which drew a link between ageing populations and skill shortages and the concomitant need for balanced population growth.166

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166 Rural City of Wangaratta, Submission, 13 September 2009.
7.130 Other general themes were mentioned by several organisations such as the Australian Industries Group and included transitioning young people into careers that match skill shortages, skilled migration, increasing skills and learning new skillling.\(^{167}\) Again, local infrastructure, such as affordable housing, was critical to a skilled labour force.\(^{168}\)

7.131 Some witnesses referred to matching the needs of industry with the skill readiness of secondary students. Ms Kay Macaulay, Regional Manager for the Western District office of the Australian Industry Group, told the Inquiry about a school–industry engagement program:

We run a number of school–industry programs. We have breakfast sessions where we bring the teachers in to meet with industry representatives, because it is very easy for the schools to say, ‘What do you want?’, and for industries to say, ‘You’re not producing what we want’, but they are not really talking to each other. So we do a lot of programs around that, and I would say that over the last five years there has been a heightened understanding by the secondary school teachers particularly about what the career pathways are, especially into the manufacturing sector.\(^{169}\)

7.132 Mr Brett Stonestreet, Chief Executive Officer, Moyne Shire Council spoke of the need for specific information to plan for job skills requirements. Mr Stonestreet referred to the need to match anecdotal information received from industry with real data. He told the Inquiry there was a need to:

...try to engage more closely with those major industries to talk one-on-one with them on an ongoing basis about the specific range of job skills they are going to be requiring; where they are going to, from where those job skills will be sourced and therefore identify opportunities for locally based labour to fill the gaps. I have figures here of anything up to 3000 jobs during the construction phase of the various major projects that are going to happen in our shire.\(^{170}\)

7.133 In relation to new and emerging industry, such as in the energy sector, there may be challenges to ‘tease’ data from some industries and the need therefore to establish community consultative committees involving major industries.\(^ {171}\)

7.134 The Chief Executive Officer of Glenelg Shire made similar comments regarding the timber industry and future skills needs. He also reinforced the concern of others that regional labour force planning would assist in ‘sustainably’ managing the population so that, for instance, a skill need

\(^{167}\) Mr Jim Dannock, Regional Manager, Australian Industry Group, Bendigo, Public Hearing, 12 December 2008.


\(^{169}\) Ms Kay Macaulay, Regional Manager, Australian Industry Group, Bendigo, Public Hearing, 12 December 2008.

\(^{170}\) Mr Brett Stonestreet, Chief Executive Officer, Moyne Shire Council, Warrnambool, Public Hearing, 12 February 2009.

\(^{171}\) Ibid.
created in one area does not leave ‘a hole’ somewhere else when someone moves elsewhere in the region to fill a vacancy.172

7.135 Of the submissions relating to skills development there were a number supporting continuation and expansion of apprenticeship programs and skills training:

That the Government and industry work together to ensure that apprenticeship programs, skills training and 457 visa sponsorships all continue to be viable options in regional areas to attract/retain people and jobs into regional centres.173

7.136 Many witnesses talked about the notion of a skills ‘gap’ because of the need for workers for the ‘new economy’. Mr Geoffrey Carruthers from Champions of the Bush is representative of this view and spoke at length about the need for skills development and training in regional Victoria:

Yes, there is no doubt that there are skills gaps right across Australia, John, and in my personal experience it is very difficult to have a curriculum-based training program online quick enough to meet what you call the ‘new economy’ or the new trades coming in — for example, in north-eastern Victoria we built a medium density fibreboard plant, a $100 million thing that had never been done before, where we took pine out of the north-eastern Ovens Valley area and had to get that processed into a very fine particleboard. No-one had the skills to be able to work in a factory like that around Wangaratta, so we went to the TAFE colleges and spoke to the TAFE hierarchy. They said it would take five years before they could get a course up, get it accredited and in place, and then roll people out. I think what is happening in the skills area is that a lot more organisations are identifying skills that are required and delivering those on the job site, with their employees’ support because the people can work and not necessarily have time off the work site. They can get the specific skills that they want for the job at the time because it is evolving at such a great pace, as you are probably alluding to.174

7.137 Mr Carruthers also described the need for planning by universities and TAFE colleges that are committed to their regions. Planning needs to be responsive to evolving skills needs:

It is a two-pronged thing. We have really got to make sure that the TAFE colleges, the institutes and the universities are really in tune with what their local economic development strategies are saying, and where they would like to get to in the next five to ten years. Let us make sure that we have that accredited training in the pipeline so that we can again support the capacity of those communities. A lot of those communities may be in dairy or they may be in timber, but they want to get into some other things, like aquiculture. Those skills

172 Mr Stuart Burdack, Chief Executive Officer, Glenelg Shire Council, Public Hearing, Warrnambool, 12 February 2009.
173 Mr Ian Else, Group Human Resources Manager, MaxiTRANS Industries Ltd, Public Hearing, Ballarat, 18 November 2008.
have to come through. Everyone has to make a commitment to making sure those people who want to go into a new trade can find that skills training locally.175

7.138 Other witnesses repeated the need for tertiary institutions to assist regional skills development. Mr Paul Younis, Chief Executive Officer of Corangamite Shire, suggested that young people leaving the region for tertiary education affected the available skill set: ‘The importance of building that strong local tertiary thing to support our young people, our industries and our social infrastructure cannot be underestimated.’176

7.139 The role of regional universities in supporting skills development was emphasised by Mr Andrew Scott from G21. In response to a question about the role of Deakin University in the Geelong region he commented:

It is absolutely fundamental. As I have said, we are going through a transition, and that requires a fundamentally different mindset and a fundamentally different set of skills. Deakin is quite critical to developing people with the skills and the mindsets for tomorrow’s industry, not for yesterday’s. That means you often need people with a much more creative bent, if you understand what I mean. It is more about education than it is about training. It is about teaching people how to think about a problem and how to tackle a problem, not what to do in a particular set of circumstances. That is the difference. Deakin has been very effective at doing that. It also understands its regional role and has very deliberately focused on some of those regional issues.177

7.140 One concern was raised by Ms Anne Mansell, Chief Executive Officer of Mildura Development Corporation, and related to the issue of skills retention and the risk of losing people trained in the regions to the city and better paid jobs:

In the last few weeks in my new role I have been out and about talking to a lot of our larger businesses, and they are still struggling to get good qualified people and to retain those people in those roles over a period of time. If they do put them on and train them up, then they find they have gone back to the city because they can obviously attract the dollars by utilising their skills back in the urban environment. So that is an area that we are still struggling with in terms of really making sure that we train up people locally or, once we get them here, retain them in our area. So skills shortages are still quite an issue.178

7.141 Consistent themes emerging in the submissions and hearings included recommendations relating to, for example:

- workforce development planning – with industry and regional focus;179

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175 Ibid.
176 Mr Paul Younis, Chief Executive Officer, Corangamite Shire, Council, Public Hearing, 12 February 2009.
177 Mr Andrew Scott, G21 Regional Alliance, Submission, Number 52, October 2008.
178 Ms Anne Mansell, Chief Executive Officer, Mildura Development Corporation, Public Hearing, Mildura 18 March 2009.
179 Mr Jim Dannock, Regional Manager, North Central Victoria, Australian Industry Group, Public Hearing, Bendigo, 12 December 2008.
that the State Government better facilitate the collection of data to identify skills shortages in differing regions;\(^{180}\)
- subsidise entrepreneurship, innovative and leadership skills training, especially amongst younger people;\(^{181}\)
- continue current skills incentives for traineeships/apprenticeships;\(^{182}\)
- the creation/implementation of an integrated national action to address the expected exodus of skills from industry with education, training and recruitment strategies;\(^{183}\)
- that the Government and industry work together to ensure that apprenticeship programs, skills training and 457 visa sponsorships all continue to be viable options in regional areas to attract/retain people and jobs into regional centres;\(^{184}\)
- that in partnership with industry, the State Government supports a pathway planner or an industry planning planner to work with schools and local community partnerships in identifying and promoting pathways in the areas of skills shortages;\(^{185}\)
- encourage skills training programs in the areas where the particular skilled labour is required;\(^{186}\)
- that the State Government continues to support the skills initiatives that are currently in place and continues its funding of the Australian Technical College and the Bendigo Regional Institute of TAFE;\(^{187}\)
- the need for improvement of tertiary education facilities at La Trobe University regional campuses;\(^{188}\)
- the reduction of HECS fees for regional students – potentially attracting students to the region;\(^{189}\)
- investment in coordination of university clinical placements for health students;\(^{190}\)
- statewide database to enable better coordination and increase capacity of local health services to TAFE students;\(^{191}\)
- extra funding for the local TAFE adult education providers – allowing for a true pathway from the tech centres and secondary schools through to university;\(^{192}\)


\(^{181}\) Mr Lachlan Campbell, Executive Officer, Australian Alpine Valleys Agribusiness Forum, *Public Hearing*, Wangaratta, 23 April 2009


\(^{184}\) Mr Ian Else, Group Human Resources Manager, MaxiTRANS Industries Ltd, *Public Hearing*, Ballarat, 18 November 2008.


\(^{188}\) Mr Gavin Cator, Chief Executive Officer, City of Wodonga, *Public Hearing*, Wodonga, 22 April 2009.

\(^{189}\) Mr Kent Farrell, Executive Director, La Trobe University Mildura, *Public Hearing*, Wodonga, 22 April 2009.


\(^{191}\) ibid.

• need for stronger, more authentic partnerships between universities and schools – resulting in quality practicum outcomes;\textsuperscript{193}
• need to balance TAFE with higher education facilities,\textsuperscript{194} and
• significant issue concerning the demise of the training institutions at university level in regional areas.\textsuperscript{195}

7.142 The Committee is disappointed that the State and Federal Governments have failed to continue to support funding of the Australian technical colleges, which had strong local industry support and were achieving excellent outcomes in producing skilled apprentices ready to enter the workforce.

7.143 Businesses that are unable to recruit workers locally can turn to employing skilled migrants and a number of Victorian regional businesses have done so. This issue is talked about in Chapter Ten.

7.144 The evidence provided to the Committee through the submissions and hearings highlighted the importance of regional training and skill enhancement and the need for committed Government support in this area of regional development.

**Recommendation 3**

*The Committee recommends that the State Government continue to work closely with the Federal Government and both industry and higher education sectors to:*

• *firstly, establish the projected and anticipated skills gap in regional Victoria; and*

• *secondly, establish within the higher education sector which provider is best placed to offer the appropriate courses to overcome these identified regional skills shortages.*

**Regional Universities**

Regional universities have a special and vital role in stimulating the intellectual development of citizens to the benefit of the region, the state and the nation and, indeed one could argue, globally.\textsuperscript{196}

Mr Kent Farrell, Wodonga.

7.145 There are many regional campuses of metropolitan-based universities across Victoria, for example La Trobe University at Bendigo and Wodonga,

\textsuperscript{193} Ms Debbie Neal, Campus Coordinator, La Trobe University Mildura, *Public Hearing*, Mildura, 18 March 2009.
\textsuperscript{194} Mr Phillip Sabien, Executive Director, Wimmera Development Association, *Public Hearing*, Horsham, 11 February 2009.
\textsuperscript{195} Mr Lachlan Campbell, Executive Officer, Alpine Valleys Agribusiness Forum, *Public Hearing*, Wangaratta, 23 April 2009.
\textsuperscript{196} Mr Kent Farrell, Executive Director, La Trobe University, Mildura Campus, *Public Hearing*, Wodonga, 22 April 2009.
Deakin University at Geelong and Warrnambool, RMIT University in Hamilton, as well as the regionally based university, the University of Ballarat.

7.146 The Committee heard many times how highly regional centres value their university campuses.

7.147 Professor John Martin describes the value of universities throughout the world to their location:

The evidence is in. There is a clear correlation between the economic, commercial, cultural and social success of the major cities of the world and the universities that live in them — an absolute correlation. There is no doubt about that now. Bendigo benefits because it has La Trobe campus here, which is a multicourse program; it benefits because it has Melbourne University; it benefits because it has Monash University in the health system and it has a number of other universities; it benefits because it has a great TAFE sector; and it benefits because people work with each other and cooperate.

...When we are talking about regional infrastructure we have to talk about the educational and innovation infrastructure and the social infrastructure as well as the hard infrastructure of water, roads or whatever. You cannot ignore that, and I would be strongly recommending that the Committee take up the cudgels and look very closely into the situation. 197

7.148 Mr Anthony Schinck, speaking on behalf of the Mayors and Chief Executive Officers of the Central Highlands, describes the multiple benefits of having a university located in a region. Aside from providing education, knowledge and skills development, the university provides benefits to the economy; as an employer; in attracting population; as a partner in local development; as a source of graduates for recruitment; and in raising a region’s profile:

When I last checked, the University of Ballarat represented about a $400 million value to the regional economy. It is one of the largest employers in the region as well. Certainly my experience of working with universities is that there are benefits of having the university here, and there are a number of them. One is that it does provide one of those attractants in terms of attracting students, their parents and their relatives to Ballarat and the region. It actually acts in attracting people to the region. It also has a development function in terms of working with, for instance, ourselves and industry around what are skill needs within the region, and having obviously the SMB campus based here as well is critical to that, and we can develop quite specific programs that target those needs that are specific to the region. 198

7.149 These are all general benefits provided by regional universities. Mr Schinck talks about the value of the University of Ballarat’s Technology Park:

197 Professor John Martin, Director, Centre for Sustainable Regional Communities, Public Hearing, Bendigo, 12 December 2008.
198 Mr Anthony Schinck, Chief Executive Officer, City of Ballarat, Public Hearing, Ballarat, 18 November 2008.
In addition to that, the University of Ballarat has made significant contribution to the region through the development of its Technology Park. It has almost developed an entire industry sector together with Ballarat and the rest of the region around ICT. For that we have seen the results of, recently, IBM expanding its current facility here at the Technology Park, we have got research and development hubs and incubators at the Technology Park which are all very critical to capture that intellectual property that exists here within the region, and to develop that, as well as, obviously, build a profile of the region and Ballarat as being a centre for ICT.199

7.150 The importance of regional universities and other higher education providers was stark for those who feared the imminent loss of their regional university:

There was discussion previously in terms of post-secondary education. We find that one of our highest strategic priorities is the support for the location of TAFE and university programs in peri-urban regional centres. We think it is fundamental. I think Anthony Schinck covered that excellently in terms of the competitive advantage of having those sorts of facilities located in your area. We are absolutely appalled at the prospect of Victoria University withdrawing from our region. We will be meeting with the vice-chancellor next week. We think that is appalling and an extremely retrograde step, unless there are clear solutions premised by the University of Ballarat moving into that area, which we think should be made known to the public sooner rather than later. That tends to dumb down the western region of which we are a part. Bacchus Marsh’s orientation is probably predominantly to the metropolitan area, whereas some of our western areas are focused upon Ballarat as a regional centre. It tends to dumb down and continue to stereotype those communities, which is very unfortunate and leads to significant competitive disadvantage for those areas.200

7.151 One issue that arose for the Committee during its hearings with witnesses to the Inquiry relates to the benefits of having a regionally based university, such as the University of Ballarat, compared to a city university with a campus in a regional area. In discussing the Technology Park at the University of Ballarat Professor David James, Chairman of the Committee for Ballarat, proposed that the university’s independence was a factor in its ability to forge a partnership with IBM and attract them to the region. In response to a question from the Committee’s Chairman about the need to encourage government to develop regional clusters Professor James says:

I think there are probably two answers to that. IBM was constrained to come to Ballarat; there is no question about it. I do not think they wanted to come. The Government really put the pressure on them to come. The reason it was successful was that the university was independent at that stage. It could act independently and form the relationship with IBM. Unfortunately the other regional centres —

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199  Ibid.
200  Mr Robert Stanley Dobrzynski, Chief Executive Officer, Moorabool Shire Council, Public Hearing, Ballarat, 18 November 2008.
Bendigo, Churchill and so on — do not have an independent voice of a university. They cannot interact, particularly with a high-tech business, to create the sort of partnership which is very important. There is a whole gamut of things that go into making it successful.  

7.152 A number of witnesses reiterated the view that to have maximum benefit for a community a university has to be committed to the region it is located in. The examples of the University of Ballarat and Deakin University demonstrate the significance of this view. In Shepparton, Mr Dean Rochfort, Director of Corporate and Economic Development at the Greater Shepparton City Council, was asked if the city had a role to promote the need for a different model of post-secondary education, one that is primarily regionally based:

We do, and we would argue, and have argued, quite strongly with the various universities that there needs to be a tailoring of their presence to suit and to benefit the actual region they are in. We have often said to both of our two major universities, Melbourne and La Trobe, that there are a number of research opportunities in this region that are not available in other regions that would directly benefit not only the university but the region itself. They are in areas such as water technology, multiculturalism, social cohesion and those sorts of areas. It is difficult. Ballarat enjoys quite an advantage over other centres; there is a more generic university presence rather than one tailored for the region itself. It is something that the city lobbies on, but ultimately those decisions are made by vice-chancellors who are based primarily in Melbourne and may not see their regional operations as being all that important to the overall plan of the university.

7.153 Mr Rochfort added a further element to the debate about regionally based universities compared to city universities with regional campuses. Mr Rochfort is supportive of the work that universities are doing in his region. However, he also spoke about the Council’s concern regarding the low education levels of their community. He suggested that the need to base their decision-making entirely on commercial factors hindered the ability of city-based universities to fully contribute to a region:

Whilst they are all good news stories, at Shepparton, which enjoys a substantially larger population than centres such as Wodonga, the level of higher education is significantly less, and we see that as an issue for us. The council is committed to encouraging tertiary education, but in many ways the universities are more and more making commercially based decisions. There needs to be recognition that provision of certain courses out in the regions is much more expensive. There is the ability to do some standard courses in Shepparton, such as business degrees, commerce and those sorts of things, but if you want to do something more specialised and perhaps more relevant to our industries the opportunities are far less. There still needs to be some work done with both the

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201 Professor David James, Chairman, Committee for Ballarat, Public Hearing, Ballarat, 18 November 2008.
universities, probably more so at a federal level, about how those universities are funded in the provision of regional course work.\textsuperscript{203}

7.154 Charles Sturt University in New South Wales has what its representatives describe as an ‘inland approach’ to its role. Associate Professor Bruce Pennay appeared before the Committee in Wodonga:

Victoria has a different pattern of higher education development. The universities are based in Melbourne, and have branches, as it were, in the country areas. In New South Wales what Charles Sturt University is trying to do is speak for all of non-metropolitan New South Wales; it has got an inland approach. We want students to help not only build up the labour force in country areas but also to specialise in the research that might relate to country areas.\textsuperscript{204}

7.155 The Loddon Murray Community Alliance, represented by Glenn Stewart, also provided their perspective to the Committee regarding the level of education in northern Victoria compared to other parts of the state. Mr Stewart elaborated on the significance of the geographical location of Swan Hill to the nearest higher education providers:

...of the biggest issues that we have found is that the amount of qualification in the area in terms of certification and skills base, if you like, is one of the lowest in Victoria. I think it sits at the second lowest. We have somewhere in the vicinity — in research that we did a while back — of 38 per cent of population have some form of qualification, when you compare the rest of the state at around about 46 per cent, or around about that figure; do not quote me on those. We were significantly under the state average, particularly in the higher ed. area. I think about five per cent of our population holds a tertiary qualification. When you look at the rest of the state, it is around about 11 per cent.

...We have the campus of the Sunraysia Institute of TAFE in Swan Hill — a brand new campus — but in terms of further education or other further education, Mildura is two-and-a-half hours away and we have Bendigo, which is around about two hours away. What we have noticed — and we have done a significant amount of work with the Inquiry as well into higher education participation earlier in the year — is a significant drop in young people looking to go to university. They are looking at other pathways, which is fine — that is great — but we are seeing a significant drop-off of young people applying to go to tertiary education. One would suggest that there is the cost factor. It is also an isolation factor; they do not necessarily want to leave the region. We have also done some significant work around young people feeling connected and safe in that environment as well.\textsuperscript{205}

\textsuperscript{203} Ibid.
\textsuperscript{204} Associate Professor Bruce Pennay, Adjunct Associate Professor, School of Environmental Sciences, Charles Sturt University, \textit{Public Hearing}, Wodonga, 22 April 2009.
\textsuperscript{205} Mr Glenn Stewart, Company Secretary, Loddon Murray Community Alliance, \textit{Public Hearing}, Shepparton, 11 December 2008.
7.156 In the United Kingdom and Ireland, Members of the Committee observed the strong connection between the university sector, local businesses and entrepreneurs, councils, and regional development agencies (see Chapter Five). The success experienced by Regional Development Agencies in the United Kingdom was due in large part to the strength of the collaborative partnerships between regional universities, businesses and local government.

7.157 Similarly in Ireland the commitment to their National Development Plan, even in the face of economic crisis, is due to the harnessing of expertise from regional university campuses and the contribution of regional academics to the Plan. In Ireland, the Government has been involved in encouraging effective partnerships between industry and regional universities, providing a forum for meetings of leaders from both in the region. The Irish Minister for Rural Affairs suggested to members of the Committee that it was regions with strong education systems and university sectors where industry was progressing, particularly where there was a seamless link between students studying for employment in a particular industry and the availability of jobs and industry in that region compared to areas struggling to get senior management roles filled because of the poor reputation of education in a town.

7.158 One of the great issues facing regional communities in Victoria is the loss of young people who leave to study at university or college in Melbourne. Although no-one would discourage young people from gaining an education and experience in the world their return to regional centres is valued and encouraged by many who understand the unique contribution they make. However, this is not always achieved. Many witnesses appearing before the Committee or making submissions to the current Inquiry acknowledged this issue.

7.159 Professor Wayne Robinson, Vice-Chancellor of the University of Ballarat, gave the Committee the following advice with regard to the role of universities in the education of regional young people:

...when students are trained in the region, go to university in the region, they are much more likely to remain within the region. One of the things that comes out of that is that if we attract good calibre students, which we do, those students have much more propensity to remain in the region, so the university is significant in relation to education.

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206 Professor William Golden, Dean, College of Business, Public Policy and Law, National University of Ireland, Meeting, Galway, 27 May 2009.
207 Mr Eamon Ó Cuív, Minister for Community, Rural and Gaeltacht (Irish Speaking) Affairs Department of Community, Rural and Gaeltacht Affairs, Meeting, Dublin, 26 May 2009.
208 For a discussion of this issue refer to the Rural and Regional Services and Development Committee Final Report, Inquiry into Retaining Young People in Rural and Regional Communities, Parliament of Victoria: Melbourne 2006.
209 Professor Wayne Robinson, Vice-Chancellor, University of Ballarat, Public Hearing, Ballarat, 18 November 2008.
Professor Julian Lowe, Director of the Institute for Regional Innovation and Competitiveness at the University of Ballarat, provides a statistical basis for his colleague’s advice:

The second part of population is people moving in and going out again. If you look on page 3 you will see two graphs for Ballarat. What you see basically there is probably something like 30 per cent of young people in the 18-to-24-year group in Ballarat leave, but if you look at the graph below it — and this is probably because of the university — probably 40 per cent of the number in that population group actually come in to Ballarat. Ballarat is basically a net gainer in that crucial group and it is gaining people from the Wimmera, and Melbourne, but it is gaining people mainly from the outlying regions. One interesting aspect is that Ballarat’s growth is not based only on increasing fertility and higher birth rates but is also based on migration. If our regional centres are declining, the scope for that intra-regional flow into Ballarat is going to dry up. So we have in Ballarat a very common interest with our fellow citizens in the regional areas around, because if they are not growing ultimately we cannot grow through immigration.  

One witness in particular offered a new way of looking at the concept of a university and what needed to be developed in Gippsland:

...I do not believe in the future that the notion of building some kind of sandstone campus in the countryside is going to be the model for delivering tertiary education. Again, in a region like East Gippsland, it is impossible to expect someone from Mallacoota to drive to Bairnsdale for a university.

I think that we have to deliver these kinds of educational opportunities in different ways. There are other examples where, through the combination of online access and remote, small satellite campuses around a hub, you can deliver a much more effective tertiary education system in a region as opposed to the idea of a university.

Ms Marshall questioned witnesses in Gippsland about what they would choose for their region if they were given the option of either an airport, a conference centre or a university. Mr Ned Dennis gave the following response:

From the South Gippsland perspective, the thing that we would value the most is the higher education opportunity...for our area, the terribly big issue is the loss of young people. Up until the age of 18 we are about the state average with the number of people. After that it plummets. People leave because young people leave, but it is particularly to get the study they need. Without them we do not have the younger people developing the skills in the food production

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210 Professor Julian Lowe, Director, the Institute for Regional Innovation and Competitiveness, University of Ballarat, University of Ballarat, Public Hearing, Ballarat, 18 November 2008.

211 Mr Martin Richardson, Senior Strategic Planner, East Gippsland Shire Council, Public Hearing, Morwell, 25 November 2008.
areas. It is often misunderstood how sophisticated now is the business of running dairy farms and food production.

If we had a way of having more of our higher education delivery in southern Gippsland, a significant number of those young people would stay or some other ones would come from a metropolitan area to do their study. That then has a very important knock-on effect. Out of those three, in a way that is probably the underpinner for our area. \(^{212}\)

7.163 Recently the Victorian Government commissioned research by the market research firm Sweeney relating to the choices made by students regarding university destinations. \(^{213}\)

7.164 The Sweeney Report investigated the mobility patterns of young people, with particular interest in the efficacy of regional centres with education facilities to retain their young populations.

7.165 The Report found, perhaps not surprisingly, that the reasons for students’ choices to move to Melbourne for further education (and by-pass local offerings), were to do with lifestyle, need for independence, prestige of city universities and ENTER score. Studying in a regional university was seen as the most likely option for further education for reasons of finance or lower ENTER scores. According to the study perceptions about the quality of regional universities often affected choice.

7.166 The Report concluded that students who located to regional centres to study, needed to integrate into the community and not ‘see their regional living arrangements as temporary’. \(^{214}\)

7.167 A number of recommendations were made in the Sweeney Report and they included suggestions that strategies were needed to ‘entice country kids to return home following a period of study’. \(^{215}\) Specific recommendations included the need to increase employment opportunities, improve transport and recreational facilities, and improve regional university facilities. \(^{216}\)

7.168 Financial support and the necessity for students to at least partially support themselves through casual employment were seen as important, as was the need for strategies to help students integrate into communities – including encouraging shared house arrangements.

7.169 The Report reinforced the submissions before the Inquiry that regional universities needed support and funding to increase their program range and mode of delivery. In some cases, according to the Sweeney Report, students have to relocate to Melbourne after one year because only the first year of the course is taught locally. Financial support schemes from the

\(^{212}\) Mr Ned Dennis, Community Strengthening Coordinator, Public Hearing, Morwell, 25 November 2008.

\(^{213}\) Victorian Department of Planning and Community Development, The Sweeney Report, prepared by Sweeney Research, Melbourne, April 2009.

\(^{214}\) Ibid.

\(^{215}\) Ibid.

\(^{216}\) Ibid.
Government, as well as scholarships and grants (even if a condition was that the student worked in a particular region in exchange for fee support), were raised as suggestions for Government.217

7.170 Many witness also made suggestions about the need for universities to provide for education that is tailored to their particular region. For example, the Committee heard the following in Gippsland:

Tertiary education: it is obviously not practical to have a full curriculum university in every regional centre. However, I believe it would be practical to identify specialised university degrees to suit the needs of particular regions. For example, East Gippsland appears to be a favourite destination for retirees, all of whom will require aged care and nursing professionals in the not-too-distant future. East Gippsland is also establishing itself as a hub for food growing and processing; that is if we can solve the water problems. Post-secondary education modules to service these and other select needs for East Gippsland would not only underpin the strengths of these industries but would grow the reputation of this region as a destination for retirees and food industry participants.218

7.171 The agricultural industry in Victoria is an important contributor to both the state and the nation. It is an integral part of regional Victoria. However, it is also a changing industry, and one that requires increasingly skilled labour to support it. The situation that is now arising, according to the Head of Dookie Agricultural College, is one that may spell imminent crisis for the agricultural industry in regional Victoria:

Without being too dramatic, it is not a plea for educating people in regional areas because as I said before, I think it is valuable for young people to leave. But an extremely important regional industry is agriculture. These guys were talking about TAFE-level education, but at the moment there are figures around that say that agriculture needs about 1500 new university-level graduates servicing agriculture each year, and there is a figure which shows that we turn out about 800 which is not true; we do not turn out anything like that. This year Dookie has 17 going into its Bachelor of Agriculture course, and I think Gatton has about five or six.

[Agriculture is farming...] but it is also about banking, support industries like Elders, Landmark, Tatura Milk, supply companies and all those sorts of places — highly technical, well-paid jobs that in large part operate in regional Victoria and regional Australia. I think we are heading towards a crisis a bit like the one we see every now and then when governments say we have a nurse crisis or a teacher crisis or an apprentice crisis. There is a figure which shows we are going to have to increase food production by 50 per cent in the next 40 years, and we are not going to have people in agriculture to do

217 Ibid.
that, partly because of the image — drought, climate change, blue singlets, grizzlies and those sorts of things.\textsuperscript{219}

7.172 Mr Ian Nethercote, Chief Executive of Loy Yang Power, also raised the need to support the workforce needs of business and industry in a region. In that respect he suggests that looking at future needs of an industry is also important. He goes on to describe the efforts of Monash University Gippsland towards focussing their curriculum on the changing needs of industry:

From our point of view one issue is the ageing workforce. The average age of the workforce for us is about 48 years, and most people have in excess of ten to 15 years of service within the organisation. We need to look at what these new technologies bring, because they are a different skill base. If I look at the maintenance activities that we have within our industry at the moment, they will need to change to have a stronger focus on issues, such as petrochemical activity, so there will be a shift in terms of skills, training and the type of education that is offered through universities et cetera at the moment.

We are seeing some of that. Monash University has taken a step forward and, as an example, has combined civil and environmental engineering. We will see other things happen when you start to look at analytical and IT and various other things in those areas that will need to be part and parcel of bringing some of those things forward. Obviously a transition of that skill base will be important in there as well.\textsuperscript{220}

7.173 In response to a challenge from the Chair – that city-based universities did not look after the regions they were in – Associate Professor O’Brien suggested that city universities with a regional campus would not call themselves regional universities. Although universities exist for the common good, Associate Professor O’Brien said, they also have to run as a business. He suggested that the government had a role to play in assisting universities to fulfil their obligations to the community, for example through a Federal Government scheme of differential funding of regional universities.\textsuperscript{221}

7.174 The role of universities, and university campuses, in regional areas is undoubtedly important on many levels as the Committee heard during its visits to regional centres. The evidence that the Committee heard about universities in regional areas leads to the conclusion that there are many advantages in having a university which ‘belongs’ to a region, contributes to it and can make decisions independently. When decision-making about the role of the university is made in Melbourne then the interests of the region are not necessarily taken into consideration.

\textsuperscript{219} Associate Professor Dennis O’Brien, Melbourne School of Land and Environment, Head, Dookie Campus, University of Melbourne, \textit{Public Hearing}, Shepparton, 11 December 2008.


\textsuperscript{221} Associate Professor Dennis O’Brien, Melbourne School of Land and Environment, Head, Dookie Campus, University of Melbourne, \textit{Public Hearing}, Shepparton, 11 December 2008.
7.175 In relation to education the Committee was advised throughout regional Victoria that universities based in a regional centre with a connection to their region led to better outcomes for their communities. The Committee believes that the Federal Government should look closely at university provision in regional Australia. In future, the further development of regional universities rather than city universities with regional campuses will lead to greater, and more coordinated, development of the regions and the nation as a whole. A policy and funding shift at Federal level, which took this important finding into account, would significantly influence regional development.

**Recommendation 4**

The Committee recommends that the State Government advocate to the Commonwealth Government to consider a policy of promoting and further developing regional universities rather than city universities with regional campuses.

**Youth Allowance**

7.176 This year, the Federal Government announced major changes to eligibility for the Youth Allowance in their budget. This issue arose after this Committee had conducted its Public Hearings in regional Victoria and Melbourne. Therefore the Committee has not received direct evidence on this subject from regional Victorians at our formal Public Hearings. However, it was agreed at a meeting during discussion of the Report that changes to the Youth Allowance should be highlighted in this Report because of their repercussions for the education of rural and regional youth. The Committee has approached this issue by referring to the bipartisan Report of our colleagues at the Education and Training Committee at the Parliament of Victoria and by reviewing the work of the Senate Committee at the Commonwealth Parliament. The Committee believes that the Recommendations of our colleagues at this Parliament should be supported and commends their Report to the State Government.\(^222\) Recent Recommendations should also be heeded by the Commonwealth Government.

7.177 Rural secondary students who complete the final year of their education are faced with the harsh reality that the majority of them will have to leave home in order to pursue further study. There are fewer options to attend a tertiary education institution for those students living outside of a capital city, and even less for those not living in a major regional centre. This raises difficulties for potential students and places an additional financial burden on students and their families that is not experienced by metropolitan students.

students. The result is that some young people will not participate in higher education because of the costs involved.

7.178 The new Federal Government’s revised eligibility criteria when applying for Youth Allowance disadvantages students from rural Australia who are required to live away from home while they study.

7.179 A submission to the Committee from the Youth Affairs Council notes that ‘many rural and regional young people defer University to earn the pre-requisite $18,525 within 18 months to be eligible for Independent Youth Allowance’. Since the Federal Government’s amendments to the Independence test under the 2009/2010 budget, students deferring for a ‘gap year’ must work for 30 hours per week over eighteen months before being eligible for Youth Allowance at the Independent level. This may impact on the opportunities available for young people who wish to study as well as negatively affect already higher levels of deferment amongst rural and regional young people. Unless this situation is remedied through Government action, the long-term repercussions could result in a skills and education deficit in rural and regional areas.\(^224\)

7.180 Geoff Howard, the Chair of the Education and Training Committee Inquiry into Geographical Differences in the Rate in which Victorian Students Participate in Higher Education (2009), had the following comment to make in his Foreword to that Committee’s report:

> Time and again the Committee heard about the difficulties faced by young school leavers in rural and regional areas who are contemplating leaving home to study...an even greater concern for many of these young people and their families is the high cost of university study, particularly the cost of living away from home.\(^225\)

7.181 In relation to the Youth Allowance this point above was emphasised again later in that Report:

Throughout the inquiry, the Committee heard that for many rural and regional students, access to higher education is dependent on their ability to access the Youth Allowance through existing workforce participation criteria for independence. Although there are currently three workforce participation routes to independence, the Australian Government has announced that it is tightening the criteria. From 2010 only those young people who have worked for a minimum of 30 hours per week for 18 months will be eligible for Youth Allowance under the criteria for independence. The Committee believes that this change will have a disastrous effect on young people in rural and regional areas. The Committee firmly believes that all young people who are required to relocate to undertake university studies should be eligible to receive government income support, and has recommended that the

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\(^223\) Youth Affairs Council of Victoria Inc, Submission, Number 50, 7 November 2008.

\(^224\) Ibid.

Victorian Government advocate for this change to eligibility criteria for Youth Allowance.226

7.182 Furthermore the Committee made the following recommendation:

That the Victorian Government advocate to the Australian Government that young people who are required to relocate to undertake tertiary studies be eligible to receive Youth Allowance.227

7.183 The Social Security and Other Legislation Amendment (Income Support for Students) Bill 2009 made changes to the ways in which tertiary students are deemed to qualify for the Independent Youth Allowance income support, including removing the workforce participation criteria of working part-time for at least 15 hours per week for at least two years and earning a specified amount since leaving school. Under the new Bill, a person will qualify as ‘independent’ after working full-time for at least 30 hours per week for a minimum of 18 months over a two-year period.228

7.184 The changes take force as of 1 January 2010, although students who left school in 2008 to take a ‘gap year’ in 2009 and who have to leave home to attend university will be entitled to qualify for the Independent Youth Allowance under the existing system until 30 June 2010.229

7.185 In the case of students who have taken a ‘gap year’ in 2009, they must have moved more than 90 minutes away from home in order to be eligible.230

7.186 In June 2009, the Senate Standing Committee on Rural and Regional Affairs and Transport was asked to conduct an Inquiry into Rural and Regional Access to Secondary and Tertiary Education Opportunities.231 The Terms of Reference for the Inquiry request that the Committee ‘...assess the adequacy of Government measures to provide equitable access to secondary and post-secondary education opportunities to students from rural and regional communities’ attending universities or other further education institutions.232 Amongst other factors it asks the Committee to investigate are ‘the implications of current and proposed government measures on prospective students living in rural and regional areas’.233

Submissions closed on the 7th of August with the Committee required to report by October 29th. As an indication of community interest in this Inquiry, the Committee has received three hundred submissions so far. Many rural and regional Victorians and those

226 Ibid.
227 Ibid.
229 Deputy Prime Minister, ‘Changes to Youth Allowance to assist gap year students’, Press Release, 26 August 2009.
232 Ibid.
233 Ibid.
concerned with encouraging education opportunities for rural and regional young people will be awaiting the outcomes of the Inquiry and the government’s response.\textsuperscript{234}

7.187 The Senate Committee’s report was tabled in Parliament in October 2009, making a number of recommendations relating to the Independent Youth Allowance rate for students who must leave home to pursue study, including:

- retaining the workforce participation criteria stipulating a minimum amount that students must earn over an 18-month period to prove their independence;
- the creation of a ‘Tertiary Access Fund’ to assist rural and regional students living in metropolitan areas;
- extending the Relocation Scholarship to students receiving the Independent Youth Allowance.\textsuperscript{235}

**Recommendation 5**

The Committee supports the Recommendation by the Education and Training Committee and encourages the State Government to act to ensure that rural and regional young people in Victoria are not unfairly disadvantaged in their efforts to fulfil their higher education goals and that the Federal Government changes to the Youth Allowance do not have the disastrous effects foreseen by our colleagues at the Education and Training Committee.

In particular, the Rural and Regional Committee joins with the Education and Training Committee in recommending that the Victorian Government advocate to the Australian Government that young people who are required to relocate to undertake tertiary studies be eligible to receive the Youth Allowance.

\textsuperscript{234} Ibid.
Chapter Eight

Structures for Cooperation and Local Leadership

Things which will be essential in the emerging environment needed to enable good community development include appropriate governance arrangements which work across water, energy and community planning sectors; institutional arrangements, particularly incentives and disincentives for enabling appropriate settlement and development patterns; and an educated and empowered citizenry capable of responding to these water and climatic challenges.\(^1\)

Ms Susan Benedyka, Wodonga.

8.1 This Chapter sets out the Committee’s findings relating to delivering better structures for regional development and empowering regional leaders.

8.2 The Chapter begins with a discussion of the role of Members of Parliament from regional areas and recent proposals to increase the influence of rural and regional representatives within the parliamentary process itself. Ultimately the suggestions for the establishment of Regional Committees by the Victorian Constitutional Commission in 2002 were not taken up by the current State Government. They are discussed here briefly because they highlight the need for an effective voice for regional and rural actors within decision-making processes.

8.3 The Chapter focuses in particular on regional governance – the governmental and non-governmental institutional arrangements whereby regional stakeholders manage regional issues – in its various dimensions.

\(^1\) Ms Susan Benedyka, Managing Director, Regional Development Company Pty Ltd. Public Hearing, Wodonga, 22 April 2009.
These include regional development organisations (Regional Development Australia Committees); structures for collaboration among local councils; maximising stakeholder involvement in regional decision-making; progress towards more integrated regional strategic planning; and more effective and focused support for regional leaders.

8.4 The Committee believes that getting regional governance right is essential for good regional development outcomes and for the creation of dynamic regional centres of the future. This means, in practice, empowering regional leaders through well-resourced structures that maximise opportunities for collaboration and cooperation across the many local and region scale organisations. Empowering regional leaders means both creating better structures and implementing better support programs for developing leadership in regional centres. It also means giving regional actors an effective voice that is respected at all levels of government and within decision-making processes.

8.5 Creating better regional governance is one of the best ways in which central governments can intervene to effect regional development. The Committee heard this many times during its consultation process for this Inquiry. It also heard that achieving good structures is only possible through consultation and collaboration with local communities and their leaders.

8.6 A further dimension of regional governance includes ensuring that regional stakeholders have the autonomy and resources they need to manage regional issues. The principle of ‘subsidiarity’, widely practised in the European Union’s regional development programs and structures, and found in Constitutions around the world, is useful in that context. The principle is that matters should be handled as close as possible to citizens by the lowest-level competent authority. In other words, it suggests that a central government should have a subsidiary function, performing only those tasks which cannot be performed at a local level. This is a structure within which regions have a powerful voice at all levels of government and one which we can learn from.

**An Effective Voice for the Regions**

A reformed Upper House functioning through committee structures and going into regional Victoria could bring government closer to the people and could bring a greater level of awareness of regional Victoria to the legislators.²

Gillian Walker, Portarlington.

8.7 Studies examining the expectations of regional communities for consultation with their parliamentary representatives, and with other legislators, are scarce. Nevertheless, as the comment above demonstrates,

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those living in regional communities are acutely aware of the benefits to be gained from securing greater influence on the legislative and government process.

8.8 A Constitutional Commission was established in Victoria in March 2001. In a document entitled A House for Our Future the Commission reported to the Government on 30 June 2002 with a number of recommendations for reform of the Legislative Council. The Report made recommendations with regard to voting methods for the Council, fixed terms for both Houses and a strengthened Committee system. Recommendations were made after a comprehensive consultation process in metropolitan and non-metropolitan centres. Many of the reforms recommended were taken up by the Government in the Constitution (Parliamentary Reform) Act 2003.  

8.9 Among the suggestions for change to the Legislative Council was a recommendation for the establishment of ‘regional committees’. The premise for the suggestion to establish regional committees was inspired in part by Newspoll results that identified a low level of recognition and contact between the Victorian regional and rural community and the Upper House. The suggestion by the Commission was that there existed an absence of systems for community involvement or input into the parliamentary process. This led to the recommendation that Regional Committees be established:

> Some of the concerns of the regions voiced in previous inquiries included their lack of ‘effective voice’ in decisions that affected them, lack of appreciation of their contributions and of their economic and social needs. There was also a concern that public sector agencies had a ‘silo’ mentality, which resulted in a lack of communication and coordination.  

8.10 In support of its proposal for regional committees the Commission cited a submission to a 1999 Productivity Commission report on structural adjustment which suggested that ‘support systems are much less resilient and less deep [in regional Australia] than in larger capital and provincial cities’. The Commission stated, on the basis of their consultation process, that: ‘There was an overwhelming concern expressed in the non-metropolitan regional communities that they are being overlooked.’

8.11 The Constitutional Commission suggested that to work effectively the regional committees should be characterised by a number of important elements. The Commission recommended:

- each region of Victoria should have a regional committee, comprising all regional members of the Legislative Council;
- the committees should be official Committees of the Legislative Council and report to it;

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3 Ibid.
4 Ibid. p 50.
5 Ibid. p 51.
6 Ibid. p 51.
• invitations to attend meetings and participate in discussion should be extended to Legislative Assembly Members, Federal Members for the region, representatives of local governments and community representatives;
• only Members of the Legislative Council would vote on the committee;
• committees should operate on a non-partisan basis and include members of all parties and independents in a region; and
• the committees could become involved with the development of policies and help with solutions to specific regional problems.  

8.12 The Constitutional Commissions recommendation for regional committees was not taken up by the Government. However, the concerns expressed by the Commission for effective engagement with regional actors by the Parliament endure.  

8.13 During its Inquiry consultation processes the Rural and Regional Committee has been wholeheartedly welcomed into regional communities. Witnesses to the Committee have consistently expressed their appreciation for the Committee’s presence in their region and efforts at direct consultation with them. Councils in particular welcomed the opportunity to participate in Public Hearings in a roundtable style format that allowed for broader more interactive discussion. Certainly the need to ensure that regional communities and their leaders have an effective voice in the parliamentary process has been a driving concern for this Committee.

Better Regional Governance

The second thing that central governments can do and have done but need to do more of is to adopt measures that deliberately expand the decision-making capacity or the institutional capacity of local authorities, whether they be local government authorities or water authorities or land management authorities. In my experience the difference between regions in Australia and regions in, say, the US or Europe or parts of Asia is partly explained by the fact that our local and regional authorities are extremely weak by comparison with their counterparts overseas.

We have made good progress in Victoria in strengthening local institutions, particularly in the 1990s, progress that was initiated by the Cain Government and then extended substantially by the Kennett Government. But that process, in my view, has largely stalled in recent years and that has not been to the benefit of regional communities or regional economies. So that is the second thing that central governments can do effectively.  

Dr Greg Walsh, Warrnambool.

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7 Ibid.
8 Ibid.
9 Dr Greg Walsh, Member, Champions of the Bush, Public Hearing, Warrnambool, 12 February 2009.
8.14 The Committee believes that regional governance must be enhanced to maximise regional development outcomes.\(^{10}\) There are many processes and agencies involved in delivering programs and undertaking initiatives in regional development in Australia. Chapter Four noted the issue of fragmentation that results both from the very nature of regional development and from Australia’s federal system. In other words, responsibility for regional development is distributed between federal, state and local governments and at any time all three levels will be working in one region, with each one shaping local structures through their own agencies. These government efforts are not necessarily coordinated as effectively as might be hoped. In the case of the state and federal governments, they both impose their requirements on local government through their funding policies. Furthermore, the practice of regional economic development is not uniform across Australia, or even the State of Victoria. Achieving better alignment of objectives and complementary processes would improve outcomes for regions in Victoria.

8.15 There are three specific areas where governance arrangements need to be examined with a view to considering potential improvements. These relate to the creation of new Regional Development Australia Committees by the Australian Government in collaboration with State and Territory Governments; the evolving regime of integrated regional planning across regional Victoria being supported by the Victorian Government as part of its Regional Strategic Planning initiative; and the role of the Victorian Government’s Regional Management Forums. These must all be examined in the context of whether they provide powerful enough regional governance bodies which represent regional interests and which have influence at the State and Federal government level.

8.16 This Chapter attempts to address the question of whether there are structures and processes in regions that maximise effective partnerships and collaboration across all facets of development.

8.17 While the Committee recognises that different agencies working in the regional development area will have their own priorities and emphases and varying capacity for collaborative action, it is important that government actions support, and do not hinder, effective cross-sectoral and cross-regional partnerships.

8.18 Chapters Four outlined recent Australian Government initiatives in relation to governance arrangements in regions.

8.19 In particular, this Chapter noted the Australian Government’s decision to create Regional Development Australia Committees (RDAs) out of the former Area Consultative Committees (ACCs) and to link them to state-based bodies and state regional boundaries. The Federal Government’s current plan is for the role of the Regional Development Australia Committees to be both advisory and strategic. Questions remain as to how

\(^{10}\) Governance refers to a process whereby elements in society wield power, authority and influence and enact policies and decisions concerning public and community life.
the Regional Development Australia Committees should operate strategically, as they will have no formal role to play in the funding of Australian Government supported regional development projects.

8.20 A Memorandum of Understanding outlines the ways in which the Australian Government and the State Government, through Regional Development Australia Committees in Victoria, plan to adopt a more integrated approach to regional development through:
- combined service delivery;
- advice, consultation and community engagement;
- whole-of-government activities;
- promotion of Government programs and initiatives; and
- strategic planning.  

8.21 Many questions were raised with the Committee about the planned Regional Development Australia Committees and whether the model being proposed is the most effective way to structure these Committees. For example the Committee heard from Mildura Rural City Council about their concerns for the proposed structure for Regional Development Australia Committees in their region which they believe may not have taken into account the cross-border relationships they work within:

...Phil mentioned about cross-border anomalies, and that is a significant issue for this area in a whole range of sectors. But one of the key things that is happening at the moment is I guess the ceasing or winding up of the Area Consultative Committees. It would appear that instead of having a cross-border approach what the federal government has done is look at Regional Development New South Wales taking control of everything for New South Wales from Albury and perhaps when Regional Development Australia gets re-badge it will be involved with those organisations rather than taking a holistic view across our region, which is what traditionally the ACCs were doing. That is something that perhaps needs to be looked at because I think it will cause a lot of impediments to development in terms of our working with the federal government.

8.22 Ms Mansell from the Mildura City Council explained to the Committee that current plans are for the New South Wales Regional Development Australia Committees to be located in Albury, for Wentworth, and that the Victoria Regional Development Australia Committee will be based in Bendigo and making decisions for centres as far away as Mildura.

8.23 Associate Professor Bruce Penney also spoke about his concern over the proposed structure for Regional Development Australia Committees.

...as of the last few days it has been announced that Victoria’s RDAs will follow those state-line regions of Hume, Loddon and Goulburn.

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13 Ibid.
New South Wales will have one along the Murray River. This is worrying to me in that previously our Area Consultative Committees on the border were cross-border. The reason why that worries me is that, as you may have heard, Drivetrain, the automotive transmission manufacturer, dismissed 200 people last week or the week before. A third of them are Wodonga residents.

We have one labour market. You talk about promoting Wodonga, you are promoting Albury. You talk about promoting Albury, you are promoting Wodonga. It does not matter what the council says — people live and work across the border. I have worked in Wodonga, I have worked in Albury; a lot of people still do.

The solution, we are told, is that these RDAs are going to be told to cooperate. It is not easy...I put it to your Committee to have a look at those RDAs. I would like a recommendation that the state, not the RDAs, works out the cooperation that is going to exist between these different ones that are cross-border.

8.24 The Committee heard many ideas about structures for cooperation and local leadership in both submissions and at Public Hearings. A number of submissions stated that coordination of government agency activities at all levels is essential to the development of dynamic regional centres of the future. Some submissions spoke of fostering partnerships between government, industry and education to deliver services and infrastructure effectively to meet the needs of regions.

8.25 A number of suggestions were made in submissions to the Committee and at hearings supporting more coordinated approaches to regional development. For example, Wodonga City Council is planning strategically for long-term infrastructure and land use:

There are a number of existing projects in Wodonga that I would like to highlight. One of the most exciting is the federal and state partnership to remove the rail from central Wodonga...As a result of the removal of the rail, council is actively working with VicTrack, the Victorian Government Property Group, RDV and DPCD on the strategic planning and orderly release of land once the rail has been removed in 2010.

8.26 The Municipal Association of Victoria (MAV) emphasised the need for strategic planning and effective government partnerships in solving issues for regional areas, such as for example, in telecommunications provision:

The RTIRC (Regional Telecommunications Independent Review Committee), has recommended a new policy framework promoting competition, innovation and investment in telecommunications for regional Australia, with a number of recommendations, which the MAV supports – advocating partnerships between the Federal, State and Local Governments to address specific issues such as education

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14 Associate Professor Bruce Pennay, Adjunct Associate Professor, School of Environmental Sciences, Charles Sturt University, Public Hearing, Wodonga, 22 April 2009.

15 Mr Gavin Cator, Wodonga City Council, Public Hearing, Wodonga, 22 April 2009.
and training opportunities; ensuring that telecommunications infrastructure is capable of supporting adequate services for business use in rural and remote areas; and that the three levels of government take a coordinated approach to working with resource companies and telecommunications service providers to facilitate shared planning and provision of telecommunications and services in regional areas.\(^{16}\)

8.27 Moira Shire Council sees strength in a regional approach. They work closely with other municipalities, and their association with both the City of Greater Shepparton and the Shire of Campaspe, by way of example, is becoming stronger. They recently completed a rural land-use strategy as a tripartite strategy across the three councils.\(^{17}\)

8.28 The submissions at Morwell spoke of the harmonisation of regional development policies and funding as important particularly in the areas of land-use planning, infrastructure provision, supply chain development and resource protection measures.\(^{18}\)

8.29 Like many of the submissions the G21 Regional Alliance highlighted the need for efficient planning, requesting: ‘Support from the State Government in developing plans for the growth and maintenance of sustainable communities.’\(^{19}\)

8.30 Other suggestions included:

\begin{quote}
That a new partnership between government, industry and the community establishes strategic priorities and commits to the realisation of these priorities.\(^{20}\)
\end{quote}

and

\begin{quote}
The State Government to provide funding for the development of ‘partnerships’ between State Government departments and councils, including the development of council ‘business development plans’. These would feed into a true regional development strategy.\(^{21}\)
\end{quote}

8.31 The Committee heard a number of times during the Inquiry that effective governance structures are particularly important in a climate where sustainable development and protecting the environment are considerations in all sectors of the economy and society.

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\(^{16}\) Municipal Association of Victoria, Submission, Number 60, December 2008.


\(^{19}\) Dr Andrew Scott, Chief Executive Officer, G21 Geelong Regional Alliance, Public Hearing, Geelong, 17 November 2008.

\(^{20}\) Mr Richardson, Senior Strategic Planner, East Gippsland Shire Council, Public Hearing, Morwell, 25 November 2008.

Recommendation 6

The Committee recommends that the State Government, in its negotiations with the Commonwealth, ensure that Regional Development Australia Committees are structured in such a way as to ensure they can work across state borders for the benefit of regions.

8.32 Throughout this Inquiry process the Committee heard and reviewed a number of submissions and hearings in relation to issues related to regional governance. Suggestions regarding this were made by a number of organisations such as Latrobe City, Warrnambool City Council, Bannockburn Chamber of Commerce, Hepburn Shire Council, Foodbowl Unlimited Inc, Loy Yang Power, Economic Development Australia – Victoria, and Ballarat City Council.

8.33 Suggestions covered the following themes:

Government Coordination

- That the State Government harmonise State Government policies with individual department objectives.\(^{22}\)
- That the Victorian Government adopt the approach of Queensland and Tasmanian Governments in their approach to ‘Projects of Major Significance’ – that is, whilst the community has the right to have their objections heard, it is in fact in the community’s interests that many essential projects be fast tracked.\(^{23}\)

Partnerships

- Increase focus on outsourcing of services from all levels of government to private enterprise.\(^{24}\)
- That the State Government provide assistance to clusters of councils to employ economic development specialists.\(^{25}\)
- That the State Government partner with and support councils in the delivery of Future Farming strategy programs.\(^{26}\)
- That the State Government and local governments work together to facilitate greater collaboration between business and training providers to ensure skill sets and standards meet the needs of local businesses.\(^{27}\)

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\(^{22}\) Dr Maureen Rogers, Research Fellow, Institute for Land, Water and Society, Charles Sturt University, Public Hearing, Wodonga, 22 April 2009.


\(^{24}\) Greater Shepparton City Council, Submission, Number 18, 2 September 2008.

\(^{25}\) Municipal Association of Victoria, Submission, Number 60, December 2008.

\(^{26}\) Ibid.

\(^{27}\) Ibid.
Powerful Regional Bodies

- Governance arrangements that promote regional independence and cultural and financial resilience.\(^{28}\)
- Strengthen powers of the Area Consultative Communities.\(^{29}\)
- That the Municipal Association of Victoria is included in discussions with the Commonwealth to determine arrangements for the new Regional Development Australia network.\(^{30}\)

Strategic Planning

- Planning for a strategic growth network on a statewide basis for a series of mid-sized regional cities, beyond the M2030 Transit City network.\(^{31}\)
- A cooperative arrangement with the State Government, within a structured framework, to facilitate regional strategic plans (that identify land use activities).\(^{32}\)

Government Support for the Regions

- The continuation of Regional Development Victoria’s relationship with Regional Development Australia and the lobbying of Federal Government to continue promoting regional areas.\(^{33}\)

Decentralisation

- Decentralise – that the agency core business reflect the main economic and social characteristics of the region it was proposing to be located to.\(^{34}\)

Marketing

- State and Local Governments to jointly market and promote business/industrial parks.\(^{35}\)

Structures in Regional Governance

8.34 As outlined in Chapter Two, Regional Development Victoria is the Government’s main agency for forming economic, infrastructure and community development policy in provincial Victoria. It operates Business Centres in eight regional locations and four Melbourne metropolitan locations, as well as another eight offices throughout Victoria, and delivers

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\(^{28}\) Warrnambool City Council, Submission, Number 14, August 2008.
\(^{29}\) Bannockburn Chamber of Commerce, Submission, Number 24, 15 September 2008. [Note: ACCs have recently been replaced by RDAs.]
\(^{30}\) Municipal Association of Victoria, Submission, Number 60, December 2008.
\(^{31}\) Warrnambool City Council, Submission, Number 14, August 2008.
\(^{32}\) Mr Anthony Schinck, Chief Executive Officer, Ballarat City Council, Public Hearing, Ballarat, 18 November 2008.
\(^{33}\) Hepburn Shire Council, Submission, Number 27, 20 October 2008.
\(^{34}\) Foodbowl Unlimited Inc, Submission, Number 40, 31 October 2008.
\(^{35}\) Hepburn Shire Council, Submission, Number 27, 20 October 2008.
programs and initiatives through its five divisions – Regional Strategic Planning; Infrastructure; Industry Investment; Delivery; and Food and Beverage.  

8.35 In 2005, the Victorian Government established Regional Management Forums. Under the umbrella of the Department of Planning and Community Development, Regional Management Forums are designed to facilitate easier communication between local governments and the State Government, by bringing together senior officers from State Government departments and Chief Executive Officers from councils across Victoria.

8.36 The Committee has heard of, and in some cases observed, highly successful models of regional governance structures in other jurisdictions. There are many different approaches to regional governance, and there is no one, single model for every region.

8.37 In Chapter Five the United Kingdom model of regional development through agencies with power to develop strategic plans and implement them is discussed at length. Of particular significance is the amount of funding that Regional Development Agencies in the United Kingdom receive from central governments to facilitate their regional plans. Regional Development Agencies in regional England have impressive carriage of major initiatives and projects in collaboration with local partners.

8.38 Although this Inquiry did not receive submissions or evidence at Public Hearings on regional development in Western Australia, the Committee understands that in Western Australia the State Government is involved in regional development through a governance structure that includes the Department of Regional Development and Lands, the Regional Development Council and nine Regional Commissions. The Regional Development Commission Act 1993 provides the framework on which the Commissions, which are statutory authorities, operate.

8.39 The Regional Development Council is the peak advisory body to the Western Australian Government on all regional development issues. The Council consists of the Chairs of the nine Regional Development Commissions, two local government representatives and the Director General of Regional Development and Lands.

8.40 According to the Western Australian Government the role of the Council is to promote regional development; undertake policy development on regional issues; assist commissions and relevant government agencies to work closely on regional issues; and report back to the Government on matters referred to it. The Council meets quarterly and is supported by the Department of Regional Development and Lands.

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8.41 The nine Regional Development Commissions are located in 21 offices statewide. They are the:
- Gascoyne Development Commission;
- Goldfields Esperance Development Commission;
- Great Southern Development Commission;
- Kimberley Development Commission;
- Mid West Development Commission;
- Peel Development Commission;
- Pilbara Development Commission;
- South West Development Commission; and
- Wheatbelt Development Commission.

8.42 Within this structure the Department of Regional Development and Lands assists the Commissions on strategic regional issues; and provides executive support to the Regional Development Council.

8.43 Each Commission is an agency of the Government of Western Australia and is governed by a board of management. The role of the Commissions is to foster the economic development of their regional in close partnership with other State and Commonwealth Government bodies, local government, industry, business and community groups. The Commissions have different goals depending on their regions.

8.44 For example, the South West Development Commission aims to support existing business and industry to grow, and to attract business and industry to the region to increase jobs. They also focus on identifying gaps in government services and infrastructure in their region and working to address these. They also undertake capital works programs on behalf of the State Government.

8.45 Furthermore the Commissions provide support to their communities through the provision of services, such as: support to businesses including assistance negotiating statutory requirements regarding industrial land; assistance getting small business into exporting; assisting business to locate skilled migrants to fill vacancies that are hard to fill locally, including sponsoring migrants; offer financial assistance for projects and events that create economic benefits for the region, have regional significance, and promote the region as an attractive destination; initiating and developing projects that enhance the lifestyle and unique qualities of the South West; conducting research to help regional and State Government decision making.

8.46 Mr Martin Richardson, a Senior Strategic Planner at East Gippsland Shire Council, provided the Committee with a number of examples of structures and approaches in other jurisdictions, as well as his insights into structures for cooperation in regional Victoria. 39

8.47 Mr Richardson talks about the Playford Partnership in South Australia:

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The Playford Partnership, established by the City of Playford in South Australia to the north of Adelaide is one example of an innovative partnership approach which not only supports the coordination of state and commonwealth government agencies through a combined Office of the North but equally involves the private sector and community in key projects to deliver economic growth, social capital and sustained environmental outcomes. \(^{40}\)

8.48 Mr Richardson cited another example of a regionally inspired alliance:

The Bunbury Wellington Economic Alliance in Western Australia is another model of cooperation between local government and business, albeit with limited state government involvement. It has helped to establish infrastructure needs and priorities for a non-metropolitan region in Western Australia, and has served an important lobbying function for the attraction of new government services. \(^{41}\)

8.49 With regard to an organisation formed to tackle infrastructure issues in particular in Western Australia Mr Richardson provides the following, albeit urban-based, example that has lessons for how issues can be approached cooperatively and strategically:

Another example of joint planning and infrastructure delivery, albeit in an urban region, is the South East Queensland Infrastructure Plan and Program whereby government agencies sign up to an infrastructure plan that outlines long-term infrastructure priorities. It sets time frames and commitments for infrastructure delivery and allows for coordination and planning for specific places in the region that provides certainty and coordination with local government and supports targeted growth within that region. \(^{42}\)

8.50 Mr Richardson provides a compelling argument for the need, in regional Victoria, to establish ‘a new model of agency coordination’. This should occur according to what he describes as a ‘place management approach’ to better regional coordination:

The committee is encouraged to consider, in an environment where limited agency resources and the tyranny of distance may limit the effectiveness of government programs, a new model of agency coordination through combined regional offices and what might be termed a place management approach to provide more coordinated and effective delivery of infrastructure and services. Along with new collaborations with the private sector and communities, the state could consider a model for regional development that is aimed at establishing clear and agreed strategic priorities for regions, effective coordination of services, an increased level of certainty for private investment and new levels of community confidence. \(^{43}\)
8.51 Despite different approaches to regional development, there are certain principles at the heart of successful regional governance structures.

8.52 The Committee believes that regional development bodies must be provided with adequate core funding to properly manage their operations and to support strategic regional development planning and regional development initiatives.

8.53 The European notion of subsidiarity – devolving decision making to lower levels of governance – has merit and should be encouraged in Australia. The case for subsidiarity rests on the democratic principle that local people (and governments and institutions close to local people) generally know what is best for the region concerned.

8.54 Regional policies have embraced this principle to some extent for over two decades, with governments and regional leaders often stating the need for ‘local solutions to local problems’. But effective control over decisions about many aspects of regional development still lies with central governments. The Committee believes that granting local and regional bodies a greater say over decisions about regional development would ensure more local ownership of problems and solutions and would help ensure a greater fit between regional strategies and activities.

8.55 Currently Regional Development Australia Committees are envisioned as advisory bodies. There may be a greater need for them to be established as institutions that drive regional development. Local government will be responsible for disbursing Australian Government community development funding, but Regional Development Australia Committees should be able to develop strategies for their regions. Leaving Regional Development Australia Committees as mere advisory bodies to government reduces their capacity to drive regional development.

8.56 It is important that the benefits to regions gained by aligning State and Commonwealth boundaries and bodies be maximised by giving these bodies and their leaders a meaningful role in their region. If Regional Development Australia Committees are to drive regional development, they need substantial resources and the capacity to implement their plans through specific actions. The model developed to date suggests that they will not have the capacity to drive regional development in the ways that the Committee would suggest is important for the future of regions. This goes to the heart of the general argument for empowering regional leaders.

**Recommendation 7**

The Committee recommends that sufficient funding be provided to Regional Development Australia Committees by both the Australian and Victorian Governments to ensure that they have the capacity to develop and implement strategic plans for their regions, including specific project funding.
Coordinated Government Access

8.57 During Public Hearings for its Inquiry into Regional Centres the Committee heard of significant frustration faced by regional Victorians in their quest to resolve issues that involve approval or input from a number of government departments or in some cases more than one level of government.

8.58 An impressive exception to this scenario was observed by the Committee in Wangaratta. The Government Business Centre in Wangaratta houses the Wangaratta City Council, including the Council Chamber where meetings are held. Also co-located on the same site are a number of State Government offices.

8.59 The Committee heard evidence from Wangaratta that this co-location enables many issues to be dealt with expeditiously that would otherwise be delayed. The presence of State and Federal Government agencies along with Local Government in the same location facilitates coordinated accessibility to government services for regional Victorians.

8.60 Service Tasmania operates in a similar way in that state by providing access to all levels of government in one location. In 2006, the Victorian Liberal Party took a similar policy into the State Election. The CountryLink Policy was for provision of a ‘one-stop-shop’ for Federal, State and Local Government payments and information.

8.61 The Recommendation below reflects the Committee’s belief that establishment of Regional Government Business Centres in Victoria would lead to better service delivery.

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**Recommendation 8**

The Committee recommends that where possible, local, state and federal government offices be co-located in regional centres to enable better coordination and service delivery to regional Victorians. This would allow for applications or issues requiring approval from a number of government departments to be dealt with more expeditiously.

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Involving Stakeholders in Effective Structures

8.62 Effective structures need a real mandate, adequate resources and focus. They also need to be inclusive and to support genuine collaboration across sectors and sub-regions.

8.63 Many stakeholders are involved in regional development and the Committee believes that the new Regional Development Australia Committees should include leaders from the key sectors that are involved,


particularly those which have a region-wide focus. These include not only businesses and industry but the health and education sectors, natural resource management agencies, and the community sector.

8.64 The Committee believes strongly that business needs to be well represented in Regional Development Australia Committees in order to ensure the Committees’ focus remains on regional economic development.

8.65 A region’s key businesses will have a strategic perspective and a vision for regional prosperity and will be able to keep regional structures effectively focused on core issues such as infrastructure and skills development. Business representation will help ensure that regional governance structures develop an entrepreneurial culture across the region. Effective structures should include key strategic industries that bring new wealth to the region and that create jobs.

**Profile 4: Geelong’s G21 Regional Alliance**

G21 was formally established in 2003 by an alliance of five local councils with the support of the State Government of Victoria and a wide range of small and large local organisations. As a model for a regional planning organisation it has a broad reach, looking into integration of planning, economic development and policy coordination elements, and public–private partnerships. It is underpinned by a commitment of regional resources and a well laid out strategic plan. The membership now spans all three levels of government, non-government organisations, commercial companies and community groups.

In evidence before the Committee, Dr Andrew Scott, Chief Executive Officer of the G21 Alliance, expressed the impetus for the creation of the Alliance:

> Geelong and the region had been going through some difficult times, and it was felt that it was important for all those organisations to understand the reality of what was happening rather than just their own perception of it. They wanted some hard evidence of what was happening in the region, and out of that to have an overall plan that everyone could sign off on so that we all knew where we were going and that we could all play our part in delivering on that plan.

Premier Brumby said: ‘The Mayor of Golden Plains Shire – Cr David Cotsell – once said that the real value of G21 is that it clears the way for the five municipalities to do things they can’t do on their own.’

Dr Scott describes the way that G21 works and the nature of its alliance:

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46 City of Greater Geelong, Colac Otway Shire, Golden Plains Shire, Borough of Queenscliffe and Surf Coast Shire.
47 Dr Andrew Scott, Chief Executive Officer, G21 Geelong Region Alliance, Public Hearing, Geelong, 17 November 2008.
It is an amalgamation of something like 150 organisations across the region covering those five council areas, so it includes everyone from Barwon Health and Barwon Water to most of the State Government agencies, Federal Government agencies, industrial organisations, the Victorian Trades Hall Council — you name it, they are all part of the alliance that we work for.  

The collective work of the G21 members makes it possible to better understand the qualities of the region in greater depth than was possible for the organisations individually. Collection of data is essential for regional planning:

It talked about what was happening in an economy in transition and the difficulties that brought about. It talked about the impacts of growth and the different types of growth the region was seeing and why, and it talked about shrinkage in some areas and what the impacts of that would be. Then it addressed some of the environmental issues which were largely about uncertainties about what the impacts of climate change et cetera would be for the region and how we might deal with that. Within [the plan] is an acknowledgement of all of the evidence and the factors which we see within the region, what the key issues are for us and how we might then go about addressing those.

Working together has allowed G21 members to evaluate and build on regional strengths, such as the increasing need for infrastructure to address the booming intermodal industry:

...this is a region that has been very involved in logistics and warehousing. Those things increasingly, as logistics become more sophisticated, are about the conjunction of rail, road, port, airport, whatever. We happen to have them all here just north of Geelong. They all do come together. We do not need to do much about that other than fast track it through the system, because it is such a good opportunity that the private sector will run and is running with and will make it happen. That has required a lot of work to identify what that issue was, what we need to safeguard and build on that.

G21 has also identified public transport as one of the top ten critical issues for the region, especially for an ageing population:

As they get older all of the facilities on which they will depend, like the hospital and so on, are in the major regional centres, and yet they will be less and less able to access them in their cars as they age. Even within the region, public transport becomes a really critical issue as this develops. In a regional centre it is perhaps even more important.

Key features of the G21 model include:

- a sensible and flexible approach to regional boundaries;
- very broad stakeholder support and commitment;
- an evolving process;
- a highly evidence-based approach to planning;

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49 Dr Andrew Scott, Chief Executive Officer, G21 Geelong Region Alliance, Public Hearing, Geelong, 17 November 2008.
50 Ibid.
51 Ibid.
52 Ibid.
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- broad sectoral reach of the Plan;
- a long-term time frame;
- the adoption of a formal constitution as a key part of the governance framework;
- an iterative consultation process involving many community players and networks;
- commitment of funding and in-kind support from member organisations in the alliance; and
- strong central government support.\textsuperscript{53}

A number of witnesses to this Inquiry described the Geelong G21 model as innovative and effective in supporting development of a regional area. The role of regional organisations, appropriate and effective for their region was endorsed by Dr Scott:

If you want to promote regional development and you want to promote regions acting as regions rather than as individual little components fighting over things, the best thing you can do is to put your money where those plans are. So if the region has got its act together and says, ‘This is our number one priority; we have all signed off on it’, that is what you fund, and they will very rapidly learn the lesson. You will not be able to duplicate G21 across the state; it simply will not work. You do not have a Geelong right across the state with the sophisticated capabilities and the, relatively speaking, deeper pockets, so you cannot do it, but you can do a version of it.\textsuperscript{54}

Government, Dr Scott suggests, must do its best to support regionalism:

One of the things I would say — and this is probably different, because I have worked in a number of states — is that one of the things that was recognised in a number of states over the years is that if you want a region to act as a region, and it is in the state’s interest to do that, the state really has to think about putting its hand in its pocket as well to try to support that. The state does support us very strongly on projects with information and a whole range of areas, but, particularly in the more remote areas, actually putting some dollars on the table to allow them to employ the people to do this work would be one of the most important and vital things the government could do in promoting regionalism, I would argue.\textsuperscript{55}

Small Towns and Regional Centres

8.66 The Committee is concerned to ensure that small towns are in a position to maximise the benefits of the future growth expected in regional centres. As has been discussed elsewhere in this report, the relationship between small towns, regional centres and the capital city in a state is one of interdependence.


\textsuperscript{54} Dr Andrew Scott, CEO G21 Geelong Region Alliance \textit{Public Hearing}, Geelong, 17 November 2008.

\textsuperscript{55} Ibid.
8.67 One of the important issues of growing the populations of regional centres is the impact this might have on smaller towns in their regions. This is the so-called ‘sponge city’ effect. The conventional wisdom is that regional centres have been growing at the expense of smaller towns, as more people move into the larger centres to access services and employment. This trend was encouraged in the 1980s and 1990s as governments concentrated their services in regional centres.

8.68 Other observers have suggested that the relationship, in terms of population movements, between smaller towns and regional centres is far more complex, and that the so-called sponge cities actually get most of their growth from other regions and from the capital city, not from their surrounding small towns.\(^{56}\)

8.69 The broader changes in life in regional areas often have a particularly acute impact on smaller communities. According to Regional Arts Victoria:

> There are a number of critical issues facing those who live and work in regional Victoria and I believe these issues will force some major changes in the very short term. Rising fuel, housing and food costs, changes in farming practices that will lock up land to forestry, attrition in employment opportunities in smaller towns and the population drift to larger centres are all factors that, if left unaddressed, will see many small communities become ghost towns. This is already happening in much of the central north of the state. As generations of families leave these small communities, a vast wealth of local knowledge is lost forever – this includes local bushcraft, farming knowledge and detailed knowledge of the local waterways, weather patterns and land care. Much of what makes these small communities hum, and what has helped them help each other to survive, will be gone.\(^{57}\)

8.70 The Committee believes it is important not to leave small towns behind in any government attempts to further invigorate regional cities. Consideration has been given to whether improving the liveability of regional centres will cause a further decline in smaller towns. On balance, the Committee believes that strengthening regional centres will only improve the position of smaller towns in the hinterland.

8.71 Warrnambool City Council demonstrates the positive benefits for small towns of a regional approach to planning and development:

> We have also noticed an expanding commuter hinterland of about a 50-kilometre radius around our city. Commuter towns in this ring are now seeing the re-emergence of schools and public buildings, progress committees and street beautification programs. Their new and emboldened existing residents are demanding footpaths, street trees, the restoration or establishment of memorials, bus links and neighbourhood character and heritage planning controls. As a

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\(^{56}\) Mr Dean Rochfort, Director, Corporate and Economic Development, Greater Shepparton City Council, *Public Hearing*, Shepparton, 11 December 2008; Associate Professor Bruce Pennay, Adjunct Associate Professor, School of Environmental Science, Charles Sturt University, *Public Hearing*, Wodonga, 22 April 2009.

consequence, these small towns are also attracting arts projects, teachers, walking school buses and investment in new housing, renovations and revegetation schemes. We are also aware that most other regional areas are also experiencing similar trends, with increasing settlement densities and relatively modest, but increasing population growth. The ‘small town’ is very much alive and has a great future in regional Victoria.\(^{58}\)

8.72 Support for regional leaders comes mainly through providing opportunities for leaders to make a difference to their communities, by giving them meaningful roles. This means that governments need to create well-resourced regional governance structures that allow for maximum collaboration and partnerships across sectors and across regions.

8.73 As Mr Ross Lake, a businessman from the Mildura region says in support of the need for leadership involvement in effective and adequately resourced organisations:

Leadership is talked about and analysed a lot, but I do not reckon there is any substitute for involvement. I make an active choice to involve younger people in things, but how that engagement occurs varies. We have just started our Northern Mallee Leadership program here, and I would hate to see something as important as that fall away because it was not resourced correctly.\(^{59}\)

**Regional Leadership**

The importance of shared leadership where there is a real commitment to developing and nurturing leaders right across different sectors, not seeing leadership held tightly in one particular echelon or community group but right across the regions, and that leadership creates a joint vision of where they would like that region to be. The joint vision is greater than the vision of a particular city or a particular community or a particular subsection; it is a holistic, bigger picture, broader view.\(^{60}\)

Ms Susan Benedyka, Wodonga.

8.74 This Chapter has identified leadership as an important element in regional development, and has outlined the ways in which creating more cooperative regional development institutions can utilise regional leaders in better ways. Empowering leaders in this way provides them with appropriate support and structures.

8.75 Leadership is seen as making the difference between regional success and failure. According to Mr Justin Hanney of Regional Development Victoria,

\(^{58}\) Warrnambool City Council, *Submission*, Number 14, August 2008.


\(^{60}\) Ms Susan Benedyka, Managing Director, Regional Development Company Pty Ltd, *Public Hearing*, Wodonga, 22 April 2009.
leadership is an important driver that separates successful centres from others:

Local leadership within the community is a really pertinent example whereby someone grabs a place and takes the community with them.\footnote{Mr Justin Hanney, Chief Executive, Regional Development Victoria, \textit{Public Hearing}, Melbourne 27 October 2008.}

\textbf{8.76} According to one prominent industry leader:

We have not found any shortage of leaders, nor of their willingness to unite and involve, and educate and encourage themselves to get involved in something as challenging as launching a new business to solve a simple problem about access to the banking system. It is about improving the way that capital, as I call it – human capital, intellectual capital – gets organised. It is also in a way how financial capital gets organised at a local level. Enhancing community capacity cannot really be at the other end of one program. It is a big change that has to be taken on in an orderly way so that the constituency comes on the journey willingly on the basis that it will produce a much better place to live, to work and to grow.

Can I just repeat what I said in my introduction: there is no shortage of leaders. As Colin has said, there is a lot of informal leadership that goes on in every one of these communities all the time, and it is not necessarily the person who puts forward suggestions that is the natural leader or ends up the leader. If it is not in the first round which is the bank, which I see as the funding framework for the future, leaders emerge, including young people, and we encourage boards to have young people sitting around the board watching them build and gain initiative.\footnote{Mr Rob Hunt, Bendigo and Adelaide Bank \textit{Public Hearing}, Melbourne, 4 May 2009.}

\textbf{8.77} Much of the literature on regional leadership in Australia dates from the 1990s, when regional development organisations emerged as new policy instruments for driving regional growth, particularly at the Commonwealth level of government.


Given the task of rejuvenating a region and the choice of $50$ million, or $2$ million and 20 committed local leaders, we would choose the smaller amount of money and the committed local leaders.\footnote{Ibid. p 8.}

\textbf{8.79} The Report argued that community leadership could make an impact because leaders could influence many of the factors ‘...critical to a world-class investment environment’, including local workforce skills and
attitudes, reducing red tape, a supportive local business community, the availability of venture capital and the locality’s amenity.  

8.80 How are leaders identified in regional communities? Leaders come in many guises and work in a wide range of community and business organisations as well as formal institutions such as local councils. Leaders also have a wide range of attributes, discussed below. Some leaders are business people who are not formally involved in community leadership roles, but who nevertheless drive development in their region.

8.81 Identifying regional leaders and utilising their skills and talents is important for developing regional centres of the future.

8.82 A number of Australian reports on regional development have previously identified the attributes of regional leaders and defined their key tasks in regional communities.

8.83 The McKinsey Report stressed the importance of a leadership group, not just individuals. Leaders were people drawn from all parts of the community. They could ‘make change happen’, could change attitudes. The leadership group may be formally organised or not. For McKinsey, leadership is not ‘...a secret art. It is a discipline that can be taught and learnt. Effective leadership has less to do with inherent personal qualities than with a major commitment to action.’ McKinsey’s ‘six key actions’ for leaders are creating vision, forming a leadership team, taking symbolic actions, breaking bottlenecks, establishing tough but achievable goals, and leveraging community interest.

8.84 The New South Wales Standing Committee on State Development in a 1994 Inquiry also addressed the question of leadership. The Committee defined regional leadership tasks as including:

- the identification of a region’s competitive advantages;
- the creation of an economic vision for the region;
- uniting the various interests in the region in pursuit of the vision;
- the assignment of specific tasks to the key players to ensure that the vision is achieved; and
- the promotion of the region to the outside world.

8.85 Epps and Sorensen have undertaken important empirical work in Queensland on the nature of community leadership. They identified four key leadership functions, which they describe as being ‘more pragmatic’ than those posited by the McKinsey Report:

- formulate a realistic vision of the community’s economic and social development;
- achieve a high level of community acceptance of, if not active commitment to, the vision;

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65 Ibid. p 25.
66 Ibid. p 30.
67 Ibid. p 32.
68 Ibid. p 42.
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- motivate key community business-persons, administrators and social activists to work systematically and in a coordinated way towards the vision; and
- lead by example.  

8.86 They also identify key personal attributes of leaders – intelligence, knowledge, respect, resources, energy, originality, persuasiveness and synoptic thinking – and concluded that few individual leaders possessed most of these qualities. They were particularly disappointed in the absence of original and synoptic thinking, though the leaders studied were generally found to be intelligent, energetic, capable of earning respect and quite knowledgeable.  

8.87 A study by Fulop and Brennan of Regional Development Organisations in the 1990s discussed the question of leadership. Personal qualities of leaders were said to include the following:

Expansive; intelligent; dynamic; good balance between political experience or ability and energy; committed; focused; good knowledge of region; strong leader; understands everything going on; strong and talented; high profile and productive; strong and vital character; been able to attract best leaders; understands people and political processes; strong and sometimes autocratic; fair but not always seen this way; visionary; can see ‘big picture’.  

8.88 On the negative side, the following comments were made:

Difficult to find good people; chair has a public servant approach; lack of private sector leaders; biased to one part of region; leads and controls; conflict between chair and executive officer; chair offers lip service and not backed by REDO or his organisation; not enough leadership training; poor skills at chairing meetings; confusion in roles as to who is leader; team effort not encouraged; leadership not extending beyond formal meetings; leadership not respected; chair not forceful enough; executive does not set direction.  

8.89 The regional development literature is a rich source of ideas about regional leadership.  

8.90 Involving rural and regional young people in leadership programs was raised to the Committee many times during their consultations for this Inquiry. For example, the Committee heard from Mr Geoffrey Carruthers, from Champions of the Bush, a respected and successful regional entrepreneur:

We are running a youth leadership program now which has been going for three years in small country towns like Cobram and Leongatha, Kyabram and Horsham to really make sure that some of

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70 Ibid, p 46.
72 Ibid.
the younger people there who have aspirations to community leadership have some skills, have some mentoring contacts and really know the organisations that operate in provincial Victoria, and we try to connect them across the state.  

8.91 A novel element of the program is the establishment of a connection to similarly minded young people in Canada. What has been established through the relationship with Canadian students is an interactive learning program and dialogue that focuses on a shared global commitment to regional development:

We have even connected them into another organisation in Halifax in Canada, which is called the Heartwood Foundation, which has been going for about 20 years, and that has helped in excess of 25,000 young adults with skills development and mentoring, and getting them involved in community development programs. So there is a lot of interaction and communication going on between those young people in Nova Scotia in Canada and the people we have been in contact with in provincial Victoria.

8.92 In his testimony to the Committee Mr Carruthers emphasises that his organisation ensures that they network with others ‘in that space’ who are also conducting leadership programs. He also emphasises the role of mentoring of young people by successful people in the community.

Providing Leaders with Appropriate Skills

8.93 Leadership is something that can be created and developed in regional communities, and developing leadership skills in regional communities is an important part of providing support for leaders. The Committee is interested, then, in how to develop the skills of those, including young people, who have the potential to play leadership roles in regional communities.

8.94 While leaders emerge in regional communities in different ways, the Committee believes that government has an important role to play both in nurturing local and regional leaders and in supporting them.

8.95 Regional Development Victoria has a Provincial Leaders Development Program which supports increasing the skills of regional leaders.

8.96 This program provides funding to support local initiatives that recognise and assist business and community leaders who will drive the strategies needed for economic sustainability and community development. The particular focus of the program will be on encouraging younger leaders.

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74 Ibid.
75 Ibid.
The Provincial Leaders Development Program has three streams. The PLDP will provide assistance for:

- **Regional Leaders Initiative**
  - The Program may provide grants of up to $100,000, (excl. GST), depending upon the number of participants for projects (up to 50% of costs). Applicants will generally be limited to a maximum of one grant of $100,000 over a three-year period;
  - In-kind contributions can make up no more than 50% of the applicant’s matching contribution to the project. Inclusion of in-kind elements are to be negotiated with officers from Regional Development Victoria prior to submitting project application.

- **Local Leaders Initiative**
  - Leadership development grants of up to $10,000 for one-off projects will be available up to 50% of costs;
  - The local contribution can consist of up to 50% in-kind contribution. Inclusion of in-kind elements are to be negotiated with officers from Regional Development Victoria prior to submitting project application.

- **Fellowships for Young Leaders**
  - Fellowships will be available to assist young people from regional areas to build their capacity to undertake leadership roles within their communities. The program will:
    - provide funding of up to $5,000 per annum;
    - contribute towards the costs associated with participating in leadership development programs. Eligible costs will be determined on a case by case basis; and
    - generally be made available to individuals who are between the ages of 15 and 39 years of age.\(^\text{77}\)

8.98 Enterprise Ireland is a government agency which seeks to assist, develop and promote indigenous businesses to achieve strong positions in global markets.\(^\text{78}\)

8.99 The leadership model used by Enterprise Ireland encourages outcomes not through a classroom model but through network learning and engagement with peers. One program pays for Chief Executive Officers that are identified as leaders in their field to go to Stanford University to participate in a leadership forum.

8.100 As a result of the Enterprise Strategy Group’s report and recommendations a key component of the governments approach to regional business development is to encourage leadership in Irish Industry. The aim is to

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\(^{77}\) Ibid.

\(^{78}\) Enterprise Ireland: [http://www.enterprise-ireland.com/AboutUs]; accessed 29 April 2009.
'learn from the marketplace’ to develop leaders that are capable of leading global companies.

8.101 Enterprise Ireland reviewed leadership programs worldwide that are considered globally excellent, fixing eventually on Stanford University to deliver their program ‘Leadership for Growth’ for Irish business leaders. This program was developed for technology company leaders and Enterprise Ireland has recently gone to tender for development of a program for construction companies. Of interest to Committee members was the distinct focus of these programs on business rather than community leadership.79

8.102 Submissions to the Inquiry and witnesses before the Committee raised a number of issues related to leadership training and leadership programs, including opinions on the nature of regional leadership, the characteristics of leaders that need to be developed, types of programs that are already working well, and how these programs worked, and the links between leadership and networks in regions.

8.103 There are several examples of leadership programs across regional Victoria which impressed the Committee, such as those established by the Champions of the Bush, and discussed previously in this Chapter.

8.104 According to Indigo Shire Council:

There was a comment earlier today about community leadership. There is a need for community leadership — there is no doubt about that. But I do not think every Tom, Dick and Harry should be starting up their own leadership program. I think what we should be looking at is what programs are already available, what are producing good results, how we can put effort in that to improve that.80

8.105 Another example of a leadership program occurs in Shepparton:

Also development and fostering of leadership to create a culture of innovation and entrepreneurship, flexible education and delivery options and proactive support of industry-driven education and employment programs, and there are some incredible initiatives in this region such as the transport-and logistics-connected program which is auspiced by the City of Greater Shepparton.81

8.106 The witness also stated that:

What we have found with our district planning rollout is that the program is designed to develop leadership and capacity building, if you like, within members of the community. They set strategic plans for their community. Originally it started off doing things like, ‘Our recreation reserve needs a new fence’ or, ‘Our hall needs a new

79 Mr Barry Egan, Enterprise Ireland, Meeting, Athlone, May 2009.
80 Cr Peter Graham, Mayor, Indigo Shire Council, Public Hearing, Wodonga, 22 April 2009.
front door’ or whatever. So it was quite limited, I think, in terms of the expectations of what they thought they could get out of it.\textsuperscript{82}

8.107 According to another witness:

The first principle of this is that one size does not fit all. To impose a statewide process or program and say that it is going to work across the state does not recognise what is already existing on the ground, how people are already working. It is about looking at local community initiatives, and the Fairley Leadership Program and Alpine Valleys Community Leadership Program are the two evident ones in this region, although there are about six graduates now in this region from the Australian Rural Leadership program and that number continues to grow. I am one of those.

In communities like this, with the Alpine Valleys Community Leadership Program having a very strong profile, it is a matter of working with them and asking how can their strategic planning be enhanced. How can they be enabled to do broader and bigger things? How can they continue to be connected with other programs? And Community Leadership Australia is one of the organisations to whom they belong to get that sort of advice. In order to broaden out the offering, it is about working with local communities where they are and asking, ‘Do you need some local leadership skills development? How can that be linked back into the regional skills organisation that exists and how does that then articulate to other things that may be on?’

It is also thinking about the different cohorts who are going to be attending. Is it going to be specifically for young people, for people in agriculture, for women, for target groups that there might be, and how do you enable their participation in those programs? How do you change the word of ‘leadership’ from being the person on the pedestal out the front rallying everybody to being the enabler who is often behind the scenes connecting and being the glue that makes those communities move forward and keeps them all thinking differently and diversely, but in a connected way?

The strength of a leadership program is exposure to great leaders, to people who are doing things, to enthusiasm, to passion, and to having someone who can coach you through the transformative process, which takes you from being a really keen, enthusiastic local who wants to do something to someone who can enable others. That is what leadership is about — enabling.\textsuperscript{83}

8.108 The Committee heard evidence that there are gaps in leadership programs in regional Victoria, despite many examples of effective programs. Mr John Brown, a respected regional entrepreneur and community leader suggested to the Committee that although leadership programs were available in regional Victoria, a program for higher level executives was missing:

\textsuperscript{82} Ibid.

\textsuperscript{83} Ms Susan Benedyka, Managing Director, Regional Development Company Pty Ltd, \textit{Public Hearing}, Wodonga, 22 April 2009.
There is also a need for a business leadership program, I believe. There is a real gap in regional Victoria for that. I was one of the privileged country people to avail myself of a city-based program that was run by an organisation that only delivers in the city and is only delivered to chief executives. When I ceased running Brown Brothers I had to leave that program, which was in 2001. Ever since, I have been trying to make similar programs available in the bush. I got one up and running, but it failed for reasons other than good reasons, and I am now campaigning again under the auspices of Champions of the Bush, of which I am also a member, to get a new one running. We think we have a group that can deliver that program now. They seem to understand the needs.  

8.109 He goes on to describe some aspects of the program and his own initiatives in seeking support from Regional Development Victoria for funding. Mr Brown urges the Committee to support his efforts:

I am working with Justin Hanney from RDV to try to get some support funding...It is such a worthy program, as it was for me, that I think once they get in there, they will be happy to pay whatever it costs to keep them there. The cost to me was something of the order of $13,000 a year, but I have to say it stopped me falling in a lot of $13,000 holes by having a support group around me that I could run problems by. They would sort me out before I went down the wrong track.

It is a continuing program. Members join and leave as it suits their place in business. It is only available to CEOs. When you have about 15 CEOs sitting around a table solving one particular individual’s problems, almost certainly one of them will have ‘been there and done that’ and have a solution for it. They can stop you falling in a hole.

8.110 Provision of adequate resources and funding for regional leadership programs is also an issue for regional communities. Concerns were expressed before the Committee about the current funding situation for successful leadership programs. For example, the Australian Rural Leadership Program, the Loddon Mallee Program and the Fairley Program are all experiencing financial pressures. Government support and funding for a program coordinator to assist these initiatives would help them in program delivery.

8.111 Funding programs for leadership is an important issue. As Ms Susan Benedyka told the Committee in Wodonga, having adequate support ‘...takes away the all-consuming time spent on trying to get the funding to survive’.

84 Mr John Brown, Founding Board Member, Alpine Valleys Community Leadership Program, Public Hearing, Wangaratta, 23 April 2009.

85 Ibid.

86 Ms Susan Benedyka, Managing Director, Regional Development Company Pty Ltd, Public Hearing, Wodonga, 22 April 2009.
8.112 Cr Peter Graham, Mayor of Indigo Shire, agreed that resources were difficult to obtain for programs but that collaborative approaches can be taken to the need for those resources:

> Indigo shire went through the process about two years ago in trying to establish a leadership program for rural areas. We thought the program needed to be done, but we did not have sufficient capital to do it and we finished up with the agribusiness group and we support them. They are in this north-east region. They also still find it difficult to get resources, but if we were all working out of the one organisation, perhaps the overheads could be contained with more delivery of effectiveness onto the ground and more opportunities for leaders to be trained, so that might be worthwhile thinking about.  

8.113 The Committee believes that Regional Development Victoria should work with educational institutions in regional Victoria and with Regional Development Australia Committees to develop programs that support skills development for regional leaders. These programs could include short courses tailored to the specific needs of regional leaders. These programs should be based on established and successful programs like the Gippsland Community Leaders Program, profiled below.

8.114 The Committee urges the Government to continue and expand the Provincial Leaders Development Program.

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**Recommendation 9**

The Committee recommends that a list of the number of current programs assisting regional leaders be compiled. A more integrated approach to developing regional leaders should then be taken between the Australian and Victorian Governments.

The Committee recommends that dedicated funding be provided for the provision of program coordinators for those leadership programs which are currently running successfully in regional Victoria.

In addition the State Government should assist regional coordinators to adapt and develop these programs according to regional needs with a view to their implementation across the state. This could be done in conjunction with an expansion of the Provincial Leaders Development Program.

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**Collaborative Leadership and Partnerships**

8.115 Supporting collaborative leadership models and building partnerships is important for regional development. As many witnesses to the Committee stated, leadership must bring a community and its leaders together.

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8.116 Steve Garlick has argued that good leadership in regional communities faces a cross-sectoral and cross-institutional context which requires skills in building collaborative partners and ‘...being seen by the community to be an honest broker’.  

8.117 In Ireland, members of the Committee heard about the focus in regional areas on partnerships between industry and universities. In regional Ireland the Government is instrumental in establishing what Professor William Golden describes as forums for ‘co-opposition’.  

8.118 In Ballarat, this issue was raised by the Deputy Chair during a Public Hearing with MaxiTRANS Industries. The question was asked about whether regionally the organisation had ever come together as a group of employers to sit down and work out with government and various departments how to deal with this issue on an ongoing basis. Mr Walker from MaxiTRANS told the Committee:

The short answer is no. In this industry we tend to look at our own backyard and our own interests and our own issues and our own problems. Maybe that is something we need to take away.

8.119 The Irish Industrial Development Authority has been influential in supporting strategies for regional job growth. Professor Golden described Galway and the surrounding region as an ‘e-learning cluster’, employing the ideas and language used by Michael Porter. Characteristics of Galway’s e-learning cluster include the availability of a skilled workforce in the region and a close partnership between industry and the regional University.  

8.120 Professor Golden explained that the Irish Government, through Enterprise Ireland, has fully supported enhanced cooperation between industry and universities and provided a forum for meetings of leaders from both in the region, as well as providing financial incentives to do so. The goal was to create university/business collaboration. The advantages of this model are many according to Professor Golden, including: provision of research capacity by universities to small firms that don’t have that capacity; a forum in which to solve dilemmas that arise; industry involvement in industry-led funding projects; a forum for ‘co-opposition’ where competitors are brought together.

8.121 Support was heard for the need for a cross-sectoral approach during the Inquiry consultations:

The Alpine Valleys Community Leadership program is a tremendous way of having cross-regional connections, and it needs to be continued and supported; it is the same with the Fairley Leadership

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89 Professor William Golden, Enterprise Ireland, Meeting, Galway, May 2009.

90 Mr Glen Walker, General Manager, Manufacturing, MaxiTRANS Industries Ltd. Public Hearing, Ballarat, 18 November 2008.

91 Professor William Golden, Enterprise Ireland, Meeting, Galway, May 2009.

92 Ibid.
8.122 The notion of driving change through leadership is an important one for regional leadership, as is the concept of ‘civic entrepreneurship’. In their book, *Grassroots Leaders for a New Economy*, Henton et al focus on the benefits of collaboration among key regional leaders and stakeholders. Their focus is on a number of regions in the USA which have revitalised their economic fortunes by what the authors regard as a fundamentally new type of leadership.94

8.123 According to Henton et al, the world has changed and this requires new economic development skills. For example, they see the new economy – which is global, complex and fast-changing – demanding more collective leadership skills than the old individual charismatic leadership model.95

8.124 Further, the notion of contributing to the community and of the interdependence of concerns and organisations was raised by two respected community leaders from Bendigo Bank, Mr Col Brady and Mr Rob Hunt, in the context of existing programs in Victoria, and fostering ‘the village’ or community approach to development.

Mr Brady says:

I look at the Loddon Murray Community Leadership Program, I think it is called. One of the things that I think the participants get out of that is they are working with a broad range of people from outside their sector. You start to open your eyes on what industry is doing and what government might be doing. It is basically opening their eyes up to perhaps a different way of thinking. They are being challenged; they are traditionally challenged. We see lots of people in their late 20s and early 30s getting involved in that sort of exercise. That is probably the one, if you like, formal leadership program that I can think of where the beneficiaries have gone out and actually made some real impact on their communities as a result of that, because of the formal framework involved.96

Mr Hunt adds:

I think there are a few. You could go across the Wimmera or you could go to a whole raft of regions where there is a lot broader engagement of leadership with a common objective of something that is good for the region, the district, the town or whatever. There

95 Ibid.
is some good work going on. As I said, it is just a matter in some ways of being taught about interdependency, not just about independence. That is critical for us to reach our potential. You can be as independent as you like, but if your village is not tracking that well, then ultimately it is going to reflect on you.97

8.125 Civic entrepreneurs, according to Henton et al, are risk takers who are not afraid of failure, and have vision, courage and energy. Civic entrepreneurs have five common traits:
- they see opportunity in the new economy;
- they possess an entrepreneurial personality;
- they provide collaborative leadership to connect the economy and the community;
- they are motivated by broad, enlightened, long-term interests; and
- they work in teams, playing complementary roles.98

8.126 Civic entrepreneurs come from many fields, including business, government, education and the community sector. They need not have formal power or authority, and achieve influence through their credibility.99

8.127 Civic entrepreneurs are essentially community change agents and this requires ‘multiple talents’.100 It is leadership for the long haul. ‘They lead their communities through fundamental change and improvement processes that have no quick fixes.’101

8.128 The analysis by Henton et al is important because it highlights the ways in which the leadership and economic development task has changed. This has important implications for the nature of the skills development challenge.

8.129 The Committee believes that the best model of leadership for regional Victoria is one that emphasises partnerships, leadership teams and networks. The Committee believes that leaders in the community come in many forms and that the best means of supporting leaders is to create opportunities for collaboration. The strength and talent of local leaders throughout Victoria’s regions was seen first-hand by the Committee who met many of these talented people during its visits to regional Victoria.

8.130 A 1996 Report by McKinsey focuses on leadership. The needs of regional leaders in skills development are captured as:
- seeding world-class regional leadership teams;
- providing comparable regional economic measures; and

97 Mr Rob Hunt FAICD, Group Managing Director, Bendigo and Adelaide Bank, Public Hearing, Melbourne, 04 May 2009.
99 Ibid, p 35.
100 Ibid, p 36.
101 Ibid, p 52.
• creating a learning environment.  

8.131 The Report claimed:

In our visits we found that regional leaders greatly value the provision of information on what has been working and what has not, and best practice ideas from Australia and overseas. They also value the opportunity to gain insights into how others pursue regional development, as being a regional leader in Australia is a relatively new responsibility and few role models exist.  

8.132 As will be seen, this search by leaders for ‘best practice’, for information rather than formal skills development or ‘training’, is replicated in the desires of practitioners, and is perhaps the strongest skills need of economic developers.  

8.133 Henton et al, in discussing civic entrepreneurship, highlight a number of ways to build the leadership base – by recognising civic entrepreneurs, by networking them, by developing them and by encouraging them. Specific initiatives could include celebrating role models, learning through linking, educating deeper and across generations, and supporting collaborative organisations. ‘Informal benchmarking’ should be encouraged to achieve a ‘continuous learning community’ Nurturing civic entrepreneurs should include sharing best practice, perhaps through the formation of an academy.

Profile 5: Gippsland Community Leadership Program

The Gippsland Community Leadership Program – the first regional community leadership program of its kind – was established to develop leadership capacity and provide a forum for existing leaders in the region to share their knowledge, skills and experiences with others to further Gippsland’s prosperity.

The was developed in the mid-1990s as a response to the Karpin Committee’s Enterprising Nation Report which stated that the essential element required for greater success in Australia is ‘leadership’.  

Fourteen years on, leadership continues to be a fundamental enabler of thriving communities, and the need to develop leadership capacity in our towns, cities and rural communities is only increasing.

104 Ibid, p209.
105 Ibid, pp 212-213.
The Program was designed to establish networks of local leaders who could work together to meet the challenge of developing their community. The Program’s Graduate Group was established to maintain and further develop those networks.

The main aim of the Gippsland Community Leadership Program is to promote growth in the social, environmental and economic future of Gippsland through:

- developing emerging leaders by giving them a better understanding of the diversity of issues affecting the community;
- influencing the future direction of the Gippsland Region by creating the opportunity for the exchange of ideas and views among emerging leaders;
- providing a forum for communication and learning;
- equipping potential leaders to contribute effectively to the broader community; and
- establishing and maintaining strong networks within the group.\(^{107}\)

Participants in the Gippsland Community Leadership Program confront a diversity of topics such as the economy, social justice, tourism, education, environment, health, youth, industry and agriculture. It is intended to have a major impact on developing a more cohesive and articulate approach to the many complex and challenging issues facing the Gippsland region within the next decade, as well as to actively build on the skills and potential of individual participants.

The emphasis of the Program is to develop the leadership skills of people in the Gippsland region who want to participate more fully in their community. The Program’s achievements are in empowering individuals to fulfil their leadership potential.

The Program has also led to individuals collaboratively promoting their region. As a result of an initiative of the Leadership Program, Gippslanders can now show their pride in their region by displaying their own number plates.

An off-shoot of the Program is SkillsBank Gippsland, which links graduates from the Program with not-for-profit Gippsland organisations and community groups which need help with specific projects. Graduates can contribute to needy organisations by joining a Board, providing pro bono advice or mentoring a Chief Executive Officer, for example. SkillsBank matches graduates with eligible organisations.

Participants in the Program so far have mainly come from the larger regional centres. The question is how to get this well respected and valuable leadership program out to individuals in smaller towns and develop the leadership potential of the region as a whole.

Integrated Regional Strategic Planning

8.134 The Committee heard evidence in relation to the importance of integrated planning:

This is particularly so in the areas of land use planning, infrastructure provision, supply chain development and resource protection measures. A whole-of-government understanding of each of the regions across the state and their respective challenges and opportunities would provide significant assistance to individual regions. This could be achieved through regionally integrated plans and more strongly defined links with Victorian Government departmental policy areas, and regional Victoria. Often the regional offices of government departments are not the areas that influence policy and funding allocation.¹⁰⁸

8.135 Regional planning in Australia has long been regarded as fragmented. This reflects the existence of three levels of government, all with interests in region scale activities that affect regional development; the expanding activity of local government in a wide range of planning activities; and the fact that many areas of government activity affect regions in different ways.

8.136 Three areas of government interventions affect regions – regional planning in its traditional sense of land use planning; regional economic development policies and strategies; and government efforts to coordinate the activities of its various agencies.

8.137 The Victorian Government is currently facilitating regional strategic planning through its Regional Strategic Planning Initiative. One of the aspects of this project is to support local councils with others working on regional strategic planning and on sub-regional plans.

8.138 Assisting local councils in their regional planning endeavors is an important role for state governments and the outcomes of this process are eagerly awaited.

8.139 The Committee notes that the Victorian Government, as part of its Regional Strategic Planning Initiative, is developing a statewide blueprint relating to more integrated regional planning. The results of this process will be of interest to all those supporting or involved in regional economic development.

8.140 Councils in many parts of regional Victoria are accustomed to working collaboratively in their strategic planning efforts. For example, in Wodonga the Committee heard about collaborative efforts by councils in the Hume region:

We are fortunate in the north-east in that we have several strong examples of regional cooperation. We market on a regional basis with the north-east website. We have a north-east lift-out that goes in the Herald Sun, and we have the Hume Regional Economic Development Forum. We promote tourism jointly. We work with the

board of medical recruitment task force. We have a professional development partnership between the councils looking at the professional development of staff. The Hume Regional Management Forum is a strong representative base. The north-east local government network, I believe, is very strong as well. We also share services across the region.\footnote{Mr Gavin Cator, Wodonga City Council, Public Hearing, Wodonga, 22 April 2009.}

8.141 Victoria’s Regional Management Forums were established in 2005 to facilitate collaboration between Victorian Government departments and local government in each of Victoria’s eight administrative regions. The Forums are chaired by departmental Secretaries, and comprise the Chief Executive Officers of local government as well as senior representatives from State Government departments. The stated role of the Forums is to: identify and address critical issues facing the region; encourage cooperation between departments and with councils; and work with statutory authorities, businesses and local communities to deliver key priorities.\footnote{Wear A, ‘Victoria’s Regional Management Forums: a Comparative Review’, Conference Paper, Institute of Public Administration Australia National Conference, Sydney 2008: <https://www.vic.ipaa.org.au/events/index/view/id/39>; accessed August 2009.}

8.142 The Committee heard evidence of ‘joined up government’ in the UK. The UK Government has, since 1997, attempted to ensure that the structures and processes of government respond more adequately to what the Government sees as ‘cross cutting problems’. This is an attempt to come to grips with the problem of fragmentation and to create more integrated structures.

8.143 The objective of ‘joined up government’ is worthwhile and the approaches adopted in the UK and other jurisdictions which seek to better align the various objectives of agencies can have a positive impact on regional development.

8.144 The Committee heard substantial evidence about strategic planning in regional areas, both in submissions and at Public Hearings. The key themes in relation to strategic planning in regional areas were integrated planning, resources for planning and region-specific or regional industry-specific growth strategies.

8.145 The Committee notes that the Victorian Government’s recent Discussion Paper, Provincial Victoria: Directions for the Next Decade, discusses the concept of integrated regional planning, having examined various models of governance in Australia and overseas.\footnote{Victorian Government, Provincial Victoria: Directions for the Next Decade, Regional Development Victoria, Melbourne 2009.} It is important that the Government clarify how it sees integrated regional planning working, and what models it has in mind for greater coordination or alignment of agency activities at the regional scale.

8.146 The work of the Regional Management Forums is promising, and more resources and encouragement would need to be provided to agencies to achieve greater coordination of policies and programs. ‘Integration’ covers
a range of actions that might simply involve greater communication among agencies and stakeholders, along a continuum towards process re-engineering and fundamentally new structures.

8.147 Planning was raised by most submissions in recognition of the fact that many problems facing the regions are complex, and require a multi-disciplinary, cross-sectoral response. In many cases, necessarily involving potentially awkward commitments to shared responsibility when different stakeholders are involved in management and service provision. The issue arises when responsibilities overlap. Regional planning typically involves a multitude of public and private stakeholders that need to synchronise their plans and activities in order to maximise efficiency.

8.148 The Committee believes that increasing the capacity of councils to participate in region scale integrated planning processes will require more resources.

8.149 A number of submissions suggested that more region scale planning was necessarily required to achieve integrated strategic planning objectives and improve the system’s efficiency. This ranged from peri-urban councils managing significant pressure for growth on the edge of Geelong, i.e. Moorabool and Corangamite Shires, to large regional city councils seeking a regional planning system to deal with inter-regional matters, to rural councils calling for integrated regional strategies to address complex and specific problems associated with the agricultural industry and community.

8.150 According to one witness, peri-urban councils must be included and plans must be seen in:

...the context of the importance of peri-urban councils as the fastest growth areas in provincial Victoria and certainly areas that will be providing significant population growth that has been projected in some of the State Government policies, such as Beyond Five Million.

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**Recommendation 10**

The Committee recommends that the State Government provide greater support for councils to engage in cross-regional strategic planning and that all options be considered to encourage greater alignment of regional planning processes and policies across sectors and agencies.

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114 City of Warrnambool, *Submission*, Number 14, 1 August 2008; Mr Anthony Schinck, Chief Executive Officer, Ballarat City Council, *Public Hearing*, Ballarat, 18 November 2008.
Regional centres of the future will require a strong sense of difference from the capital city, an ability to provide opportunities for innovative industry development based on the region’s own competitive advantages and, as has been mentioned, a lifestyle that is different from the city yet supported by high-quality education, health and community services.¹

Mr Martin Richardson, Morwell.

9.1 This Chapter outlines the Committee’s findings in relation to economic development in regional centres. It identifies the key elements of a healthy business culture and explores how government can best act to help regional centres build this culture.

9.2 The Chapter focuses in turn on direct government assistance to business, including subsidies and incentives, and on the broad range of measures that regional centres and government may implement to engender a positive business climate and to grow a dynamic business culture. These include infrastructure to support business development; land use planning; business networks and clusters; council processes and actions that support entrepreneurship and innovation.

9.3 Currently government business support programs include both firm-specific direct assistance to achieve various objectives such as business retention

¹ Mr Martin Richardson, Senior Strategic Planner, East Gippsland Shire Council, Public Hearing, Morwell, 25 November 2008.
and expansion, and broader forms of assistance to groups of firms or to local councils and other community based organisations engaged in activities that seek to enhance the business climate.

9.4 The Committee believes that securing sound economic and investment foundations for regional centres is critical in ensuring that they are both environmentally sustainable and liveable.

9.5 There is value in continued strong support from government both for assistance to enterprises and for activities that build a positive business climate in regional centres.

9.6 The Committee has considered evidence and makes recommendations in these areas.

Business Programs Support

Assistance to Businesses

9.7 Support for business start-ups, relocations and expansions has traditionally been at the heart of government support for regional development, and the Committee believes that strong government support for enterprise development should continue.

9.8 Three general points can be made about business support:

- First, enterprise support should be only one element of a comprehensive approach to building the economic capacity of regional centres (this is discussed more fully below);
- Second, most support should be directed towards retaining and growing existing businesses, the so-called ‘economic gardening’ approach that was initiated in the United States, and which is discussed in this Chapter; and
- Third, assistance should be focused on building innovation within firms and across networks of firms.

Regional Development Victoria

9.9 Regional Development Victoria administers programs that provide both direct financial assistance to business and industry, as well as support for councils and communities to drive business development.

9.10 The majority of programs provide funding to support business development. There are some regional development assistance programs that provide direct funding to enterprises in Victoria. Many of the programs require a financial contribution (sometimes matching) from the project proponent.

9.11 Programs that include funding for business related development objectives include the following:
• the Regional Infrastructure Development Fund (for example the Intermodal Freight support program and the Water Infrastructure fund);
• the Provincial Victoria Growth Fund provides non-infrastructure support for business development in regional communities;
• the Community Regional Industry Skills Program;
• the Networks to Success program (funding for the development of collaborative ventures among rural producers and processors);
• the Planning for Growth Program (support to councils for strategic planning to maintain the lifestyle advantages of regional communities); and
• the Provincial Leaders Development Program (discussed in Chapter Eight).

9.12 The State Government’s Community Regional Industry Skills Program, CRISP II focuses on support for business expansion. Otherwise there is a relative absence of regional development programs which specifically support business expansion. The Committee believes this is a critical area for business development in regional centers. The Committee would welcome an increase in program support for business expansion.

9.13 Federal Government funding for rural and regional areas can be divided into a mixture of broad funding aimed at supporting infrastructure and more direct funding channelled to business through government departments.

9.14 The Regional Development Council is the Federal agency responsible for regional development issues in Australia. In August 2009, it agreed to support the expansion of the Regional Industry Link Program into regional Victoria, to further the development of regional business and industry. ²

9.15 As part of the Department of Agriculture, Fisheries and Forestry, the Rural Financial Counselling Service Program provides grants to state and regional organisations that in turn provide rural financial counselling to primary producers, the fishing industry and small rural businesses. There are five service providers employing rural financial counsellors in Victoria. ³

9.16 The Geelong Investment and Innovation Fund was established in 2007 by the Australian and Victorian Governments in partnership with Ford Australia. The Fund was developed to assist industry development in the Geelong region following Ford’s restructuring of its manufacturing operations. ⁴

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² Regional Development Council, Meeting Communique, 6th Regional Development Council, 5 August 2009.
Regional Business Support

9.17 The Committee heard much evidence in relation to business support in both submissions and at Public Hearings. Many submissions raised issues relating to business support and covered a wide range of ideas, suggestions and proposals for business development. The following is a list of some of these suggestions. They reflect both the specific local concerns of witnesses, and the more general ideas and aspirations of regional citizens:

9.18 Funding of business support programs
- Building on existing funding with support for RDV, RED and DIIRD, funding of business support programs;\(^5\)
- That the State Government provides free business coaching for businesses in smaller towns;\(^6\)
- Support local community members in the investigation and establishment of suitable industry investment;\(^7\)
- Ensure that regional businesses have equitable access to finance and business capital;\(^8\)
- That there is a dedicated staff member from the local shire to actively act as a support/resource person to industry/businesses;\(^9\)
- An integrated and coordinated approach to investment enquires between local authorities and the Victorian Government;\(^10\)
- Provide financial support to industry associations, as they are a support to Shires in actively attracting new and supporting existing businesses in regional centres. Most operate without any financial assistance;\(^11\)
- Introduce businesses to additional business executive support programs.\(^12\)

9.19 Tax incentives
- To work alongside the taxation office to encourage them (ATO) to allow businesses, and small businesses in particular, to more easily depreciate certain assets;\(^13\)
- Payroll and land tax deductions;\(^14\)
- Tax incentives for the development of very small businesses in rural areas;\(^15\)
- Forward tax deductions on accelerated depreciation for small businesses that are showing promise;\(^16\)
- Grant larger regional businesses reduced or no payroll tax.\(^17\)

\(^5\) City of Greater Bendigo, Submission, Number 20, 1 September 2008.
\(^6\) Indigo Shire Council, Submission, Number 11 1 September 2008.
\(^7\) Bannockburn Chamber of Commerce, Submission, Number 24, 17 September 2008.
\(^8\) Wimmera Development Association, Submission Number 15, 1 September 2008.
\(^9\) Bannockburn Chamber of Commerce, Submission, Number 24, 17 September 2008.
\(^10\) City of Greater Geelong, Submission, Number 42, 31 October 2008.
\(^12\) Champions of the Bush, Submission, Number 26, 20 October 2008.
\(^13\) Hepburn Shire Council, Submission, Number 27, 20 October 2008.
\(^14\) Wodonga City Council, Submission, Number 34, 29 October 2008.
\(^15\) Bannockburn Chamber of Commerce, Submission, Number 24, 17 September 2008.
\(^16\) Wodonga City Council, Submission, Number 34, 29 October 2008.
9.20 Direct Incentives
- Subsidised freight rates, and services such as electricity and gas.\(^{18}\)
- Fuel prices need to be the same as metropolitan/urban areas;\(^{19}\)
- Develop a range of incentives to encourage industrial investment and relocation;\(^{20}\)
- For a loan scheme supported by local government and underpinned by the Victorian State Government to assist with the establishment of new industry developments;\(^{21}\)
- That the State Government provides subsidies to businesses to retain regional operations;\(^{22}\)
- That there are interest free loans to encourage businesses to relocate;\(^{23}\)
- That the State Government provides unmatched funding for business transition and development programs;\(^{24}\)
- That there is equal opportunity and access to the ‘start-up business funding’, currently afforded to the recipients of unemployment benefits;\(^{25}\)
- Incentives to assist industry to relocate industries close to their suppliers.\(^{26}\)

9.21 Business Support for the uptake of new technology and ongoing education
- Promote the exchange of knowledge and the innovative uses of new technology both within and between regions;\(^{27}\)
- Financially support flexible modes of delivery of business training programs particularly through use of the internet;\(^{28}\)
- Provide access to hard-edged business management skills focusing especially on marketing, finance and planning;\(^{29}\)
- Provide advice and assistance with business benchmarking;\(^{30}\)
- Provide knowledge of and access to capital markets;\(^{31}\)
- Re-establish the new and small business face to face advisory service.\(^{32}\)

9.22 Regional Planning
- Flexibility of industrial zonings to allow for mixed-use activity.\(^{33}\)

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19 Ibid.
21 Wimmera Development Association, Submission, Number 15, 1 September 2008.
22 Indigo Shire Council, Submission, Number 11, 1 September 2008.
23 Ibid.
24 Ibid.
28 Bannockburn Chamber of Commerce, Submission, Number 24, 17 September 2008.
30 Ibid.
31 Ibid.
32 Baw Baw Shire Council, Submission, Number 55, 18 November 2008.
33 City of Greater Geelong, Submission, Number 42, 31 October 2008.
• For local governments to work closely with state and federal governments in forming ‘clusters’ in rural and regional areas;\(^{34}\)

• That an extensive audit be undertaken of the top 100 businesses in each region, followed up by a SWOT [evaluate the Strengths, Weaknesses, Opportunities, and Threats] analysis program. Opportunities for business development and expansion could be identified through this process;\(^{35}\)

• That the State Government provide funding for the development of an investment dossier for each regional centre in Victoria. This ‘would assist in improving the understanding across government (both state and federal) of what is available in each region and what needs to be further developed or maintained;\(^{36}\)

• That local Government/ economic development groups secure and encourage businesses that will complement the region/current businesses;\(^{37}\)

• Re-development of under utilised buildings/arches rather than abandonment of previously successful business areas;\(^{38}\)

• Funding and policy support that encourages the development of high amenity employment precincts.\(^{39}\)

9.23 Business Investment

• Adopt a policy that ensures transparency of handling of inward investment queries, with data on the type of query, where referred to and the eventual placement/finalisation of the query available to regional councils and included in the RDV and DIRRD annual reports;\(^{40}\)

• Research into the lending regimes adopted by financial lending institutions;\(^{41}\)

• Expand the Regional Investment Assistance (RIA) programme to allow higher levels of capital expenditure grants, with a higher percentage of use of capital grants assistance over training assistance. This assistance ‘should be provided to companies relocating to regional centres to re-tool’, and not be based on additional jobs created;\(^{42}\)

• Have gap analysis, information dissemination and start-up financial support to encourage businesses to the region;\(^{43}\)

• That the State Government conduct an audit of empty, disused and abandoned infrastructure sites in regional centres and create a database that ‘could be used in order to introduce potential businesses to regions in the State (by upgrading these sites instead of creating new infrastructure sites);\(^{44}\)

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\(^{34}\) Hepburn Shire Council, Submission, Number 27, 20 October 2008.

\(^{35}\) William Barber, Regional Business Consultancy, Submission Number 6, 21 August 2008.

\(^{36}\) Latrobe City Council, Submission, Number 9, 28 August 2008.


\(^{38}\) Toongabbie Township & Planning Development Group, Submission, Number 29, 27 October 2008.

\(^{39}\) City of Greater Geelong, Submission, Number 42, 31 October 2008.

\(^{40}\) Baw Baw Shire Council, Submission, Number 55, 18 November 2008.

\(^{41}\) Ibid.

\(^{42}\) Ibid.

\(^{43}\) Mt Alexander Shire, Submission, Number 58, 27 November 2008.

\(^{44}\) William Barber, Regional Business Consultancy, Submission, Number 6, 21 August 2008.
45 Baw Baw Shire Council, Submission, Number 55, 18 November 2008.
46 Latrobe City Council, Submission, Number 9, 28 August 2008.
47 Ms Juliana Phelps, Acting Chief Executive Officer, Towong Shire Council, Public Hearing, Wodonga 22 April 2009.
is a not for profit organisation and includes a business incubator, the Fairfax Innovation Centre.

9.29 Activities include business counselling, seminars, publications, sponsored research programs, and information services. The goal of the Centre is to strengthen the decision-making capabilities and operations of businesses, governments, and other institutions throughout the Greater Washington region.

9.30 The Mason Enterprise Center describes its goal as to provide business owners throughout the region with access to university research and information resources to help them expand their businesses, improve their organisations, and strengthen the regional economy.

9.31 The Fairfax Innovation Centre is a business incubation program for start-up businesses. For a flat monthly fee of approximately $700 businesses have access to office space; meeting rooms; secretarial services; training and mentoring opportunities; business advice and consultation on planning issues; access to the university research network; and referral to a network of businesses, entrepreneurs and leaders. According to the Managing Director the fee is higher than the market rate, but that ‘the more skin a business puts in, the more committed they are’.  

9.32 Businesses apply for space in the Centre as one of the incubators ‘resident entrepreneurs’. Characteristics that businesses must display to be accepted as a resident include:
- high growth potential;
- established for at least six months;
- innovative product or service, beyond the conceptual stage;
- written business plan or draft;
- initial financing in place;
- executive management in place;
- not direct competitor with another Fairfax Innovation Centre client;
- solid business / professional references; and
- good personal financial statement and credit.  

9.33 Businesses are discouraged from spending more than two years at the centre. The goal of the centre is to increase business activity and job creation in the region and to stimulate the regional economy. A number of aspects of the Centre were impressive. For example, its not-for-profit operation, relationship with the University, and focus on developing leadership and entrepreneurial spirit.

9.34 The Committee notes the enormous breadth of views expressed in submissions and in evidence relating to business assistance and support.

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49 Mr Keith Segerson, Managing Director, Mason Enterprise Center, Meeting, Washington DC, 19 May 2009.
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9.35 Initiatives such as business retention and expansion style programs have merit because they shift the focus from attracting outside businesses to supporting a more entrepreneurial culture in the community. As with many forms of economic development strategies and actions, it can be argued that these strategies are best undertaken at the local and regional levels and targeted to local needs.

9.36 One area of interest to the Committee is whether the relative spending on business support programs for regional centres and for other parts of the State is appropriate, and what the proportion of spending is on direct assistance to individual firms, as opposed to more general support for business development.

Recommendation 11

The Committee recommends a review of business support programs to investigate the share of funding being allocated to regional centres and the spread of assistance between direct support to business versus community-wide support; and

Expansion of business development support for programs that encourage networking and collaboration.

9.37 Following on from the visit by members of the Rural and Regional Committee to a business incubator established at George Mason University in Fairfax Virginia, and run by the University; and noting the successful business incubator centre at the St Helen campus of the University of Ballarat as well as others in regional centres around Victoria, the Committee is concerned about the ad hoc way in which these important business supports are established around the State.

9.38 Currently it is incumbent upon the initiative of regionally based universities, businesses or other stakeholders to play a leading role in the establishment and management of a business incubator. In some cases business enterprise centres have been established in centres such as Shepparton and Ballarat. These business hubs and incubators are a valuable asset to any region and government could play a greater role in supporting and encouraging their establishment.
Recommendation 12

The Committee recommends that the State Government, through Regional Development Victoria and Small Business Victoria’s regional offices, take a lead role in the establishment of business incubators across the ten major regional centres in Victoria, particularly those where sophisticated incubators do not currently exist. These should be established as part of a regional government sponsored program for incubators.

The Committee further recommends that where possible these be positioned within close proximity to higher education facilities and be established with strong links to the business community both for planning purposes and ongoing business mentoring and guidance.

Profile 6: Wangaratta Unlimited

Describing itself as ‘...committed to encouraging new investment and creating the right environment for new and existing businesses to achieve their plans for growth...’, the Rural City of Wangaratta’s economic development arm is Wangaratta Unlimited. The Board is made up of representatives of local businesses, and has Council support. Wangaratta Unlimited’s Economic Development Strategy 2008 – 2011 is a plan designed to assist and extend local business networks towards mutual economic support.

Overseen by an eleven member Advisory Committee, Wangaratta Unlimited represents businesses in the Rural City of Wangaratta. According to the Board, the main objectives of Wangaratta Unlimited are to:

- promote, enhance and generate sustainable economic development within the Rural City of Wangaratta;
- develop and maintain viable economic development strategies and associated performance measures for the Rural City of Wangaratta; and
- promote, facilitate and coordinate opportunities for economic development and associated employment growth in line with the Rural City of Wangaratta’s economic development strategies and Council Plan objectives.

Their focus is on developing liveability; the economy; the sustainability of the community; and the natural environment. They believe that these are the assets they need to enhance to position themselves as an alternative to capital cities.

What does the Board focus on and how do they achieve their goals? In evidence before the Committee, Wangaratta Unlimited representatives described their participation in projects covering such diverse areas as the retail sector, liveability

53 Rural City of Wangaratta, Submission, Number 13, 01 September 2008.
and health. An emphasis on building communications networks and relationships is a key feature of their approach:

We feel that making the connections at all levels of government — local, state and federal — is really key to how we help this community survive. It is about raising awareness of funding opportunities, it is around advocacy, it is around relationship building, it is around using a network and it is also recognising that we as a council can do a whole lot of things.54

Wangaratta Unlimited focuses on developing and encouraging an entrepreneurial culture in the Wangaratta region. It also provides practical support for business, such as assistance with: business relocation; business establishment; local government planning regulations; site identification; business planning; local networks and contacts as well as assisting individuals relocating to meet skills shortages.

Ms Lisbeth Long, a Member of the Board, describes the work of the organisation in the areas of innovation, entrepreneurship and leadership. She says the Board’s goals are:

... good communication and making sure we disseminate the information regarding what the Board can offer to people and to the community, and what are the avenues of assistance available. We do not hold all the solutions but we certainly know where those solutions might lie or where people can seek assistance — what sort of tools or what is the tangible stuff that a person in a small business can grab hold of, can work with and work through and access people so they can make sure their business has every chance of surviving.55

The focus of the Board is on practical solutions and assistance for business but also on making connections and on encouraging those starting out in business. In particular, mentoring is seen as an essential part of what Wangaratta Unlimited can provide to small business that might not otherwise have access to such experience and knowledge:

Small business now can contact the economic arm of the rural city and they can immediately access a mentor that would be suitable for their business and have that mentoring accompanied by a checklist of things that they, as a small business, should be making sure they are on top of. They are very tangible, real things. They are very easy and very flexible, which is really what a small to medium enterprise needs.56

An important feature of Wangaratta Unlimited’s work in the community is fostering leadership. Cr Lisa McIverney, a Member of the board of Wangaratta Unlimited and a young businesswoman in the wine industry, spoke of the importance of strong leadership in attracting and retaining people in the region:

Leadership is the key to making sure that communities are strong. It is not only leadership for now but it is also leadership for the future. Where is that coming from? How are we building that community capacity? If you have

54 Ms Lisbeth Long, Board Member, Wangaratta Unlimited, Public Hearing, Wangaratta, 23 April 2009.
55 Ibid.
56 Ibid.
strong leadership then you will have strong communities and you will have places where people will want to come.\footnote{57}


The purpose of the Strategy is to set the future agenda for economic development for the Rural City of Wangaratta and is the result of analysing the current roles and objectives of Wangaratta Unlimited; reflecting on the influences on the economy of the Rural City of Wangaratta; developing a future vision and desired outcomes; and determining key strategic directions and priorities for action.\footnote{58}

The Board would like to see this document form the basis of a 3 year plan. At the end of each year, the plan will be reviewed to monitor its progress, evaluate outcomes, respond to emerging opportunities and establish priorities and detailed action plans for the following year.

According to the submission by Wangaratta City Council:

This process will ensure that a current plan will be in place each year to link with the Council Planning Process. It will also continue to build on the goodwill and support of the Wangaratta Unlimited Board, Councillors and senior staff which has characterised the development of this Strategic Plan.\footnote{59}

There is no doubting the commitment of the dynamic Board of Wangaratta Limited to their region.

**Incentives**

9.39 Incentives such as tax breaks, cheap industrial land and rates holidays have been central to government efforts in economic development over many years. In the 1960s, governments began to use incentives as a means of encouraging industry decentralisation from capital cities. All State and Territory governments in Australia offer assistance packages to firms and special events to attract investment to their capital cities.

9.40 In the 1970s, State governments introduced payroll tax concessions for country industries. These were progressively abandoned in the late 1980s in favour of more targeted and selective assistance when evidence suggested that general tax concessions had had only limited impact in terms of encouraging the relocation of manufacturing industries to regional centres. For example, in 1991 the NSW Legislative Council Standing Committee on State Development conducted an Inquiry into Payroll Tax Concessions for Country Industries. The Committee concluded that: ‘...although the rebates

\footnote{57} Cr Lisa McInerney, Board Member, Wangaratta Unlimited, and City Councillor, Rural City of Wangaratta, Public Hearing, Wangaratta, 23 April 2009.


\footnote{59} Rural City of Wangaratta, Submission, Number 13, 01 September, 2008.
were widely known and generally accepted as a valuable form of assistance to country industries, they very rarely influenced companies to relocate’.  

9.41 Debate continues to take place in many regions around the world with regard to the efficacy of tax incentives for encouraging business relocation to regional areas. It is likely that local councils will always use a range of mechanisms to attract business, including incentives such as cheap land and rates holidays. As suggested by Darren Gray, from the City of Greater Geelong, incentives are not the only way to attract business, however in a globally competitive environment ‘it could be incentives that get investment across the line to regional areas’.  

9.42 While it is true that most governments have abandoned ‘as of right’ assistance like tax breaks, the NSW Government in July 2006 re-introduced a form of incentives through its Payroll Tax Incentive Scheme. Here firms investing in defined regions of the State (those with above average unemployment, and including metropolitan regions) are eligible for payroll tax rebates at reducing rates for up to five years. It should be noted, however, that these incentives are time limited and restricted to certain regions designated by the government to be in need of special investment assistance. They are, therefore, not open-ended like the earlier schemes.  

9.43 While incentives may prove attractive to firms, providing a generally positive business climate and an opportunity to grow in the region may be more beneficial for long term development. The elements of a positive business culture are discussed later in this Chapter.  

9.44 Throughout the Committee’s Inquiry it has been apparent, in discussions with industry and business representatives and Council Economic Development Officers, that financial incentives are only one part of what is required by firms to locate to regional areas. In Gippsland the Committee heard that ‘I do not believe any company would make a decision based on that one factor. It is going to be workforce availability along with the financial incentives’.  

9.45 The availability of a skilled workforce was often cited as a key determinant in decision-making by business and industry with regard to location. Another example of this approach was heard in Geelong:

Incentives do play an important role, but they play an important role at the end. A company or an agency needs to make the decision based on the business case for doing it — it needs to stack up — and then you can have a look at the other factors. The incentives that generally work are ones about helping a company get a skilled workforce — that is very important — and about the transition of bringing in their staff to the local economy. It is those sorts of

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63 Mr Martin Richardson, Senior Strategic Planner, East Gippsland Shire, Public Hearing, Morwell, 25 November 2008.
broader things. It is not a matter of signing a cheque and giving it to a company which generally goes to their bottom line. It does not always help. 64

9.46 This is also reflected in Regional Development Victoria’s understanding of what drives investment in regional areas:

... in the 60s where there were deliberate taxation policies to locate companies to regional Victoria, you will find a lot of them, once the taxation incentive stopped, then logistically it did not make sense for some of those companies to be based in regional Victoria. In talking to companies in regional Victoria, the businesses, taxation incentives sits well down the list. There are infrastructure requirements, there are skills issues, that it makes business sense first and foremost [to consider]. 65

9.47 In evidence before the Committee Minister Allan explained the current state government’s approach to the issue of offering tax incentives. The focus is on broadly based interventions that effect the state as a whole and that regions will also benefit from. For example, changes to WorkCover premiums or first home buyers rebates. Particular, region specific government interventions are not favoured:

...Historically we probably have not really wanted to have particular, special tax things for special regions, but just more across the board. Some of the changes made to payroll tax, WorkCover premiums, where we can have a broader benefit, but in turn benefits regions. ... Where there are government dollars on the table that leverages other investment, so whether that is matching dollars, whether that tips the scales. For some investments it is the difference between them setting up in a regional centre or not. Tatura is the example there. Unilever is a good example there. With some investment from the government we were able to keep them in Tatura and expand them, instead of going to Thailand. They are the sort of things that keep it in that positive space around how does government investment tip the balance in a positive way.66

9.48 The Committee heard evidence in submissions and hearings in relation to the use of incentives for business development. Suggestions were made in a large number of submissions and during Hearings addressing common themes such as:

• payroll and land tax deductions; 67
• create taxation zones based on distances from Melbourne, 68
• develop a range of incentives to encourage industrial investment and relocation. For example:

64 Dr Andrew Scott, Chief Executive Officer, G21 Geelong Region Alliance, Public Hearing, Geelong, 17 November 2008.
65 Mr Justin Hanney, Chief Executive, Regional Development Victoria, Public Hearing, Melbourne, 27 October 2008.
67 Wodonga City Council, Submission, Number 34, 29 October 2008.
68 Mr Gavin Cator, Chief Executive Officer, City of Wodonga, Public Hearing, Wodonga, 22 April 2009.
• subsidising purchases from private sellers by way of a contribution towards purchase costs;\textsuperscript{69}
• seeking less than market value returns from the sale of government owned property or crown land that is offered for sale to support regional development;\textsuperscript{70}
• reducing or removing of stamp duty to promote regional growth,\textsuperscript{71} and
• reducing or removing annual land tax requirements on regional industrial developments.\textsuperscript{72}

- financial incentives to encourage new and existing businesses;\textsuperscript{73}
- State Government should be encouraging and rewarding employers who invest in study-to-work programs through incentives or rebates in the tax system;\textsuperscript{74}
- expand the Regional Investment Assistance (RIA) programme to allow higher levels of capital expenditure grants, with a higher percentage of use of capital grants assistance over training assistance. This assistance ‘should be provided to companies relocating to regional centres to re-tool’, and not be based on additional jobs created;\textsuperscript{75}
- establish incentives for business, industry and government to begin operations in regional areas. Possible incentives include:
  • tax breaks/reduced payroll tax;
  • higher wage rates for regional areas/package;
  • adequate market information provided to potential businesses;
  • promoting market openings, making people aware of the opportunities in these areas;
  • identifying growth areas and fitting appropriate markets to these; and
  • graduate programs after university courses in rural areas.\textsuperscript{76}
- have better financial assistance for agricultural industries.\textsuperscript{77}

9.49 There was also strong support for approaches to business development such as tax breaks and payroll deductions. In its evidence to the Committee the Victorian Farmers Federation, suggested that government incentives be provided for business, industry and government to begin operations in regional areas.\textsuperscript{78} Many suggestions have been made to this inquiry in relation to incentives. The creation of tax zones, cited in the list above, is

\textsuperscript{69} Gippsland Water, Submission, Number 41, 31 October 2008.
\textsuperscript{70} Ibid.
\textsuperscript{71} Ibid.
\textsuperscript{72} Ibid.
\textsuperscript{73} City of Greater Geelong, Submission, Number 42, 31 October 2008.
\textsuperscript{74} Monash University Gippsland Campus, Submission, Number 43, 31 October 2008.
\textsuperscript{75} Baw Baw Shire Council, Submission, Number 55, November 2008.
\textsuperscript{76} Victorian Farmers Federation, Submission, Number 22, 9 October 2008.
\textsuperscript{77} Baw Baw Shire Council, Submission, Number 55, 18 November, 2008.
\textsuperscript{78} Victoria Farmers Federation, Submission, Number 22, October 2008.
one which received support from representatives of Regional Cities Victoria.\(^79\)

9.50 In Wodonga the following taxation related incentive proposal was put to the Committee:

In relation to how to influence population movement to regional Victoria, in essence council believes there are a number of ways that government policy could assist. One is from a different way of thinking about tax zones. One policy change could create tax zones based on distances from Melbourne. Such a system is used in Thailand. In essence, for example, a three-zone system could be used and the further from metropolitan Melbourne, the greater the tax rebate incentive. This could be applied to state payroll tax. Wodonga’s estimated state payroll tax is $22 million per annum; that was estimated by council. For small increases in metropolitan Melbourne payroll tax rates rebates could be applied to regional businesses in Victoria. A similar system could be used for land tax.\(^80\)

9.51 This proposal for thinking differently about current taxation zones and introducing a zone system based on geographical location was put to witnesses at other Public Hearings by members of the Rural and Regional Committee. For example at a Hearing with representatives of Regional Cities Victoria Cr Verlin, Mayor of the City of Ballarat and Chair of RCV was asked to consider such a proposal for implementing taxation incentives for regionally based companies based on their distance from Melbourne. Cr Verlin responded:

As you would be aware — and I am talking now from a Ballarat point of view even though I am here for Regional Cities Victoria — we are doing it pretty tough; you have seen some difficult headlines. Overwhelmingly when I speak with the Australian Industry Group, which I imagine would be a snapshot of that sort of culture across the whole of the state of Victoria from a manufacturing point of view, they say one of the things that you can do to assist straightaway from a state and federal government point of view is exactly that: look at those up-front costs for industry doing business — utility costs, those ongoing extra charges of payroll tax and those sorts of things. In all the forums that we have held, they have been the issues that have come forward.\(^81\)

9.52 Mr Andrew Schinck, appearing in his role as Liaison Officer for Regional Cities Victoria suggested that the members of Regional Cities Victoria would support such a proposal. Mr Schinck put the following view to the Committee:

I suppose it goes to the core of Regional Cities Victoria’s policy position that we are developing — that is, around that if we are going to continue to develop our regional centres as centres for

\(^79\) Cr Judy Verlin, Mayor, City of Ballarat, and Chair of Regional Cities Victoria, and Mr Anthony Schinck, Chief Executive Officer, City of Ballarat, and Liaison Officer, Regional Cities Victoria, Public Hearing, 4 May 2009.

\(^80\) Mr Gavin Cator, Chief Executive Officer, City of Wodonga, Public Hearing, Wodonga, 22 April 2009.

\(^81\) Cr Judy Verlin, Mayor, City of Ballarat, and Chair of Regional Cities Victoria, Public Hearing, Ballarat, 4 May 2009.
viable industry and commerce as well as creating liveable communities, we need to make sure that the economics of that are right, that there are incentives for those industries and those sectors to develop in regional Victoria. Wodonga’s proposed solution could well be one of those. It would certainly be something I would imagine would get the support of Regional Cities Victoria members. Wodonga is obviously a member of Regional Cities Victoria.82

9.53 Mr Schinck’s response is based on an understanding of the broader costs involved for businesses establishing their operations in regional areas:

... I say that because, if we think about the conversation we had earlier in relation to DCPs, there is considerable cost, for instance if you take manufacturing, to establish a new manufacturer in Ballarat. We need to have the land, so there is considerable cost and time taken in getting the land zoned appropriately. Secondly, there is the cost of servicing the land therefore, putting all the infrastructure in place. All those costs are effectively passed on to either front-end finance buying, local government, or passed on to the developer.83

They are very real costs that are potentially disincentives for industry to develop in regional centres, because quite often our industrial land availability is not serviced. That is infrastructure that we need to develop and input, so any other form of incentive would just go to assist to create encouragement for industries to develop.84

9.54 Many witnesses favoured an approach to incentives for business based on a greater variety of possibilities for intervention and assistance. The Managing Director of Gippsland Water suggested that incentives, more broadly envisioned, are useful to attract business and also population to regional areas. Mr Mawer suggests that government should be involved to ‘develop a range of incentives to encourage industrial investment and relocation; and develop a range of incentives to encourage residential investment and relocation’.85

9.55 Dr Scott, a well respected regional development advocate, from G21 in Geelong believes that matching local capabilities, for example the availability of trained potential employees, is of primary importance to ensuring that business can locate in a regional area and do so in a sustainable way.

Incentives often get raised, but at the end of the day to me it is about matching the capabilities with the business need, putting them together and selling them the case. When you come to close the deal and do the deal, they will say, ‘Look, we have got to find some land, we have got to train our staff’ — and those are major costs and major

82 Mr Anthony Schinck, Chief Executive Officer, City of Ballarat, and Liaison Officer, Regional Cities Victoria, Public Hearing, Ballarat, 4 May 2009.
83 Ibid.
84 Cr Judy Verlin, Mayor, City of Ballarat, and Chair of Regional Cities Victoria, and Mr Anthony Schinck, Chief Executive Officer, City of Ballarat, and Liaison Officer, Regional Cities Victoria. Public Hearing, Ballarat, 4 May 2009.
85 Mr David Mawer, Managing Director, Gippsland Water, Public Hearing, Morwell. 25 November 2009.
problems, and if you are located in the US, doing that is actually quite
difficult, so that in a way is the incentive. It is providing the local base
on the ground that will help them find the right site, that will help
them locate the right people, and will set up training programs for
them, and those sorts of issues, and then when they bring the staff
over, as they inevitably do, initially you bring the specialist staff,
helping them to settle into the community.  

9.56 Another suggestion was for government to provide assistance to the families
of those businesspeople settling into an area. For example:

One of the things, for example, that we used to run in the South
Australian government was an operation for the families of those
executives who were coming over to set up the organisation,
because the best thing you could do for the organisation was make
sure the families were happy and settled and the executive could
then get on with doing what he was told to get on doing, so we
would help them settle into the community. We would find them
child care, we would help them find housing and a good school and
whatever it was that they needed. We actually had people who
helped them into the community in that way. And that is something
that you can do at a local level, and that would work very well with
some support, but you cannot find that organisation that you are
going to bring in, in the first instance. It is just too difficult at a
regional level to do that.  

9.57 Encouraging the relocation of business on a sustainable basis was raised a
number of times with the Committee in the context of the need for
government to ensure that the development of liveability remains an
ongoing priority. Liveability is discussed at length in Chapter Ten. In this
context it is relevant to note the view that incentives which are provided
must be part of a comprehensive strategy for development that has direct
relevance to a particular region:

It is unsustainable to provide a big incentive for a company to move
somewhere if when they get there they find that their employees do
not want to stay there and they all move on. There are a whole lot of
factors there that are very important, and I think it needs to be one
of the focuses for the government to help each council and the
businesses there work on all of the factors that affect the liveability
of a particular area. It is about creating a business environment
which is favourable to the needs of the businesses, marketing that
to the prospective businesses and then having processes in place to
establish them when they want to come and when they get there.  

9.58 Ensuring parity in pricing structures for essential utilities was raised by
witnesses before the Committee. For example, during a discussion of
incentives for business with representatives of Councils from South West
Victoria, Mr Bruce Anson, Chief Executive Officer of Warrnambool City

86 Dr Andrew Scott, Chief Executive Officer, G21 Geelong Regional Alliance. Public Hearing, Geelong, 17
November 2008.
87 Ibid.
88 Mr Peter Francis, Economic Development Manager, Bass Coast Shire Council, Public Hearing, Morwell, 28
November 2008.
Council suggested that utility prices be considered in this context. Mr Anson states:

Another one is power prices. Bendigo has done a lot of work. Power prices are based from Melbourne, so Latrobe pays higher electricity prices than Melbourne. The situation will be the same here: even though the power will be produced in Mortlake, the cost in Mortlake will be higher than it is in Melbourne. Bendigo City has done a lot of work on that which shows they are a disincentive of hundreds of thousands of dollars to sizeable businesses. It makes no sense.\(^9\)

9.59 Cr Judy Verlin suggested that the cost of utilities is a central issue to business in regional Victoria. She states that: ‘... regional transport infrastructure and the cost of utilities continue to be the huge two priorities, I would say, along with water for regional Victoria’.\(^\text{10}\)

9.60 This issue was also raised with the Committee during a Public Hearing in Bendigo where it was suggested to the Committee ‘...that there are already embedded into the system inequities in the cost of purchasing power in a regional sector versus a capital city sector’.\(^\text{11}\) This comment from the Economic Development Manager at the City of Greater Bendigo was made in the context of the results of a project looking into utility costs. This work was originally initiated by the Bendigo Manufacturing Group, an advisory body to the Council. The Group was interested in looking at the cost of power in the region.

9.61 Funding to undertake a ‘National Electricity Equity (business)’ project was subsequently provided by the National Organisation for Consumer Advocacy. This project examined companies in the region as well as in other states in terms of energy usage. Mr Gould describes the results:

In the case of Victoria we were able to identify that you could have an additional cost of somewhere between 19 and 30 per cent if you were to be established, say, here in Bendigo — or Shepparton or Mildura or a whole host of other places. If you think that is bad in Victoria, it got worse in New South Wales and even worse in Queensland.

When we had the privatisation of the old SEC in Victoria, one of the things that came in was a subsidy that was put in place to help with the transition period. That transition period is about to end in the next eight or nine years. We estimate that as a consequence of the withdrawal of that subsidy the additional cost to business potentially will be another 8 or 9 per cent. So you have that as an additional cost to doing business.\(^\text{12}\)

\(^9\) Mr Bruce Anson, Chief Executive Officer, Warrnambool City Council, Public Hearing, Warrnambool, 12 February 2009.
\(^\text{10}\) Cr Judy Verlin, Mayor, City of Ballarat, and chair of Regional Cities Victoria, Public Hearing, Melbourne, 4 May 2009.
\(^\text{11}\) Mr Brian Gould, Manager, Business and Economic Development Unit, City of Greater Bendigo, Public Hearing, Bendigo, 12 December 2008.
\(^\text{12}\) Ibid.
9.62 Mr Gould stresses that the aim of the Council and those undertaking this project is to heighten awareness of these costs and to ensure that policy makers understand the repercussions of these anomalies:

If the cost of power is going to continue to be inequitable, then the risks that we have are twofold. One is about how you attract new businesses to your region, when they have to make a decision on the cost of power, and that difference can be in the hundreds of thousands of dollars per year. That goes right through to the other one, where you have existing businesses that have nowhere else to go as well. Those existing businesses are not just your manufactures that you take into account: they are your hospitals, your schools and the cost of doing business in a rural area. What we are saying is that we need to have a look at those inequities.93

9.63 A number of witnesses raised the need to consider incentives related to encouraging individuals to relocate, such as workforce incentives. During a discussion about the health sector the Chair of West Wimmera Health suggested to the Committee:

People always look at the poor government for incentives to be able to attract people into professions, but I recommend that bursaries become a government policy, and supporting people through their tertiary education to obtain qualifications may be an incentive that ultimately would pay off by bonding these people back.94

9.64 It was further suggested that this principal could be applied to retaining young people in regional areas through study and scholarship based incentives:

In terms of retaining youth, I have an 18-year-old boy who has been accepted into Flinders to do law. My son will not come back to Horsham because there is no incentive for him to come back. I am faced with a huge HECS debt and the expenses of putting a son through university. If there was a scholarship and a chunk of money that said, ‘Come back to your home town or move to the country and a significant chunk of your debt would be waived’, then he would be back here in a flash. It could be for five years and some kind of bonded scholarship. I know I am talking about federal funding but there must be something that can happen from the state system as well, and I know the state is hugely concerned about the disadvantages country kids have in terms of accessing education.95

9.65 In the health sector incentives programs to attract professionals to rural and regional areas are currently in place:

There are incentives to get people there where they need a workforce. It is no different in a town like the one I come from. In fact to get doctors there we do offer incentives. We offer a house, a

93 Ibid.
94 Mr John Smith, Chief Executive Officer, West Wimmera Health Service, Public Hearing, Horsham, 11 February 2009.
95 Ms Mandy Kirsopp, Public Hearing, Horsham, 11 February 2009.
car and guaranteed employment through Tristar for a length of time. We have got to do that for the first 12 months and sometimes it goes to two years. It is a very small investment if you can get the continuity and build up confidence in those professionals, which is another thing that is very valuable in a rural area. People take time to become accustomed to different practitioners, and it takes time to build confidence that they can provide what you want. It is absolutely essential that we do what we do to be competitive in the marketplace.96

9.66 Indeed with regard to health care the Committee did hear that the need for professionals in rural and regional areas is reaching a critical stage and that consideration of further incentives may be required:

It is at a critical stage across rural Victoria, I would say, if not Australia. It is a major issue, and I think some major incentives have to be developed with the industry on how to make that work better, because the current system is failing in that respect, from what I can see.97

9.67 Incentives may be useful in some circumstances both for existing businesses and those considering relocation to regional Victoria. However, the use of incentives should form only one part of an overall strategy by government that ideally would emphasise support for existing businesses, ensure equity of access to utilities and services, and that would drive regional development through infrastructure provision.

9.68 Choosing to locate a business in regional Victoria is a sound business decision for many reasons, as this Report discusses. Financial savings can be made on the overall running costs of a business. However, anomalies in the cost of utilities have been described as one of the major issues of concern to regional Councils in their efforts to provide an attractive business environment in their region. Conducting the review recommended below would provide essential information for policy makers working in regional development and for Government decision making about the establishment and growth of investment ready regional centres.

9.69 In response to the concerns of Council representatives appearing before the Committee and cited above, the Recommendation below asks the State Government to consider the cost of utilities to all regional and rural citizens as well as specifically in relation to business.

96 Mr John Smith, Chief Executive Officer, West Wimmera Health Service, Public Hearing, Horsham, 11 February 2009.
97 Mr Ian Nicholls, Chief Executive Officer, Alpine Shire Council, Public Hearing, Wangaratta, 23 April 2009.
Recommendation 13

The Committee recommends that the State Government sponsor an independent and detailed investigation into the cost of utilities in regional Victoria in general, in response to local council representatives.

The Government should particularly look into the costs for business and industry. The investigation should be conducted with a view to determining any price and access related inequities in utilities for rural and regional business and industry compared to their metropolitan counterparts. Furthermore it should consider the measures in place to offset these costs for business.

Supporting a Positive Business Climate

9.70 The Committee believes that, as part of an overall regional development strategy, assistance to business is important for growing strong regional economies. Businesses will be attracted to regional centres where there is opportunity and a positive business climate. Partly business climate relates to the regimes developed by local councils, for example in relation to zoning, land use planning generally, subsidies and support, incentives, and general local government attitudes to business. But business climate also relates to less tangible, cultural factors at work in the community. For example, how supportive is the community of business development? Is there a positive attitude to new businesses? Is the community as a whole entrepreneurial, willing to take risks? Does the community support or hinder innovation?

9.71 During its consultations around regional Victoria the Committee heard that both the tangible and the less tangible aspects of business climate are important in building regional centres of the future. There are many actions that governments and regional communities take to support the development of a positive business climate.

9.72 One of the most important advances in regional development thinking and practice over recent decades has been the realisation that there is more to economic development than attracting firms to a region. The understanding that regional development processes are complex means that local actions to drive development must be multi-layered, and government support needs to reflect this. Mr Sharp of the Rural City of Wangaratta describes the complex considerations required when planning for regional business development:

I think it is about getting the business blocks right. What we have been doing, as Graham mentioned, is getting our industrial land investment ready...It is about getting natural gas to these areas, the water supply, the three-phase power. That is the level of building block just on the investment-ready side of industrial land. ... There is more to it than that. If you do not have the child-care services for when that population or when those employees come on-stream, then you are not going to continue to retain them. It is about getting
that level of service right — your schooling, your child care, your hospital services, your medical. All those things have to be in line and be able to cope with that capacity, so that prospective employers can come here, have a look at the facilities and say, ‘Yes, that measures up to what we believe we need’. They do look at things like aquatic centres and performing arts centres. That is why we talk about liveability stuff, because they know that they will not retain employees or attract them if there are not those facilities to support them when they are living here. If you cannot offer water security to employers and industry, then you are really kicking into the breeze. You have to have the skills and those sorts of things within your population as well.\textsuperscript{98}

9.73 Many Councils have a sophisticated approach to the complexity and range of issues that need to be dealt with in regional development. Anthony Schinck’s approach is characteristic of leaders from regional centres:

We need to consider urban renewal and transport links — I am talking about major arterial links as well as local links and intraregional links; energy and communication; vegetation renewal; climate change preparedness; managing rehabilitation — environmental rehabilitation; use of renewable resources; and fast-tracking growth for land-use planning, which is critical as we are experiencing continued pressure in terms of growth; and creating serviceable land, including the infrastructure cost of creating that land. It is okay to release the land and plan for it, but the infrastructure cost of making it workable is quite significant and potentially has the impact of slowing down growth if not dealt with properly.\textsuperscript{99}

9.74 The modern approach to regional policy is to support the building of partnerships in regions, an issue discussed in Chapter Eight in the context of Structures for Cooperation and Local Leadership.

9.75 Today, there are many players involved in regional economic development, which is now an ongoing process of facilitation involving political representatives, local government, State agencies, practitioners, business people, investors and community leaders. These stakeholders work individually and collectively in complex ways, accessing funding for regional projects from both the public and private sectors, including a wide array of government programs.

9.76 The Committee believes that the challenge for government is to understand and support these processes and partnerships to maximise their effectiveness for regional development. Effective ways to do this are discussed below and throughout this report.

\textsuperscript{98} Mr Doug Sharp, Rural City of Wangaratta, \textit{Public Hearing}, Wodonga 23 April 2009.

\textsuperscript{99} Mr Anthony Schinck, Chief Executive Officer, City of Ballarat, and Liaison Officer, Regional Cities Victoria. \textit{Public Hearing}, Ballarat, 4 May 2009.
Profile 7: BEST Community Development

We will stand out as a leading community development organisation by initiating and supporting programs that enhance growth and contribute within our community.\(^{100}\)

BEST Community Development is a not-for-profit community-based organisation that delivers services to the community in employment, education, training and an extensive range of community and business services.

According to best they are ‘able to deliver these by providing a combination of strong strategic planning, quality infrastructure, sound management and financial stability’.

BEST is active throughout northern Victoria in Ballarat, Ararat, Maryborough, Bendigo and surrounding districts.

BEST Community Development was formed in 1996 as an employment arm of the Ballarat Community Education Centre, which itself started in 1974 to provide support services to school communities. BEST Community Development has grown rapidly over the last fifteen years, from a staff of five and a management committee of 23, though to a staff of 160 and a board of directors of ten, including the Chief Executive Officer. Evolving from a federally funded organisation, annually receiving $300,000, the organisation now has a yearly turnover of $13 million, and does not receiving any core funding.

BEST offers a diverse range of programs and services to the community including:

- employment services;
- training services;
- computer training;
- skills stores;
- community projects;
- youth services (Youthworks);
- disability services (BEST Futures, Future Ambitions, Interclub, Ballarat Northern Knights football team);
- Café BEST (café and catering business providing training and employment for people with disability); and
- Quickprint – digital printing specialists; and
- conference centres.

As one of Australia’s leading not-for-profit community based organisations, BEST Community Development has received national and regional achievement awards for its community programs and employment services. These include the award for Best Work for the Dole Activity in Australia 2002 (the Prime Minister’s Work for the Dole Awards), and the Australia Post Business Achievement Award for 2008.

BEST Community Development’s main focus is employment and training. They are a large Job Network provider with centres in Ararat, Ballarat, Bendigo, Horsham, Maryborough and Stawell.

Café BEST

BEST Community Development has recently moved into the disability sector which they currently fund from their income-generating activities. Last year, BEST Community Development started a café in Ballarat called Café BEST; set up to employ people with special needs. Unfortunately Café BEST is costing the organisation losses of $300,000 a year. Chief Executive Officer Ronald Stone has given the café a three-year trial period to get it financially viable. He says, ‘It does not have to make money, but it has to be at a level that we can afford to subsidise.’

Café BEST has grown into a program well regarded in the Ballarat community. To fund the project BEST Community Development invested $500,000 of their own funds and received $90,000 from philanthropic organisations.

Investment Ready Regional Centres

9.77 During the Committees Inquiry into Regional Centres of the Future the need to ensure that areas are ‘investment ready’ was raised a number of times, particularly in the context of land use planning and strategic planning. In Geelong discussion revolved around recognition that the region had much to offer investors but that this had to be supported by the availability of land and related infrastructure. Mr Peter Dorling from the Committee for Geelong stated:

The only problem is that sometimes we are not quite ready on the ground. Heales Road is not quite ready and Armstrong Creek is probably five years too late for what we really wanted. So there is a sense of urgency in Geelong about its planning, to make sure that we do not lose anybody. We have good aspiration and on the plan it is says ‘It is going to be this’, but it is not ready. You have to actually be ready.

9.78 Mr Dorling continues:

... There is a lot of work to get to the done deal. The communities that get the done deal quickly enough and get that infrastructure, those business parks and those commercial areas, ready to go do very well.
9.79 The factors that contribute to a regional centre being ‘investment ready’ are discussed in the context of land use planning and strategic planning, below and in Chapter Eight.

Land Use Planning

The planning process is one of the main impediments to business growing at the rate it could in regional Victoria. Whether it is the lack of resources, the cumbersome process or the lack of urgency that sometimes pervades some bureaucracy, I am not sure, but something needs to be done to improve and streamline the planning process.105

Mr Richard Rijs, Morwell.

9.80 The Committee heard during this Inquiry into the future of regional centres that streamlined land use planning is central to local government efforts to drive economic development. Appearing before the Committee in October 2008, the Minister for Regional Development, Skills and Workforce Participation, Jacinta Allan acknowledged the importance of planning for land use in regional Victoria

... the challenge is to make sure we are doing the planning now that supports that population growth in a sustainable way; whether it is sustainable in the form of services like schools and transport links that are provided; whether it is sustainable in terms of what is the appropriate land use, what should be residential land, what should be industrial land, what land should we be protecting in terms of its environmental and biodiversity values. All of those sorts of things need to be considered.106

9.81 To be effective land use planning must be long term and strategic and included in overall plans for the state. As the Committee heard in Geelong:

We need to develop a proper growth strategy for this region. I am not talking about doing it just at Armstrong Creek, because ‘Gee, we’re running out of land, we’d better do something’ — and that is exactly what happened. We need a proper growth strategy that will look at industrial, residential and commercial land. I am talking about probably a million-dollar piece of work here, really looking at the way Melbourne is going to grow and what Geelong needs to do to grow with it.

Just on that, Sydney and Wollongong were included in Sydney’s growth strategy. Geelong was not included in Melbourne’s. So there is a precedent here where major cities — second-tier cities — get to that point. We need to increase our infrastructure, although we have done very well. We have probably done better in infrastructure than we have done in the last 10 years. We have a ring-road under construction. Those people who ask ‘Will Geelong grow, or won’t it

grow?' watch this space: when the ring-road is finished, it will go ‘Bang!’ — it will take off. We will need another Armstrong Creek. That is what I am saying: Geelong will grow probably that heavily over the next 30 years.

We then need just a recognition from the state government. ¹⁰⁷

9.82 The Victorian Government has recently undertaken an Audit of Industrial Land in Provincial Victoria through the Department of Planning and Community Development. ¹⁰⁸ Funding to develop industrial land is available through the Regional Infrastructure Development Fund. However the evidence the Committee heard during this Inquiry was that accessibility to funding for Councils to develop industrial land is inadequate. Councils advised the Committee that a major inhibitor for future growth in regional Victoria is their inability to be investment ready in terms of industrial land availability. ¹⁰⁹

9.83 Further to the considerations analysed in Chapter Eight with respect to strategic planning, the Committee heard much evidence about specific land use planning matters both in submissions and at Public Hearings. A common theme in submissions and at hearings was that improvements to the planning system are an essential element of the development of dynamic regional centres of the future. Some of the submissions spoke of the particular land use planning needs of specific regions, others dealt with more general issues about land use planning.

9.84 Many regional organisations including local government, advocacy groups, community groups, businesses and developers made submissions with suggestions about land use planning. These suggestions reflected the diversity of local issues faced by regional communities. A common theme amongst witnesses and in submissions was that communities are focussed on growth. Many rural and regional communities are seeking assistance to attract investment and stimulate growth, while others, such as peri-urban

¹⁰⁷ Mr Peter Dorling, Executive Director, Committee for Geelong, Public Hearing, Geelong, 17 November 2008.


¹⁰⁹ Mr Glenn Sutherland, Alpaca Interpretation Centre, Submission, Number 2, 8 July 2008; Bannockburn Chamber of Commerce, Submission, Number 24, 15 September 2008; Ms Sally McDonald, Lovely Banks Management Pty Ltd, Submission, Number 49, 31 October 2008; Mr David Powell, Chief Executive Officer, Baw Baw Shire Council, Submission, Number 55, 20 November 2009; Mr Darren Grey, Economic Development Officer, City of Greater Geelong, Public Hearing, Geelong, 17 November 2009; Mr Stephen Cornish, Chief Executive Officer of the Pyrenees Shire Council, Public Hearing, Ballarat, 18 November 2009; Mr Richard Rigs, Director, Patties Foods Ltd, Public Hearing, Morwell, 25 November 2009; Mr Stan Llacos, Manager of the Business and Economic Development Unit, City of Greater Bendigo, Public Hearing, Bendigo, 12 December 2008; Paul Younis, Chief Executive Officer, Corangamite Shire Council, Public Hearing, Warrnambool, 12 February 2009; Bruce Anson, Chief Executive Officer, Warrnambool City Council, Public Hearing, Warrnambool, 12 February 2009; Mr Ken Gale, Mayor, Moyne Shire Council, Public Hearing, Warrnambool, 12 February 2009; Mr Geoffrey White, Mayor, Glenelg Shire Council, Public Hearing, Warrnambool, 12 February 2009; Mr Phil Pearce, Chief Executive Officer, Mildura council, Public Hearing, Mildura, 18 March, 2009; Mr Gavin Cator, Chief Executive Officer, City of Wodonga, Public Hearing, Wodonga, 22 April, 2009; Mr Peter Graham, Councillor and Mayor, Shire of Indigo, Public Hearing, Wodonga, 22 April, 2009; Juliana Phelps, Acting Chief Executive Officer, Shire of Towong, Public Hearing, Wodonga, 22 April, 2009; Doug Sharp, Chief Executive Officer of the Rural City of Wangaratta, Wangaratta, 23 April 2009; Ms Debra Swan, Deputy Mayor, Shire of Strathbogie, Public Hearing, Wangaratta, 23 April 2009.
and coastal areas, need support to manage the growth that is rapidly underway. Some communities, for example the Shire of Baw Baw are seeing traditional industries directly threatened by urban expansion.  

9.85 Peter Dorling, Executive Director of the Committee for Geelong describes the need for planning for the future regarding land use:

The Committee for Geelong reckons our growth rate should be 1.5 to 2 per cent, and it very well might be when the ring-road is completed. I think it is about 1.1 per cent at the moment. It is almost a 100 per cent increase, but it should be at that level. So you would set a target and you would say, ‘Here we go’. Your planning would all be set around your target population that you want to have in the year 2035 or 2040 and everyone would have a job to do to get that right. At the moment it does not work that way. We are doing Armstrong Creek, but why are we doing it? It is because we are running out of land. That is not a reason to do anything. The reason we are doing Armstrong Creek is because we had, I think, three years land supply left. Good cities have 10 to 15 years of land supply. We let it go. It is nobody’s fault. It is probably all our fault that we let that go.  

9.86 Issues surrounding zoning of land were raised to the Committee during the Inquiry, particularly in terms of current zoning arrangement for farming and the inflexibility that can arise from the implementation of zoning regulations. For example the Committee heard from Moyne Shire that:

The farming zone makes it almost impossible — not impossible, but almost impossible — to get these lifestyle blocks, and that is one thing that is holding back some of our shires, so if some work can be done on the farming zone, and I believe the VLGA and MAV and perhaps others are doing some work in that area, if that could be opened up a little bit, that will certainly create more residential opportunities for these workers; it is a very attractive offer for them to come and settle in our different municipalities. That is a very real problem.

There seems to be a contradiction between Melbourne and the country areas, and some flexibility should be built into farming zones. We do not want to use all of our farming zone for residential, I am not saying that, but there needs to be a little bit more flexibility built into the country areas to allow that to happen. If they want us to house people — the 1 million people in 10 years — we have to be given assistance in that particular area.

9.87 The observations that the Committee for Geelong made during a visit to the United States were that regional readiness for development was successful when coupled with an aggressive approach by cities in attracting support:

What we found in America, particularly the city we went to see, was a city I have never seen, because it was so far ahead of everybody. It

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111 Mr Peter Dorling, Executive Director, Committee for Geelong, Public Hearing, Geelong, 17 November 2009.
112 Cr Ken Gale, Mayor, Moyne Shire Council, Public Hearing, Warrnambool, 12 February 2009.
had purchased the land. A quick story. It wanted a convention centre, so it picked the best spot in the city, bought the property — I forget what the property was; it were some building or other — and it gave itself a planning permit for a new hotel and a convention centre. Then it sent its economic development team out around America to bring in the developers, and that team came in and said, ‘What is in it for us?’. They said, ‘There is no planning permit required. This building is ready to go. There will be no hassles. While you are at it, we have fixed the car parking, because we reckon it is the council’s responsibility’. All they had to do was build the building. And guess what? They did it.

What we have in Australia is a slightly different system, where you come in and find a property you want to develop. We say, ‘I am not sure about that. What about the height? What about this? What about that?’ We are not as aggressive as the Americans in getting where we want to go by being investment ready. We are very much, ‘We will see how we go. We will see if you turn up, and then we will have a look at you’. That is not the way it goes. Geelong has suffered something fierce from that in the past. I can bring in some developers. They say, ‘It is too hard’. Then you get caught in a car parking trap, because it is too hard — because developments always come down in car parking.  

9.88 Anthony Schinck, Chief Executive Officer of the City of Ballarat also spoke about the critical need for land use planning, stating the need, in the Ballarat region, for ‘... fast-tracking growth for land-use planning, which is critical as we are experiencing continued pressure in terms of growth; and creating serviceable land, including the infrastructure cost of creating that land’. Mr Schinck also argue for a ‘cooperative arrangement within a structured framework’ to ensure that land use plans are followed through:

...it is really about the implementation of policy for strategic regional development. Whilst we completely support that exercise, what we need to see is a strong framework and resourcing around how it is actually implemented. The rezoning issue is a good example of that. Whilst the regional strategic plan will identify exactly where those land-use activities need to be, what we now need is a cooperative arrangement, within a structured framework, with state government to make that happen. I have to say that regionally we have fantastic relationships with DPCD, and they do assist and work with us at a very local level, and they work with us on a day-to-day basis. They are involved with us in a number of our project control groups that, for instance, manage the Ballarat growth area plan, which is fantastic, but we need to make sure that the Victorian planning framework is set right so that there is a structured response to actually implementing those recommendations and those needs identified within the regional strategic plans.  

9.89 A partnership approach such as that described above was seen by many as an effective way to make progress with planning for land use. Mr Cornish,

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113 Mr Peter Dorling, Executive Director, Committee for Geelong, Public Hearing, Geelong, 17 November 2008.
114 Mr Anthony Schinck, Chief Executive Officer, City of Ballarat, and Liaison Officer, Regional Cities Victoria. Public Hearing, 4 May 2009.
CEO of the Pyrenees Shire Council and the Central Highlands Mayors and CEOs Group had this to say:

The usual complaints from developers in regions are that planning permits are slow and rezoning of land is slow. You can talk to anyone on the street to find that is the common discussion point. We need a strong partnership between state and local government to fast-track that outcome. I guess the first critical component of that is the regional strategy which everyone ticks off, including the state government, and then we move on to get that land developed on a basis that service authorities and the state government are comfortable with but in a timely manner.\textsuperscript{115}

9.90 The Committee heard arguments for tightly co-ordinated planning of regional land-use within government and with regional stakeholders. Mr Paul Buckley from La Trobe City Council stated this well on behalf of his council colleagues at the Committee’s Public Hearing in Gippsland:

The harmonisation of regional development policies and funding is important particularly in the areas of land-use planning, infrastructure provision, supply chain development and resource protection measures. A whole-of-government understanding of each of the regions across the state and their respective challenges and opportunities would provide significant assistance to individual regions. This could be achieved through regionally integrated plans and more strongly defined links with Victorian government departmental policy areas, and regional Victoria. Often the regional offices of government departments are not the areas that influence policy and funding allocation.\textsuperscript{116}

9.91 Mr Buckley talks further about the region’s approach, in terms of their imminent commencement of a regional land use and growth strategy. The strategy considers:

... all of the competing priorities for land right across Gippsland, from coastal pressure through to agricultural land and through to the resource pressures like coal, gas, water, timber et cetera that underpin the economy. How do we make sure that we protect all of those industries from a land use perspective into the future, and then how do we focus on regional settlement planning or population planning, if you like, as a result of that.\textsuperscript{117}

9.92 Flexibility of land use was an issue that came up many times during the Inquiry. Mr Peter Francis, Economic Development Manager from Bass Coast Council, suggested that a solution was needed to the clash between traditional planning schemes and, in this instance, tourism opportunities, in regional and rural areas:

We are having discussions at the moment across our two shires, South Gippsland and Bass Coast, about our rural land use strategy

\textsuperscript{115} Mr Stephen Cornish, Chief Executive Officer, Pyrenees Shire Council, Central Highlands Mayors and CEOs Group, \textit{Public Hearing}, Ballarat, 18 November 2008.

\textsuperscript{116} Mr Paul Buckley, Chief Executive Officer, Latrobe City Council, \textit{Public Hearing}, 25 November 2008.

\textsuperscript{117} Ibid.
and some of the issues related to the clash between traditional planning schemes which do not allow certain things to happen on farming land and people saying, ‘But if I can do it this way it will allow me to generate other income so I can stay on the land and get enough income from something else to make things work’. I think there has got to be something that fills that void.\footnote{118}

9.93 When asked if it was greater flexibility that the region needed he said:

Yes, more flexible and thinking outside the square. For example, wineries — traditionally with a winery you grew the grapes and sold the wine at the cellar door, but now a lot of them are fantastic tourism attractions in their own right.\footnote{119}

9.94 Along with flexibility, promptness and certainty were seen as important elements of efficient planning schemes:

It is a major issue when you have people arriving on your doorstep all the time wanting to set up particular projects. Like the other municipalities represented here today, essentially revolving around the timber industry, we get lots and lots of approaches and no doubt Ken does as well. They become very wary and scary when they find out that it might involve a rezone of a particular piece of land that is ideal for their particular project. Promptness and certainty are the two factors that are really, really important to people approaching to invest. I think there needs to be more flexibility in the planning schemes, the state policy frameworks, and there needs to be more flexibility to cope with local needs. I do not think there is any question about that. I am not sure how that can be achieved. But certainly at the moment the rigidity in the schemes do not really help us much. As I say, they say, ‘There is a rezone involved. I will go across the border to South Australia’.\footnote{120}

9.95 Council representatives that came before the Committee advocated a regional approach to land use planning. For example Mr Gary Van Driel from Moira Shire spoke about the region’s approach to coordinated planning:

We see strength in a regional approach. We work closely with other municipalities, and I think our association with both the City of Greater Shepparton and the Shire of Campaspe, by way of example, is becoming stronger. We have recently completed a rural land-use strategy as a tripartite strategy across the three councils.\footnote{121}

9.96 Flexibility in land use planning therefore also relates to the need to consider local circumstances and the different requirements of regional locations compared to metropolitan areas:

One of the issues with planning from my perspective is the central control, because we have regional officers who are experienced and

\footnote{119} Ibid.
\footnote{120} Mr Geoffrey White, Mayor, Glenelg Shire Council, \textit{Public Hearing}, Warrnambool, 12 February 2009.
\footnote{121} Mr Gary Van Driel, General Manager, Infrastructure and Environment, Moira Shire Council, \textit{Public Hearing}, Shepparton, 11 December 2008.
who understand the regional areas. Should a planning scheme in Corryong be the same as a planning scheme in CBD Melbourne? Effectively it is, so there are no allowances for regional officers to use their experience and autonomy to say, ‘This is a good thing for Corryong’, and therefore look at the economic drivers, not just the town land use planning requirements to make decisions. If you centralise control you effectively lose the local autonomy, and that is really what is occurring. I think everyone expresses the same frustration. Generally you get very solid support from your regional office before anything goes forward, and then there is this tick-tack-toe between the head office and the regional office that we get involved with. With just the communication chain, it can be a week or two weeks to go one way, and a week or two weeks to go back. I think that is what frustrates everyone, that you can have the regional manager of regional officers, who are under lots of pressure, who can understand what you want to do, and then it is, ‘Well, we will put it forward and see how it goes’ or, ‘You cannot do it because of’. There is not enough of the language: ‘How do we actually make this happen?’

9.97 Land use planning was also of concern to witnesses outside of the government sector, such as a representative of RM Consulting, a regional consulting firm focussed on agriculture and the environment and based in Bendigo:

The land-use planning is not just an important aspect for the farmers themselves, but it is really important for a number of industries that set up in our rural and regional environments. It is a key link and I do not think we want to lose sight of that key link. It is probably one of the key issues, if you were to get out there and talk to a lot of farmers and also to industry, that land-use planning is really important too.

9.98 Suggestions about land use planning in submissions and from witnesses at Hearings covered a wide range of considerations, including the following:

- support for additional development land both for residential and industrial purposes in locations that maximise infrastructure efficiency;  
- support for urban expansion and concerns around the flexibility of the Urban Growth Boundary around Geelong; 
- concerns about the time involved in planning scheme amendment processes, and the need to have the ability to fast-track it;

122 Mr Gavin Cator, Chief Executive Officer, Wodonga City Council, Public Hearing, Wodonga, 22 April 2009.
123 Mr Mathew Shanahan, Senior Consultant, RM Consulting Group, Public Hearing, Bendigo, 12 December 2008.
125 Mr Robert Dobrzynski, Chief Executive Officer, Moorabool Shire Council, Public Hearing, Ballarat, 18 November 2008; Lovely Banks Management Pty Ltd, Submission, Number 49, 31 October 2008; Corangamite Shire Council, Submission, Number 62, 21 January 2009.
• concerns around the need to plan for and protect productive agricultural land;\textsuperscript{127}
• concerns that agricultural land is not flexible enough for development;\textsuperscript{128}
• various suggestions in relation to specific planning scheme controls;\textsuperscript{129}
• support for higher infrastructure charges in new development;\textsuperscript{130}
• support for a greater mix of housing stock to address issues of housing affordability,\textsuperscript{131} and
• support for a review of land use allocations.\textsuperscript{132}

9.99 The inflexibility of the 40-hectare rule in farming zones is also a concern because it fails to take into account historic uses of land across rural Victoria.

9.100 The Committee heard from the Department of Planning and Community Development, who provided evidence on the issue of land use planning in regional Victoria. Representatives from the Department informed the Committee that it has recently increased the number of land use planning staff within its regional offices in response to the rapid growth that has occurred in regional Victoria, including western Victoria:

You have all of a sudden had cropping trebled over 10 to 15 years. You have had blue gums go from zero to 150,000ha. You have had the dairy herd go up by 25 per cent. All of a sudden you have two-thirds of the wind farms’ potential going into that area.\textsuperscript{133}

9.101 Mr John Ginivan from the Department indicated that in their policy-development processes they have considered that the population of Victoria is expected to grow by 2.26 million people by 2036, of which 476,000 will be located in regional Victoria. He said that with such a rapid change occurring across regional Victoria smaller local councils are frequently failing to keep up with the requisite planning that such growth demands.\textsuperscript{134}

9.102 Mr Ginivan also said that this lack of planning is exacerbated by the increasingly complex nature of planning in modern communities:

Planning is interesting in the sense that it has become more complex over time, and my sense is that the expectations that society has

\textsuperscript{126} Mr John McLinden, Chief Executive Officer, Loddon Shire Council, \textit{Public Hearing}, Bendigo, 12 December 2008.
\textsuperscript{128} Mr Glenn Sutherland, Alpaca Interpretation Centre, \textit{Public Hearing}, Bendigo, 12 December 2008.
\textsuperscript{129} Mr Jeff Bothe, Industry Development Officer, Business and Economic Development Unit, City of Greater Bendigo, \textit{Public Hearing}, Bendigo, 12 December 2008.
\textsuperscript{130} Gippsland Area Consultative Committee, \textit{Submission}, Number 21, August 2008.
\textsuperscript{131} Ibid.
\textsuperscript{132} Ibid.
\textsuperscript{133} Mr Keith Jackson, Regional Manager, South Western Region, Department of Planning and Community Development, \textit{Public Hearing}, Melbourne, 22 June 2009.
\textsuperscript{134} Mr John Ginivan, Executive Director, Planning Policy, Department of Planning and Community Development, \textit{Public Hearing}, Melbourne, 22 June 2009.
placed on planning in particular to deal with a whole suite of considerations has made the planning system more intensive in the sense of in years gone by it was simply a mechanism for distinguishing whether something was urban in nature, rural in nature, and that is about as far as it went. It is now expected to deal with housing density, with quality of design, with climate change, with energy efficiency, with sustainability, with a whole suite of other considerations that society has said, ‘These are things that are really important to us.’...By its very nature it has become more challenging.\(^{135}\)

9.103 Smaller councils are hindered by what the Department refers to as a lack of capacity when it comes to planning. As such, many councils cannot employ planners, which results in rushed requests for planning permission as well as the Department having to assume responsibility for planning processes.\(^{136}\)

9.104 Another problem identified by the Department surrounds the piecemeal approach to land use taken by local councils, instead of working together on unified regional strategies.\(^{137}\)

9.105 The Department also proposed a number of solutions to the above problems. For example, it was suggested that concern about rapid growth could be eased by local councils taking a strategic approach to their planning:

The approach we have been trying to take is to encourage councils to work at the strategic end, put in place the strategy that is soundly based on what they think their sustainable future is, what it means for population, what it means for business needs, what it means for industrial land needs and then get on and enable it to happen.\(^{138}\)

9.106 One answer to smaller councils’ lack of capacity, it was thought, could be found in larger regional centres, such as Ballarat, Bendigo, Mildura, Wodonga and Geelong, acting as ‘hubs’ in supporting smaller towns or municipalities.\(^{139}\)

9.107 The Department also took the opportunity to frequently mention the work done by the Victorian Government’s Regional Strategic Planning Initiative (RSPI), in particular how it can help local governments work together with the State Government to speed up the planning process. It was also stated that the RSPI has had success bringing local councils together with each other and other relevant actors to expedite the planning process – with the

\(^{135}\) Ibid.
\(^{136}\) Ibid.
\(^{137}\) Mr Keith Jackson, Regional Manager, South Western Region, Department of Planning and Community Development, Public Hearing, Melbourne, 22 June 2009.
\(^{138}\) Mr John Ginivan, Executive Director, Planning Policy, Department of Planning and Community Development, Public Hearing, Melbourne, 22 June 2009.
\(^{139}\) Ibid.
acknowledgement that there is a lot of room for improvement in this area.  

9.108 Mr Keith Jackson from the South West region made a further point on the importance of policy makers engaging with local communities early on in all planning processes, believing this to be one of the easiest ways of facilitating smooth and rapid progress:

The actual engagement process being up-front and early has been one of the key things that I have seen in helping to get some agreement or quickly working out whether there is divergent opinion.

**Recommendation 14**

The Committee recommends that the State Government establish a local government planning task force consisting of planning managers from regional and rural local councils as well as regional planning experts. The task force would specifically address the following issues:

- current processes for planning scheme amendments;
- the timeliness and affordability of current processes;
- appeal mechanisms and objection procedures;
- issues surrounding the need for greater flexibility in decision-making related to planning, for regional councils; and
- mechanisms for taking into account the unique planning issues that exist in each region of Victoria.

**Industrial Estates**

9.109 The Committee heard evidence in relation to the development of industrial precincts in regional areas in both submissions and at public hearings. A number of submissions stated that industrial expansion was essential to provide employment in regional areas, in general. Some of the submissions spoke of the particular assistance required to facilitate the development of industrial precincts in specific regions.

9.110 Submissions from stakeholders in regional areas supported the development of industrial precincts and sought to attract industrial investment to create local jobs during and after construction. Key to the attraction of industrial investment is suitable land availability and land

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140 Mr Keith Jackson, Regional Manager, South Western Region, Department of Planning and Community Development, *Public Hearing*, Melbourne, 22 June 2009.

141 Ibid.
price, and in some cases assistance from State Government was requested to facilitate this by direct intervention in the planning process, through assistance with expertise or through funding grants.

9.111 A number of submissions noted that early provision of service infrastructure was critical to the attraction of industrial development, and in particular, the importance of and potential in co-location of industrial precincts with transport networks such as freight rail lines and airports. For example, Wellington Shire raised the issue of linking industrial estates to rail connectivity. Hepburn Shire noted the possibilities in co-locating business and industrial uses in areas without the means to develop individual industrial and business precincts, and also suggested that these areas should be designed to target industries based on the region’s workforce skills. Some submissions to the Committee noted the importance of providing adequate industrial land, while a number made specific reference to what is needed in planning industrial estates. Indigo Shire noted the need for flexible grants to allow the development of estates.

9.112 Throughout the course of this Inquiry evidence was received that emphasised the primary importance of government investment in infrastructure in regional Victoria. From a representative of Champions of the Bush, the Committee heard that the definition of infrastructure ought to include industrial estates. This allows for development of industrial estates in regional centres to take place ahead of demand. Mr Carruthers advises:

Having worked with ministers and prime ministers and some fairly experienced private sector people I would suggest to you that the fundamental core element is infrastructure. It is a broad term, and to a lot of people it is very nebulous, but from my perspective the development of infrastructure to build capacity which we can grow into is fundamental to the future of regional centres in Victoria. Historically our planning authorities here have worked on historical data and tried to extrapolate that data forward to see where the need will be in the future, and that is a very professional way of providing infrastructure based upon planning grounds. But if we take the lead of some of the other countries in the world, such as America and some of the EU countries — in particular Ireland, which I think most of you will be aware has been very successful in opening

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144 Hepburn Shire Council, Submission, Number 27, 20 October 2008.
145 Indigo Shire Council, Submission, Number 11, 1 September 2008.
146 Loddon Murray Community Leadership, Submission, Number 47, 31 October 2008.
147 Wellington Shire Council, Submission, Number 44, 31 October 2009; Shire of Southern Grampians, Submission, Number 61, 19 December 2008; Committee for Ballarat, Submission, Number 54, November 2008.
148 Wellington Shire Council, Submission, Number 44, 31 October 2009.
149 Hepburn Shire Council, Submission, Number 27, 20 October 2008.
150 Indigo Shire Council, Submission, Number 11, 1 September 2008.
up its provincial areas — they have invested in infrastructure in advance of development. In other words, they have created the capacity for growth to occur. That is the fundamental issue. I think we have missed the boat in our generation.

To focus on the definition of ‘infrastructure’ is very important. You will be aware of hospitals, health, schools and aged care and those sorts of infrastructure facilities which I have been involved in as well, but I think the rail freight infrastructure, the telecommunications networks and what I would call the hard infrastructure issues — industrial estates, commercial retail land — is the development that governments find very difficult to fund in advance of demand and to substantiate why that money should be spent in rural and regional Victoria.151

9.113 As with many aspects of policy related to regional areas, the Committee heard that in developing industrial estates specific issues need to be considered. Mr John McLinden, Chief Executive Officer of the Loddon Shire Council suggested that in the Loddon region government assistance to develop industrial estates has been essential. He observes that once development has occurred businesses and industry are willing to locate in the region. He encourages further funding initiatives by the government in this regard.

We are finding the cost of subdivision and development in places like Wedderburn is equal to the cost of development in Bendigo or Melbourne, and yet the return is just not there. It actually costs more to develop and subdivide land than the market will return. So Loddon shire in the next couple of years is proposing to do a housing development with its own resources in Wedderburn of the order of half a million dollars, which is a substantial investment. We want to try to kick-start the market. I think that there is a role for government in assisting in some way there; similarly with industrial development, the same story. It is not viable financially to build industrial estates and to attract industry in small country towns, so we use funds provided generally from Regional Development Victoria to subsidise the cost of those. We think that is a great initiative, and it needs to be supported. If we could access a lot more funds, we would build more industrial development, and we do find that if you build it, they do come.152

9.114 The Committee also heard about the need for government assistance with development of estates during its hearing in Wodonga:

We are actually out of industrial area at the moment. People have left our area because they have not been able to expand their business. We are a shire that has two major highways through the centre of it. As I said, we have got interstate rail access and we have also got an airport, but we do not have industrial land. We simply do not have the ability to develop that ourselves. We suggest in our submission that we need to look at ways to get a partnership going between government and

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152 Mr John McLinden, Chief Executive Officer, Loddon Shire Council, Public Hearing, Bendigo, 12 December 2008.
landowners to facilitate the opening up of more land. Obviously we are doing that through the planning process anyway.\(^{153}\)

9.115 Government assistance with financing for industrial estates was raised a number of times with the Committee. For example:

If I could just go on, with the industrial estates, as a council we have to walk a bit of a tightrope. We have the national competition policy so we cannot be seen to be in unfair direct competition with the private sector. We do not issue the blocks at a bargain-basement price just to cover our costs. Also, under the Local Government Act we have to take in a market valuation of the blocks. As I mentioned earlier, what we see is the private sector really is not in a position to provide those facilities. In terms of the industrial estates themselves, the 50 per cent funding in our situation appears to have been sufficient to provide those sort of facilities, but council still really has to be the banker until those blocks have been realised. I guess it takes a gamble in those instances that it might be sitting on those blocks for X number of years. That is really the risk that councils have in being the banker and shoring up that finance for however long. We have those difficulties in terms of our governance requirements and under the legislation; we have got to walk that tightrope to a certain extent.\(^{154}\)

9.116 The responsibility of regional areas to their hinterland was also raised in the context of infrastructure obligations and funding pressure experienced by regional Councils.

Very briefly, we believe regional centres of the future like Wangaratta will have to service natural catchments. We are seeing that already starting to emerge with the regional planning that is going on. There will need to be a concentration of services within regional centres to service wider catchments, particularly in terms of employment, recreation and public and civil arts; and that they will require the necessary infrastructure to support these regional obligations in the areas of industrial estates, child-care centres, recreation centres, hospitals and medical centres, and schools and tertiary education. They will require efficient, safe and regular transport links as I have mentioned, have a secure water supply and be central to a subplanning setting. In other words, there has to be easy access to those areas that clearly cannot afford the investment to supply those services.\(^{155}\)

9.117 An innovative approach to the development of industrial estates was proposed by a representative of the Agribusiness Forum. Mr Campbell suggests consideration be given to establishing ‘agricultural industrial estates’:

I guess the traditional industrial estate is a pretty successful model. I guess our role in agribusiness is promoting looking at other things,

\(^{153}\) Ms Debra Swan, Deputy Mayor, Shire of Strathbogie, Public Hearing, Wangaratta, 23 April 2009.

\(^{154}\) Mr Tony Bawden, General Manager, Corporate Services and Economic Development, Horsham Rural City Council Public Hearing, Horsham, 11 February 2009.

\(^{155}\) Mr Doug Sharp, Chief Executive Officer, Rural City of Wangaratta, Public Hearing, Wangaratta, 23 April 2009.
and we wondered whether agricultural industrial estates were an option for the future where agricultural is intensifying. We are seeing intensive dairies, intensive pig farms, intensive horticulture, and whether there is an opportunity there to set up a model to look at how that might be developed in regional Victoria, to supply investors with water, gas and effluent management. I guess that is probably it for industrial estates.156

9.118 In this context the role of industrial estates in providing economies of scale is emphasised in application to the agricultural industry. In discussing the possibilities of such an approach with the Committee Mr Campbell referred to Costa’s establishment at Guyra which operates as a ‘collective’:

It is [owned by one individual], but there is no reason why it could not be replicated. He does not run it; he gets 20 or 30 farmers to run a section each. So it is like a 20-hectare operation and he gets one farmer to run a hectare, basically. The farmer has a bit of his own skin in it...

Victoria cannot keep up with the scale of agriculture to be efficient; it just cannot, especially at that intensive end. Working in collectives, basing yourself around a sewerage farm, utilising the water and value-adding to that has a whole lot of benefits — sharing gas and all that. I think it is the only way we can remain efficient, basically. People have to give up their geographic sort of preferences and work together. 157

9.119 The Committee believes that the creation of first class industrial precincts should continue to be a focus of local councils and that support from government is essential in regional areas. In addition consideration should be given to the flexibility of industrialzonings to allow mixed-use activity.

9.120 Planning flexibility includes the need to consider what will be needed in the future, how business will grow and expand. This advice was heard in Geelong:

Flexible zoning: as industry or businesses morph into more knowledge-intense businesses their requirements for office space often increase, and if they are based in an industrial zone there are limits on the number of square metres for office space in those zones. What we are seeing at the moment is industries trying to grow, or businesses trying to grow, and they are limited where they are currently located because of the cap on floor space for office use. We believe there is a review of the Planning and Environment Act that will potentially speed up the planning process. It is important for attracting investment that the planning process is seen as efficient and timely. 158

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156 Mr Lachlan Campbell, Executive Officer, Australian Alpine Valleys Agribusiness Forum, Public Hearing, Wangaratta, 23 April 2009.
157 Ibid.
9.121 Furthermore consideration should be given to conducting audits of available industrial land, rather than including all land. It was suggested to the Committee in Geelong that this is a current issue, as is the complicated process required to release Crown land for use:

...the audit of industrial land supply for the Geelong city region, within the broader region, exaggerates the land supply. There is significant industrial land available or vacant in the north Geelong precinct adjacent to the refinery, but it is an all-buffer area — it cannot be used; and similarly for the Point Henry area, where the Alcoa smelter is, and the rolling plant — all of that area is owned by Alcoa and again maintained as buffer for the most part. Whilst we have on paper, on a quick review of the aerial photography, which is the audit process, a significant industrial land supply, those two constraints, including the Marshall area which is part of the Armstrong Creek area, which is another couple of hundred hectares of industrial land, when you take all of those out of the equation, we are quite tight and that is why Heales Road, and bringing that forward and delivering serviced industrial land as a priority is so important for our region.159

9.122 As mentioned in 9.82, the Victorian Government recently undertook an Audit of Industrial Land in Provincial Victoria through the Department of Planning and Community Development. The audit’s brief listed the following areas of interest:

- an assessment of the supply of zoned land available for industrial development;
- constraints on the development of industrial land;
- opportunities for the future supply of zoned land; and
- factors that influence demand for industrial land.160

9.123 Accordingly the audit looked into matters such as the overall area of land zoned for industrial use across regional Victoria, the locations of the largest industrial sites, the various uses of industrial land (for example, agriculture and manufacturing), and the ways in which different local governments and regional centres anticipate, identify and react to demand.

9.124 Data for the audit was collected via several methods, including ‘fieldwork, Council records and strategies, other government authority/agency data, Council officer expert advice, desktop analysis including aerial photography, and online research’.161 The data spanned mid-2006 to mid-2007.

9.125 The audit found that over the past ten years new industrial development has been widespread across regional Victoria, in both larger regional centres and small towns. Unfortunately, this growth has been concurrent with growth across the wider economy and society at large, leading to councils and the State Government having to juggle often competing

159 Ibid.
161 Ibid.
demands. As such, ‘the limitations of some of the current arrangements and processes are becoming more evident’. In particular, it was felt that the absence of standard methods and procedures across the state makes assessing and evaluating industrial land zones difficult.

9.126 The authors also made the point that due to the unique character possessed by each and every regional city, centre and town in Victoria ‘local knowledge is necessary to understand the industrial land use and development situation’, especially when considering the disparate capacities of these communities to meet demand for industrial land.

9.127 The report concluded that there is a need to systematically plan for future industrial development across Victoria, and that any system has to be flexible enough to be able to adapt to the varying needs and conditions of both larger regional centres and small towns. The authors also stressed the importance of regularly updating the information gathered by this audit into the future.

9.128 A number of limitations in the collection of the data for the audit were identified in the final report, including:

- land parcels that formed part of the geospatial mapping may not have been ‘survey accurate’, possibly influencing the figures for total industrialised land; and
- a gap in the local employment figures database.

9.129 The Committee supports the recommendation emerging from the report that audits should be conducted on a regular basis. Furthermore, it believes that the audit should be an audit of available land, and that it ought to be conducted in collaboration with local council representatives.

**Recommendation 15**

The Committee recommends that the State Government conduct a review of its 2006 industrial estates audit [as the audit Report itself recommends]. The Committee recommends that this be done on a local government area basis and on a regional basis.

This review of the audit would address concerns heard during the Committee’s hearings for this Inquiry that the audit was conducted according to criteria that did not take into account the difference between identifying appropriately zoned land that is available for use as opposed to land that is vacant.

The audit would identify those local government areas within Victoria that require specific financial assistance to become investment ready and to take advantage of present and future business opportunities.

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\(^{162}\) Ibid.

\(^{163}\) Ibid.

\(^{164}\) Ibid.
Business Clusters and Networks

What I see in regional Australia is that there a number of clusters, but not many of them have become mature. Most of them are nascent and growing clusters. There is a real role for government there to upgrade and underpin those clusters...\textsuperscript{165}

Professor Julian Lowe, Ballarat.

9.130 As noted in Chapter Six the 1990s saw the rise of cluster based regional development strategies, following the publication of Michael Porter's *The Competitive Advantage of Nations*.\textsuperscript{166}

9.131 Clusters strategies have become popular in many countries as regions seek to create new competitive advantages. Regional areas face particular challenges in developing clusters. This is because clusters are partly based on the need to build on competitive strengths. Regional areas in some cases lack the scale and the density of business networks that are required.

9.132 In Ireland Professor William Golden described what he saw as the impetus for the success that the city of Galway has experienced in establishing itself as an ‘e-learning cluster’, employing the ideas and language used by Michael Porter. Characteristics of Galway’s ‘e-learning cluster’ include the availability of a skilled workforce in the region and a close partnership between industry and the regional University, supported by government.\textsuperscript{167}

9.133 Professor Golden suggested that working regionally assisted in solving dilemmas that individual companies face because it meant the focus of research and efforts was on a group or cluster in a particular field rather than one company relying on being able to stand back from its own business. According to Professor Golden, grants should focus not on individual companies but rather on collections or clusters.

9.134 Bringing large multinationals into a region, although it had many benefits, also posed risks in times of downturn. Professor Golden suggested again that looking at the inherent skill set in a region is a way of avoiding risks. The existence of a company in a cluster that matches a local skill set means that skilled workers can establish new companies in a particular sector or that if jobs are lost in one company they may be available in another in the same sector.

9.135 The United States has focussed on cluster based development for a number of years. Members of the Committee discussed the use of cluster based development to encourage rural and regional competitiveness with the Director of National Programs and Performance Evaluation in the United States Economic Development Administration, US Department of Commerce. The goal of this federal agency is to promote innovation and

\textsuperscript{165} Prof Julian Lowe, Director, Centres for Regional Innovation and Competitiveness, University of Ballarat, *Public Hearing*, Ballarat, 18 November 2008.


\textsuperscript{167} Professor William Golden, Dean, College of Business, Public Policy and Law, National University of Ireland, *Meeting*, Galway, 27 May 2009.
competitiveness in regional America and to prepare regions in the United States for success in the global economy.

9.136 Dr Kittredge, Director of the federal agency for National Programs and Performance Evaluation, explained that the United States federal approach to development has been to support cluster based development. The approach attempts to ensure that federal involvement is not prescriptive, but rather that the focus is on developing and enhancing the functioning and competitiveness of leading and emerging industry clusters in an economic region. Local knowledge is taken advantage of and local decision-making encouraged.168

9.137 The investment agenda undertaken by the US federal Government is based on undertaking continuing research into regional development along with evaluation of programs.

9.138 As part of this ongoing information and research gathering a forthcoming plan for the Economic Development Administration is to conduct an ‘Asset mapping of Regional Innovation Clusters’. The project will identify the growing, the emerging and the stagnant and declining clusters nation-wide. The goal of the Administration is to continually update information on a website that is accessible to stakeholders. The information will provide guidance to economic development practitioners and communities. The projected date for undertaking that work has not been confirmed.169

9.139 Another forthcoming project that is part of work towards a comprehensive economic development strategy is to establish what Dr Kittredge described as ‘Green Economy Regional Innovation Systems’.170

9.140 Lessons from the United States experience are that clusters are an international phenomenon and that business, professional and inter-personal networks ‘transcend political borders or in Dr Kittredge’s words ‘economies don’t respect political borders’.171 The most successful cluster investments exploit local resources and are part of a strategic economic development strategy. According to Dr Kittredge ‘Government creates the environment – not the cluster’.172

9.141 The most successful clusters that the Economic Development Agency has invested in are those that are international in orientation, particularly in terms of policy collaboration. Dr Kittredge explained that ‘Clusters of innovation is the United States direction because we realise that competition based on productivity alone is insufficient’.173

9.142 The Committee found significant interest in ‘clusters’ through both written submissions and at hearings, being informed many times that the concept

169 Ibid.
170 Ibid.
171 Ibid.
172 Ibid.
173 Ibid.
of developing industry clusters is appealing to economic development practitioners and industry and business in regional Victoria. There was a good deal reported about experience in existing clusters, relationships between sectors, and in some cases, examples where councils such as the Mt Alexander Shire Council, had incorporated cluster development as part of their municipal strategy.

9.143 For example, the Hepburn Shire Council suggested that local governments work closely with state and federal governments in forming ‘clusters’ in rural and regional areas, stating that:

Success in the formation of these clusters is dependent upon the existence of social networks, social capital and institutions that facilitate innovation and economic development. Local governments need to work closely with their state and federal counterparts in promoting the development of these types of clusters (where possible) in rural and regional communities.\(^{174}\)

9.144 Others are aware of the possibility of using cluster development models for enhancing their regions attractiveness and potential. For example, at the Committee’s Hearing in Gippsland this was raised a number of times. David Mawer, the Managing Director of Gippsland Water pointed out that, although the choice for business to locate in regional Victoria includes many challenges, there are also competitive advantages in the regions which should be recognised. Mr Mawer sees a very strong connection between working together in regions and clusters. He believes that the strength of regions lies in the development of alliances across businesses according to Porter’s clusters model. He states:

...Gippsland will not ever be Melbourne, so we should acknowledge that and seek to emphasise and promote the strengths of the area. It is our view that concentrating on promoting the strengths is much more advantageous and certainly produces much more progress than seeking to resolve all the perceived weaknesses, which dissipates the energy of any attention, soaks up resources, is forever chasing the ball and rarely catches up with things, let alone provides progress.\(^{175}\)

That can be presented as picking winners. While we do not walk away from that, at a higher level it is more attune to the work that Harvard’s Michael Porter has done on competitive advantage and clustering. Given the somewhat fragmented nature of the Gippsland region, we think Porter’s concepts of industry and technological clustering, particularly where they can now utilise high-speed broadband going forward, offer a real option for development in Gippsland.\(^{176}\)

That is starting to happen in an ad hoc way already. Certainly in the past few weeks Gippsland Water has been involved in a number of forums which are developing a case for an alliance to support cross-

\(^{174}\) Hepburn Shire Council, Submission, Number 27, 20 October 2008
\(^{175}\) Mr David Mawer, Managing Director Gippsland Water, Public Hearing, Morwell, 25 November 2008.
\(^{176}\) Ibid.
employer training, particularly for engineering disciplines. We think that is a goer. We already do that in a way, anyway, but the more of the region’s existing employers are involved in that, the more what will develop is a natural alliance. The issue, I guess, is whether in a bigger scheme of things there is a role for state government to support that more than it does already.  

9.145 Also in Gippsland, Ned Dennis of South Gippsland Shire supported this view of the importance of marshalling government assistance towards the development of regional business alliances:

...the attraction and development of business clusters is key, because with our size population and the nature of the size of the towns and the businesses, clusters of businesses can provide some economy of scale. We need to work on that, and that is something on which we can certainly get assistance from both levels of government.

9.146 The City of Greater Geelong also supported funding for the formation and development of business and industry clusters in their region. Darren Gray, Economic Development Officer at the City of Greater Geelong reflected the opinion of many when he suggested that cluster development was a ‘fundamental economic development tool’. He contended that further funding for clustering initiatives would be critical to growing industries in the new economy. He states:

...industry cluster development: there are a number of emerging clusters around the state of Victoria and a number in Geelong, including biotechnology, ICT and food industry clusters. Cluster development is a fundamental economic development tool, and we believe further funding for these initiatives, and even enhancing the funding of these initiatives, will be critical to growing new economy industries.

9.147 In Warrnambool the Committee heard about the vital importance of supporting the food industry, Australia’s largest manufacturing industry. This is particularly crucial for regional areas where the benefits of such a strategy would be the greatest. In many parts of regional Victoria, for example in the Sunraysia district, in Gippsland, in Western Victoria, food industry alliances would operate as ‘natural’ clusters. It is imperative that greater priority be placed by government on support for the regional food industry in Victoria. One method of providing support is to assist with the identification and development of regional food clusters.

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177 Ibid.
178 Ibid.
179 Mr Ned Dennis, Community Strengthening Coordinator, South Gippsland Shire Council, Public Hearing, Morwell 25 November 2008.
181 Ibid.
182 Ibid.
9.148 Dr Greg Walsh a highly respected regional economist put this compelling argument to the Committee. Dr Walsh sees the food industry in particular as an ‘access point to shape and influence regional economies’. He says:

It is true when you look at Australia from a demographic point of view, it is highly centralised both in population distribution terms and in terms of urban settlement. But if you look at the Australian economy from a food industry perspective, it is highly decentralised, highly diffuse and very regionally-based.

Of the 4000 food processing firms in Australia — this figure is somewhat dated; it is contained in a chapter in a book that I wrote a few years back — over half are regionally located. Of course if you add the farm sector to that, the food industry is very substantially regionally located. It is Australia’s largest manufacturing industry and the second most important source of export income. However, in my view it does not receive the priority that other industries receive, for example the car industry.

If it received that sort of priority, regions would benefit and governments would be very effective in developing regions in a sustainable way.

9.149 Support from regional universities for food clusters through provision of training and education would be a natural adjunct to these strategic alliances. For example, in Gippsland:

East Gippsland is also establishing itself as a hub for food growing and processing; that is if we can solve the water problems. Post-secondary education modules to service these and other select needs for East Gippsland would not only underpin the strengths of these industries but would grow the reputation of this region as a destination for retirees and food industry participants.

This example of specialised post-secondary education could be used to fit other regions — for example, the dairy and meat industry in the Western District, which could benefit from primary production right through to processing and value adding.

9.150 Supporting industry in cluster groups is an important way for government at all levels support regional industry groups, and regions to identify their own strengths and emerging opportunities. Again this can be seen in the context of providing education regionally:

We have a number of companies obviously working in the food industry. If someone wants to study food technology, they need to go down to Melbourne and do that. That impacts on how the manufacturers in our region can actually do their succession planning, because they do not have that ready access. In many ways with those types of courses that do require some form of bricks and mortar, there are opportunities for greater partnership between

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182 Dr Greg Walsh, Member, Champions of the Bush. Public Hearing, Warrnambool, 12 February 2009.
183 Ibid.
industry and universities so that they can do the training in existing laboratories, or they can utilise existing state government facilities like the DPI laboratories in Tatura to deliver some of those things. I think there needs to be more work at how all levels of government and industry share that challenge to be able to deliver it, as Kerry-Anne set out, in the region rather than having to travel.  

9.151 In Mildura the idea was presented that the city could be developed as an education centre with a focus on drawing in students from around the state and further afield. Government leadership towards creating this kind of cluster would provide long term benefits for the region.

In terms of the inquiry, the things that I would particularly like to comment on in relation to Mildura as a regional centre of the future are the concept of us becoming an educational city... I think there is a lot of potential for us to attract, apart from local students, state, national and international students. I am thinking of the European model where most students go away to study. Although we would like to keep more of our local students in Mildura, I also think we can offset that by encouraging students from other cities and other states, and if we were an education centre we would be attractive for that. We certainly have some specialisations that are not available anywhere else. I mentioned sustainability. We also, in conjunction with La Trobe, have the most wonderful arts program, and Debbie Neal from La Trobe just mentioned their success in education itself. We have some specialisations which would be attractive to students from other areas.  

9.152 This idea was consistently presented throughout the Committee’s regional Hearings – that emerging clusters of businesses with a common theme strategically supported by government would result in businesses leveraging off each other. Professor Julian Lowe, Director for the Centre for Regional Innovation and Competitiveness at the University of Ballarat put forward the idea of clusters sometimes ‘sparking off’ each other and at other times collaborating. He saw this as having a positive impact on a region and, citing the example of the information and communications technology cluster in Ballarat, found that this was reflected in the growing number of information and communications technology workers in the region.

9.153 Mount Alexander Shire also raised the possibility of developing clusters around knowledge workers in their region. The Shire linked the idea of the lifestyle advantages of regional areas, with their potential for attracting new industry workers. The Shire’s strategy is to explicitly promote their

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185 Mr Dean Rochfort, Director, Corporate and Economic Development, Greater Shepparton City Council, Public Hearing Shepparton, 11 December 2008.
186 Ms Winifred M. Scott, Chief Executive Officer, Sunraysia Institute of TAFE, Mildura campus, Public Hearing, Mildura, 18 March 2009.
187 Professor Julian Lowe, Director, Centre for Regional Innovation and Competitiveness, University of Ballarat, Public Hearing, Ballarat, 18 November 2008.
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region to ‘knowledge workers’ with the aim of developing a cluster around labour supply.\textsuperscript{188}

9.154 From the evidence, it is clear that there are ‘push pull’ elements to establishing clusters.\textsuperscript{189} Universities in regional areas are a ‘pull’ factor for businesses, particularly those requiring skilled workers. In evidence before the Committee representatives of Ballarat University said that the presence of a university was fundamental to the establishment and maintenance of regional clusters because of their role in providing research and training for skilled employees. A key role for regional universities in a knowledge economy may be their contribution to providing research and knowledge for clusters and business networks.\textsuperscript{190}

9.155 Professor Julian Lowe sees a firm role for government in ‘orchestrating’ the education sector in the context of their contribution to business and industry, including through the provision of ‘grants, tax credits for research and development and exporting’.\textsuperscript{191} The role of the university, with government support, is to upgrade and enhance clusters:

The university’s role there is that fundamentally the university serves to upgrade that cluster by providing research and training to ICT workers and to the enterprises around ICT in Ballarat. The university has a very positive impact on the cluster, and the cluster itself in its ultimate form becomes like Silicon Valley and Ballarat becomes bigger than Melbourne and we will be going down to see you rather than you coming up to see us. I am sorry; I am just being a little bit facetious. That is how clusters work. What I see in regional Australia is that there a number of clusters, but not many of them have become mature. Most of them are nascent and growing clusters. There is a real role for government there to upgrade and underpin those clusters by orchestrating the education sector, orchestrating from federal and state government grants and tax credits for research and development and exporting, and things like that. I think clustering is an absolutely crucial aspect of regional development and will continue to be in the future.\textsuperscript{192}

9.156 Professor David James, Chair of the Committee for Ballarat shares this view, suggesting that regions without the ‘independent voice’ of a university may be less successful in developing clusters.\textsuperscript{193} The relationship between high tech industry and universities was raised during the Committee’s Inquiry and considered extremely important. Professor James makes this point regarding his experiences in Ballarat:

IBM was constrained to come to Ballarat; there is no question about it. I do not think they wanted to come. The government really put the pressure on them to come. The reason it was successful was that

\textsuperscript{188} Mt Alexander Shire, \textit{Submission}, Number 58, December 2008.
\textsuperscript{189} The push factor involves a force which acts to drive people away from a place and the pull factor is what draws them to a new location.
\textsuperscript{190} Professor Julian Lowe, Director, Centre for Regional Innovation and Competitiveness, University of Ballarat, \textit{Public Hearing}, Ballarat, 18 November 2008.
\textsuperscript{191} Ibid.
\textsuperscript{192} Ibid.
\textsuperscript{193} Professor David Jones, Chairman, Committee for Ballarat, \textit{Public Hearing}, Ballarat, 18 November 2008.
the university was independent at that stage. It could act independently and form the relationship with IBM. Unfortunately, the other regional centres — Bendigo, Churchill and so on — do not have an independent voice of a university. They cannot interact, particularly with a high-tech business, to create the sort of partnership which is very important. There is a whole gamut of things that go into making it successful.\(^{194}\)

9.157 The critical ‘push’ factors, such as the lack of development of quality education services and sources of labour in regions were identified throughout the evidence that the Committee received. Other push factors might include the lack of a solid foundation in infrastructure in regions. In many cases delayed and cumbersome land use planning processes were seen as factors deterring businesses from choosing a regional location. The Committee heard that zoning of industrial land in concentrated areas is appealing to regional Councils who understand that a concentration of infrastructure will provide support services that will encourage industry clusters to develop.\(^{195}\)

9.158 The Committee believes that an audit of available infrastructure in regional centres and their hinterland could be used in identifying the existing strengths of regional areas and the potential to form effective clusters.

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**Recommendation 16**

*The Committee recommends that State Government grant schemes have additional finance set aside to encourage clustering and that network and sector supports be put in place to encourage clustering in areas where an emerging competitive advantage has been identified.*

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**Profile 8: University of Ballarat Technology Park**

The University of Ballarat Technology Park is a 29 hectare site set 10km from the regional centre of Ballarat. The Technology Park is adjacent to the University of Ballarat’s Mt Helen campus. The applied, academic and research knowledge the Park requires is available at its doorstep, as well as the opportunity to broker strategic alliances and commercial relationships in the region.\(^{196}\)

The University of Ballarat established the University of Ballarat Technology Park in the early nineties. Containing 24,170 square metres of floor area in seven buildings, and with tenants including IBM Ballarat, Ambulance Victoria, the Global Innovation

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\(^{194}\) Ibid.

\(^{195}\) Mr Philip Sabien, Executive Director, Wimmera Development Association, *Public Hearing*, Horsham, 11 February 2009.

Centre and the State Revenue Office, the Technology Park is now described as ‘... a major player in the expansion of economic development in the region’.  

In evidence before the Committee, Mr Anthony Schinck spoke of the role of the Technology Park in regional information technology infrastructure development:

We are also very blessed to have the University of Ballarat Technology Park in Ballarat and in this region. I certainly think that together this region has been doing a lot of work around what we need to do in terms of connectivity, ICT development and continuing to attract those very competitive industries to Ballarat and the region.

Mr Schinck also spoke of the value of the University of Ballarat in the region in financial terms, citing its estimated $400 million-value to the regional economy as well as to local employment, community and industrial development. The Technology Park plays a role in attracting students to the University of Ballarat and to establishing the regions profile and reputation as a centre for information and communications technology.

In addition to that, the University of Ballarat has made significant contribution to the region through the development of its technology park. It has almost developed an entire industry sector together with Ballarat and the rest of the region around ICT. For that we have seen the results of, recently, IBM expanding its current facility here at the technology park, we have got research and development hubs and incubators at the technology park which are all very critical to capture that intellectual property that exists here within the region, and to develop that, as well as, obviously, build a profile of the region and Ballarat as being a centre for ICT.

Dr Joel Epstein at the Centre for Rural and Regional Development at the University of Ballarat highlighted the importance of the interrelationship between the University and the Technology Park:

They see the university as a source of graduates for recruitment, but we also have programs with IBM, such as the Earn as You Learn program, where students actively work as part of their studies — that is, during the time they are undertaking their studies in IBM’s facilities as well. That works very well from IBM’s perspective, and also from the university’s perspective.

University of Ballarat Deputy Vice Chancellor, Professor Wayne Robinson, told the Committee of the collaborative nature of the project, with State Government working with IBM Ballarat and the University to realise joint emergent opportunities for expansion:

The state government has been remarkably supportive of the development of the Ballarat technology park. In fact there is a new building just going up at the moment, which is collaboration between IBM, the State Government and the

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197 Ibid.
198 Professor Wayne Robinson, Deputy Vice Chancellor, University of Ballarat, Public Hearing, Ballarat, 18 November 2008.
199 Mr Anthony Schinck, Chief Executive Officer, Ballarat City Council, Public Hearing, Ballarat, 18 November 2008.
200 Ibid.
201 Dr Joel Epstein, Director, Institute for Regional and Rural Research and Innovation, University of Ballarat, Public Hearing, Ballarat, 18 November 2008.
University of Ballarat, to bring more jobs to the region. I suppose if you wanted to put it in a nutshell, the University of Ballarat seeks collaborations and partnerships with industry — local, national and international — to attract them to the University and to its technology park.202

Committee for Ballarat Member, Mr Tony Chew, told the Committee of the historical importance of the Technology Park to manufacturing in the Ballarat community:

...the technology park at Mount Helen is almost a purpose-built high-tech ICT facility. When manufacturing companies came to Ballarat in the 1970s and 1980s they set up in the Wendouree industrial estate. There are some synergies of operation there with food manufacture. We now have three major food manufacturers in that estate. That land is fast filling. We are now saying that here we have some unused industrial land at the airport which should be protected for future expansion of air travel, whether it be domestic or freight, but there is an enormous opportunity there to take advantage of putting new industries there...203

The Technology Park in Ballarat describes its goal in this way: ‘The spirit of innovation and entrepreneurship at UBTP provides the synergy and connections techno-driven enterprises require to explore the far-reaching development opportunities available to them.’204

Funding for Regional Development: Municipal Bonds

9.159 During a Public Hearing in Geelong the Committee heard evidence in relation to the concept of municipal bonds. Municipal bonds, also known as ‘muni bonds’ or ‘munis’, have been used in the United States and elsewhere to raise capital for development while giving investors an alternative to superannuation that allows them to invest in projects in their own regions. The interest earned by bond holders is often tax exempt.205

9.160 According to the US Security Industries and Financial Markets Association:

Municipal bonds are debt obligations issued by states, cities, counties and other governmental entities, which use the money to build schools, highways, hospitals, sewer systems, and many other projects for the public good.

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202 Professor Wayne Robinson, Deputy Vice Chancellor, University of Ballarat, Public Hearing, Ballarat, 18 November 2008.
203 Mr Tony Chew, Member, Committee for Ballarat, Public Hearing, Ballarat, 18 November 2008.
205 Municipal bonds are debt securities issued by state or local governments or their agencies to finance general governmental activities or special projects. For example, a state may float a bond to fund the construction of highways or college dormitories. The interest a muni bond pays is usually exempt from federal income taxes, and is also exempt from state and local income taxes if you live in the state where it was issued. However, any capital gains you realize from selling a muni are taxable, and some muni interest may be vulnerable to the alternative minimum tax (AMT). Munis generally pay interest at a lower rate than similarly rated corporate bonds of the same term. However, they appeal to investors in the highest tax brackets, who may benefit most from the tax-exempt income: Online Dictionary of Financial Terms, Lightbulb Press Inc. 2008: http://www.lightbulypress.com/financial_content/dictionary.html; accessed September 2009.
When you purchase a municipal bond, you are lending money to a state or local government entity, which in turn promises to pay you a specified amount of interest (usually paid semi-annually) and return the principal to you on a specific maturity date.206

9.161 According to Mr Geoffrey Carruthers, Convenor of Champions of the Bush, the concept is worth further investigation:

We think that municipal bonds have not been fully explored. I have said in the paper here that a member of our group, Greg Walsh, an economist who lives in Warrnambool, has been detailing the experience around the world with muni bonds, as they are called. In the United States and the EU countries they are tax exempt. People invest in a municipal bond because it is going to be put into infrastructure development in their community, so people are more inclined to want to see some of their money perhaps not going into superannuation but going into a municipal bond that they can see will benefit their own region or their own community. If it is tax exempt, then there is an even greater benefit. But in the past the reaction to that from both federal Treasury and state Treasury has been that it is a risk that someone has to carry on their balance sheet.207

9.162 Based on his own experience of development in regional Victoria and his understanding of international practice it is a useful tool for channelling funds into regional development.

Without going into the technicalities of it, because I am not an economist or a finance expert, as I understand it then that risk has got to be shown as a debt. Because we were a bit averse to debt in the past, especially for funding infrastructure, then the advice from Treasury has been to Premiers, Prime Ministers and Treasurers that we do not want to have that Treasury debt being seen as an encumbrance on future generations. However, it is working around the world, and it is clear that that is the way that people can put some of their own money into their own area, and I suspect that many people before you will be talking about how superannuation funds could have otherwise been better investing their money in Australia rather than investing it in infrastructure overseas. But given that we have the Bendigo Bank and we have got the NAB involved in Champions of the Bush, they tell me that the trustees of superannuation funds are obliged to generate the greatest return they possibly can for their fund members. It will be interesting to see what happens in the next two or three years about how they will assess what sort of rates of return that are required.208

9.163 Dr Greg Walsh gave the following advice directly to the Committee at Hearings in Warrnambool, the second of a number of suggestions for action to facilitate regional development that he made:

208 Ibid.
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The first is to facilitate the establishment of a new financial instrument that enables knowledgeable local investors — I am talking about self-funded retirees — to invest in small-scale local infrastructure that they know can generate a moderate return. This would be a new and appropriate financial instrument that links the substantial resources of central governments with the market intelligence of local investors; a new and appropriate financial instrument that enables central governments to leverage local capital in expanding the impact of grant funds.209

9.164 The main target of the reform that he suggests is to halt what he describes as the continuing flow of capital out of the regions:

The instrument I am talking about, if it was available, in my view could do this: I am not sure what proportion of the $48 billion that has been allocated by the federal government is going to regions, but let us assume it is $10 billion. This financial instrument could achieve, in my view, the same impact with just $5 billion of that $10 billion. Finally, a financial instrument that addresses the problems that are created by the continuing flow of capital out of regions elsewhere and the equity problems that are associated with that. So that is the first thing.210

9.165 Dr Walsh goes on to describe this proposed financial instrument in greater detail. He also describes the progress he has made so far in convincing both the State and Federal governments of the efficacy of such a reform. In response to a question from Mr John Vogels MLC from the Rural and Regional Committee he says:

What I have in mind, John, is not a new idea. It is borrowed from the US and Europe — that is, the notion of allowing local bonds to be issued to help fund small-scale infrastructure such as water pipelines, water treatment plants, resource initiatives of one sort or another, that can generate a moderate return but not a return that is attractive to conventional investment bodies.211

9.166 The use of the kinds of local bonds that Dr Walsh is describing is prevalent around the world and particularly in the United States:

What happens in the US — and it is the way the US contribution to the Second World War was funded and then became the way in which regions got developed in the US — was that local authorities were allowed to issue such bonds, even for programs as little as $1 million. They are among the most popular forms of security now around the world. Of course they are partially tax exempt, which is what makes them attractive. It is something Premier Brumby was very interested in it when he was Treasurer, and I was engaged along with Macquarie to do quite a bit of work on it. But the outcome of that was that the process that was needed to get them up and running was really federal. They needed to be regulated by APRA, so it became a federal issue. The then Department of

209 Dr Greg Walsh, Member, Champions of the Bush, Public Hearing, Warrnambool, 12 February 2009.
210 Ibid.
211 Ibid.
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Transport and Regional Services in Canberra engaged me to provide advice, which they thought was terrific, but this was in 1993 when the government — and Treasury especially — was very focused on reducing debt. This instrument was considered a debt instrument and federal Treasury would not consider it.\textsuperscript{212}

9.167 The Committee believes there is merit in the Victorian Government investigating the potential for the development of municipal bonds in Australia as an alternate mechanism for funding infrastructure.

\textit{Recommendation 17}

\textit{The Committee recommends that the State Government investigate the potential for the development of municipal bonds for the benefit of regional Victoria.}

Entrepreneurship and Innovation

...35 to 40 year olds, I think, have a different expectation for their own lives and a different expectation for their children. They are often educated to diploma or bachelor qualifications; they have a choice, they do not have to stay there, they can go somewhere else.

If we want to retain them, it seems to me... you need to create an environment of entrepreneurship where it is respected, nurtured and supported...\textsuperscript{213}

Cr Reid Mather, Horsham.

9.168 Entrepreneurship and innovation must be at the heart of local economic development strategies and actions. This means more than supporting the creation of new businesses and the retention and expansion of existing businesses. It means the creation of an innovative and entrepreneurial culture among businesses and more generally in regional centres.

9.169 Innovation was described in Gippsland as one of the answers to problems faced in maintaining the sustainable development of regional Victoria, and that government policy on innovation ‘... is a central aspect of economic policy’.

... we all accept that today’s environmental, social, political and economic landscapes are dramatically changed, and indeed innovation is going to be one of the answers to the problems that we presently face. We would be suggesting to you that innovation in terms of applied research for industry to make us more sustainable,

\textsuperscript{212} Ibid.
\textsuperscript{213} Cr Reid Mather, Mayor, Buloke Shire Council and Chair, North West Municipalities Association, \textit{Public Hearing}, Horsham, 11 February 2009.
Much more can be done to create an entrepreneurial culture in our regional centres, through a range of measures that build on existing Victorian Government programs. In many overseas jurisdictions the promotion of entrepreneurs and entrepreneurialism is a key facet of economic development policies.

Regional centres that are open to new ideas and new ways of doing things will be the ones to thrive. As will communities that support investors and businesses that have the potential to bring new wealth into the community. Furthermore, low entry barriers for those who wish to become involved in building the community are important as is encouraging the growth of formal and informal networks across sectors and professions.

In particular, strategies to assist more young people in starting and growing new businesses, could be supported – especially in ventures that bring new wealth to regional centres.

During Public Hearings and in Submissions where entrepreneurialism and innovation were discussed the role of regional universities was raised repeatedly. A strong relationship between universities and successful businesses is crucial. For example, the support that universities provide for entrepreneurial activity and innovative business practices was raised in Ballarat:

We have three other research centres: one focused on health; one focused on environment; and Julian’s centre, which is focused on regional enterprise and innovation. Each of those centres undertakes a range of research activities that enable corporations or government, or services like health, to develop and grow and innovate and get to the next stage of their development. We look at all the research that we do as part of the regional innovation system, and the university plays a key part in bringing innovation to the region. It also acts as a source of knowledge for the region. Regional enterprise would look to the university to keep up with latest efforts, trends and technologies that come from around the world. Businesses look to the university to keep them apprised of those developments.

There are many definitions of entrepreneurship. A useful definition is one that focuses on the adoption of new ideas to create new products, processes or markets that bring new wealth to the community. The notion of entrepreneurship has often had negative connotations in Australia, as it has been linked to either highly risky or unethical practices. This is unfortunate because growing entrepreneurship in regional centres generally should be a core economic development strategy.

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215 Dr Joel Epstein, Director, Institute for Regional and Rural Research and Innovation, University of Ballarat, Public Hearing, Ballarat, 18 November 2008.
9.175 The US entrepreneurship expert Ron Hustedde has argued that:

There are cultures within a community that nurture, tolerate, or discourage the creation of new enterprises. Communities with cultures that value independence, innovation, diversity and wealth creation can be viewed as entrepreneurial-friendly while those that place higher values on conformity and homogeneity or that tend to be overwhelmed by their deficits and problems can be viewed as entrepreneurial tolerant or resistant. 216

9.176 For those concerned with regional development, the key task is to identify strategies and actions that grow an innovation culture in regional centres and to develop suitable forms of government support. Entrepreneurship is not just about start-up businesses. New businesses may be entrepreneurial, or not. It is most likely that high growth businesses will be entrepreneurial, but not all will be.

9.177 Building an innovative and entrepreneurial culture is a more difficult concept to grasp and less tangible than pursuing the traditional means of supporting businesses through infrastructure (such as business and technology parks) or financial assistance to firms. Nor should the importance of these traditional mechanisms of business support be underestimated.

9.178 Innovation is not just about inventions, but also includes the development by firms, singly or in combination with other firms, of new products, processes or markets. Innovation is therefore closely linked to entrepreneurship.

9.179 As Chapter Four noted, contemporary thinking on regional development emphasizes innovation as a driver of regional growth. Growth comes from new ideas in the community being commercialized and leading to export dollars. Innovation is generally concentrated in capital cities where there are dense networks of firms and continual interaction between firms, customers and suppliers.

9.180 The Victorian Government has a policy on innovation. The Department of Innovation, Industry and Regional Development implements policies for the support of innovative industries such as biotechnology, aerospace and defence, high end manufacturing, information and communications technologies and food. Forms of assistance include advice and support for networking opportunities. The Department contains an Office of Business Innovation and Strategy.

9.181 The Governments Community Regional Industry Skills Program (CRISP) has a focus on building skills in regional industries. While developing skills is extremely important, again, there is more to an innovation culture than skills training and development.

9.182 Champions of the Bush, an organisation of senior business people in regional Victoria, supports activities that encourage and develop entrepreneurship in country Victoria. Initiatives include recognition of entrepreneurship through activities that bring people together to celebrate their successes:

You have to highlight some of the positive things and try to do that in a genuine way, rather than it just being seen as marketing spin. This Thursday we will announce the spirit of entrepreneurship award that we have been running for three years now, with the support of Regional Development Victoria. It celebrates small business and what they are doing in terms of entrepreneurship and innovation. Eighty to one hundred people will get together. We will have a dinner and an award will be presented to one of 15 representatives. Those 15 nominees will be at that dinner, and I will get them up to talk about what they are doing, which they do with some pride — and there are some amazing stories. You know that as well as I do. They never get the chance to really profile themselves, so hopefully the people attending on Thursday night will learn from that experience. They will be able to share contacts and ideas. Those that are exporting globally will be able to network a bit more. I guess it is a little bit touchy-feely, but especially for the small to medium-size enterprises — with 50 employees or less — it gives them a chance to spend the time to do that. They are too busy being head down and bum up in running their businesses. Large organisations can assist with that, run an event like that and really give them some recognition and some profiling that is worthwhile.217

9.183 Recent entries to their award for entrepreneurship in regional Victoria, were described to the Committee during a Hearing in Gippsland:

One was a company — and this was the winner — that converts shipping containers into mobile kitchens and they export those around the world. They started doing that because they ran a V8 supercar team. With the professionalism of these kitchens, they are now being used in Dubai. They are a very small business. Another one invented an air conditioner that runs off a battery for truckies who have long hauls and sleep in the cabin but do not want to leave the engine running to keep cool. They are exporting this technology.

Another one was a guy based in Laverton. He does plastic welding and mends aircraft seats. Those aircraft seats used to be thrown out. Some of them are worth $27 000. For him to repair those seats, it is something like $1000. They are just the top three that I can remember, but there were some really great opportunities. I am sure there are all those sorts of businesses in Melbourne as well, but to encourage their growth in regional centres can only be a good thing.218

9.184 The Committee believes that a greater focus on building an innovation culture as well as on assisting innovative businesses and industries would be beneficial for regional centres. For this to occur would require the

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development of practical strategies to build creative capacity and a more innovative culture.

9.185 Entrepreneurship is seen as important for development in regional Victoria for many different reasons. Mr Ken Carr, a volunteer Project Worker at Mallee Family Care in Mildura described the significant threats to entrepreneurial culture in his region and the need to ensure that social and educational disadvantage did not undermine this culture in the long term. He closed a compelling presentation to the Committee with a suggestion that government provide support for entrepreneurial initiatives in regional Victoria.

Mildura’s longstanding reputation for being a visionary and entrepreneurial community will be challenged by the need to deal with rapid population growth against the background of low education achievement among the current population, intense structural change that will increase the need for high-skilled occupations at the expense of low-skilled ones, income-threatening water shortages and high levels of social and economic disadvantage.219

9.186 There are a number of successful approaches to entrepreneurship around the world. In Canada, at the Centre for Innovative and Entrepreneurial Leadership (CIEL), based in regional British Columbia, entrepreneurship and innovation are taught and fostered.220

9.187 The Centre (discussed in detail in Chapter Five), is a non-profit organization, which focuses on developing innovative assessments coupled with strategic processes to help communities focus, leverage assets, energy and action. Attracting the attention of communities across the rest of British Columbia, the Centre has also been invited into communities across Canada, the U.S, New Zealand and Australia. A one page tool for assessing stages of community readiness, their ‘Communities Matrix’ has now been used in many countries across the globe. The Government of Canada contracted the Centre for Innovation and Entrepreneurial Leadership to research, develop and build a collaborative leadership program as an effective means of building capacity for rural communities in Canada.221

9.188 Over the past two decades, entrepreneurship assistance has become an increasingly popular local economic development strategy in the United States, with the development of a myriad of non-profit, private, and public organisations to aid entrepreneurs in starting and growing their businesses.222

219 Mr Ken Carr, Volunteer Project Worker, Mallee Family Care, Public Hearing, Mildura, 18 March, 2009.
220 Centre for Innovation and Entrepreneurial Leadership: <www.theciel.com>.
221 Ibid.
In Hamilton in regional Victoria, The Heartland Project has established a collaborative research network of Australian and North American rural and regional development researchers.  

Professor Tom Lyons, Chair in Entrepreneurship at the City University in New York is involved in the Heartlands project and an expert on current regional entrepreneurship development strategies implemented in the United States.

The Entrepreneurial League System was developed by Professor Lyons. The system, through personal and peer group coaching, generates an on-going supply of highly skilled entrepreneurs capable of building successful companies in sufficient numbers to create wealth and transform a regions’ economy. Successful implementation of ELS in a region involves the creation of a community of entrepreneurs, the development of a service/resource brokering system, and the development of a community of civic leaders capable of building an entrepreneurial community. The ELS coaching system works by classifying entrepreneurs into different league levels, clustering entrepreneurs into success teams, establishing individual game plans, providing performance coaches, focusing on execution and facilitating transformation through skills development. This focuses on four dimensions of entrepreneurial skills, including technical skills; managerial skills; entrepreneurial skills; and personal maturity skills. This skills development based model showed an increase of 28% of active clients moving up a skill level.

Economic gardening is an entrepreneur-centred economic growth strategy. The strategy was developed in the United States in 1987 and the phrase ‘economic gardening’ is now a widely used catchword to describe approaches that harness existing assets in a region.

While introduced as a demonstration program to deal with the unexpected attrition of economic conditions following the relocation of the largest employer in the city of Littleton at that time, it has emerged as a model for a rapidly expanding movement of like-minded economic developers looking for additional methods to generate sustainable economic growth for their community, region, or state.

Economic gardening is finding application in a number of community settings.

The concept has been discussed at the Small Towns Summits in regional Victoria and at conferences looking into regional development in Victoria and other Australia states. ‘Economic gardening’ as a concept is valued for its focus on harnessing existing talents, energy and resources in regional

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223 The Heartland Regional Development Conference, RMIT University, July 2009, Hamilton, Victoria.
225 Ibid.
and rural communities. Also for its practical and local focus. It was adopted as the theme at the 2007 Australian Regional Economic conference.

9.196 Essentially, economic gardening is a strategy to grow, retain and expand existing businesses in a community. The strength of a region’s economy is reflected in the health of its businesses. Strategies that focus on growing healthy businesses in regional centres and that provide practical support to those businesses are likely to substantially improve the business climate of regional centres. Given that economic development resources are finite, such a strategy necessarily means allocating less effort to bringing in new firms from outside.

9.197 The strategy is used in many regional areas with great success leading to economic and employment growth in the communities in which it has been employed. The strategy focuses on the development of a regional economy by using methods that promote growth of the economy from within. Although economic gardening concentrates on growing local businesses it is also outward looking, encouraging businesses to seek export markets, outside the local region. 227

9.198 Regions, such as Benalla, have implemented various forms of business retention and expansion programs which adopt an approach that focuses on growing and developing existing businesses.

9.199 The Benalla Business Expansion and Retention (BEAR) Program is a community approach to economic development, based on a partnership between the Benalla Business Network and the Benalla Rural City council. The program seeks to identify and support the needs of a community’s existing businesses. The program provides the mechanism for pinpointing the concerns, ideas and opportunities of local businesses, and a platform for response. The aims of the program are to identify:

- local business needs and concerns;
- perceptions by local businesses about what prevents expansion;
- identification of any businesses considering relocation outside the community and their reasons;
- perceptions about government actions and what helps and hinders;
- opportunities for matchmaking between local businesses;
- current and future labour and market needs; and
- good ideas people have for improving the local economy and the business environment. 228

9.200 The Benalla Business Expansion and Retention program hopes to achieve the following benefits to the local business community:

- knowledge that their community and local government values their presence, and is interested in their needs, concerns and ideas;

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227 Ibid.
• an opportunity to air complaints about any aspect of the local environment;
• referral to appropriate sources of information, advice and support programs;
• input into future local economic development decision making and action plans; and
• an opportunity for local business matchmaking and networking.229

9.201 In practice, economic gardening involves government support for hard and soft infrastructure to support business growth and development. This includes providing technical support to businesses and information that will help them to grow, for example in the area of business planning.

Young People, Education and Entrepreneurship

9.202 It is important that regional centres are able to support and grow their own future businesses by nurturing young talented people with business ideas.

9.203 Developing the next generation of business owners is critical for the future of our regional centres. Young people are a great source of new ideas and talent, yet rural communities must accept that they will continue to lose many of their best and brightest to the city, which offers wider opportunities in education, employment and social interaction to a generation that expects much from life.

9.204 At the same time, many want their young people to go away and experience the world, in the hope that they may return later to bring up their families in a rural community. Some return, but many don’t. As well, many young people brought up on a farm are deciding they no longer want to work in agriculture despite the many opportunities available in that industry.

9.205 At the same time, there is wide recognition of the ageing population in rural regions and the dire consequences this will have for the local economy in the future if we do not nurture future young entrepreneurs and business leaders.

9.206 In the competitive, globalised era of the knowledge economy, the regions which do best are those that attract and retain talent and promote innovation and entrepreneurship. Rural regions prone to losing young talent need to find new ways to build competitive advantage. Many regions would benefit from more attention to growing their own businesses and developing an entrepreneurial culture that sustains young business talent. There is an opportunity in rural communities to make youth entrepreneurship a core element of its economic development approach, and to encourage young people to believe that there are career choices other than leaving the region or looking for work with local employers.

229 Jeanie Hall, Benalla Shire Council, Personal Communication.
There is a need to develop far closer ties between business and the education system (schools and TAFE colleges) in our regional centres. Here much can be learned from the role community colleges play in some States in the USA. Community Colleges play a considerable and explicit role in local economic development. They are routinely regarded as partners in economic development strategies at both State and community levels, and not just education providers.

The Committee believes that more young people should be supported in starting and growing new businesses, especially in ventures that bring new wealth to regional centres. Often young people in regional communities are encouraged by parents and schools to leave their regions to attend university or work in the city. It is important that young people have opportunities for professional success in their regional communities. One way to do this is to provide options for young people to create new enterprises in their region.

**Recommendation 18**

The Committee recommends a set of strategic initiatives to encourage the development of entrepreneurial activity in rural and regional Victoria through targeted funding of the following:

- **a.** A schools based entrepreneurship program that uses local businesses and others to encourage an interest in innovation and business;

- **b.** A Young Entrepreneurs Program that could be utilised throughout regional Victoria;

- **c.** A micro credit program for small businesses;

- **d.** Establishment of a Regional Exporters Club – focussed on identifying new markets outside of the region, both outside regional Victoria and internationally;

- **e.** A program for the establishment and maintenance of high-quality websites; and

- **f.** A program of bi-annual opportunity audits for the regions. This could be achieved as part of an audit of cluster opportunities, discussed earlier in this Chapter and in Chapter Twelve.
Profile 9: The Southern Grampians Shire Young Entrepreneurs Program

In 2009, the Shire of Southern Grampians incorporated a Young Entrepreneurs Program into its Council plan. The Shire is working with RMIT University at Hamilton to deliver a program that will enthuse young people about starting a business in a rural community, and provide them with the skills and support they need. The program is a partnership with key local stakeholders.

The aim of the Southern Grampians Shire Young Entrepreneurs Program is to give young people knowledge of the career opportunities that are available through starting your own business. 230

It also aims at:

- greater appreciation by the community of the talents of young people;
- greater understanding by the community of the potential of growing existing businesses as an economic development strategy;
- increased opportunities for networking;
- better access to finance for business ideas;
- increased opportunities for internships with local businesses;
- opportunities for inter-generational business transfers;
- the retention of more talented young people in Southern Grampians Shire;
- more opportunities for returning young people; and
- the development of an enterprise youth culture in the region.

Overall, the community expects to develop a more dynamic business culture in the region and to encourage confidence among young people in the future of their region and in the role they themselves can play in creating this future.

The program aims to engage senior schools students (Years 10–12), GAP year students and other young people interested in running a business or in developing business ideas. The program aims to provide them with skills development; technical assistance; mentoring; community support; a young people’s business network; and international partnerships. This will be done through workshops by entrepreneurship experts and local leaders that will focus on leadership development and inspiring young people with real stories.

The program will also provide opportunities for problem solving collaborations with local businesses; promotion of opportunities for web-based businesses; promotion of opportunities for community service; and regular talks by local business owners and inspiring entrepreneurs.

The program will involve the Southern Grampians Shire, South West TAFE, Hamilton Regional Business Association (HRBA), local Youth Networks, local banks and finance companies, and secondary schools.

RMIT will work with schools careers advisers and principals to identify a cohort of current and potential young entrepreneurs, and bring these students together to consider joining the program.

Part of the challenge is to establish an international partnership with students from the University of South Dakota. The ‘E Team’ in South Dakota works with local businesses to help solve their business problems and encourages students to generate novel business and product ideas through competitions.
Chapter Ten

Improving Liveability in Regional Centres

10.1 This Chapter sets out the Committee’s findings on improving the liveability of regional centres. It examines the concept of community wellbeing (sometimes referred to in terms of ‘lifestyle’ or ‘quality of life’); the key components of liveability; the ways that regional centres can improve their liveability; and the ways in which government policy can support this. In particular, it focuses on the key components of community wellbeing; people attraction strategies (including migration); and the provision of services in regional centres.

10.2 It should be noted that many aspects of liveability have been discussed in previous Chapters, for example in relation to infrastructure. This Chapter will explore the range of ideas and views that regional Victorians expressed to the Committee with regard to liveability. This Chapter also canvasses options with regard to enhancing the liveability of regional centres, recognising that a wide range of factors – and government policies – will affect a regional centre’s liveability, and also that people’s notions of liveability will vary.

10.3 The Committee believes that liveability is now correctly judged to be vital to the future of regional centres. The capacity of regional Victoria generally and regional cities in particular to attract new residents and businesses, particularly from the city, is not just about the capacity to offer opportunities for employment but is about the overall quality of life that regional centres can offer.
10.4 As discussed previously, the potential for Melbourne to increase in population beyond its infrastructure capacity is very real. As the Committee heard throughout regional Victoria, regional centres have the ability to absorb population growth and to further enhance their natural assets and liveability factors. Mr Anthony Schinck, Chief Executive Officer of Ballarat City Council, describes liveability as the key for our regions, particularly in terms of their ability to absorb population growth:

The proposition we would put to you is that regional centres in fact provide a very viable alternative to this particular problem that Victoria faces — that regional Victoria has the capacity to deal with rapidly expanding population requirements within the context of first-rate liveability factors. Regional Victoria represents a very firm alternative in terms of liveability. It has capacity to accept growth. What is really required is investment within a framework into regional Victoria and regional centres to ensure that regional Victoria continues to build that capacity...¹

10.5 This Chapter also profiles the regional centre of Wodonga, in relation to that city’s approach to migrants; and Burder Industries in Wangaratta.

Community Wellbeing and Liveability Indicators

10.6 The notions of liveability and ‘wellbeing’ are closely linked. According to the Victorian Competition and Efficiency Commission:

Liveability reflects the wellbeing of a community and represents the many characteristics that make a location a place where people want to live.²

10.7 A ‘Liveability Audit’ recently conducted in regional Queensland was reported in a newsletter of the Organisation for Economic Cooperation and Development.³ The report provides a focused definition of liveability that highlights the importance for policy makers of measuring liveability as a direct contributor to growth:

Liveability can be viewed as part of the growing emphasis by decision makers and the corporate sector on the ‘social’ aspects of development and the need to pay attention to these impacts not merely as side-effects of economic development but as important drivers to make regional growth sustainable. While ‘liveability’ has a commonsense ring to it, conceptually it is derived from a set of complex notions including wellbeing, community development, marketability and the notion of the need for ‘triple bottom line’ methods of measuring growth and development... What

¹ Mr Anthony Schinck, Chief Executive Officer, City of Ballarat, Public Hearing, Ballarat, 18 November 2008.
distinguishes 'liveability' from the concepts of wellbeing and quality of life which apply to populations is that liveability is clearly related to place. It has a very clear geographic element. The concept of liveability in many ways tries to capture the intentions of social wellbeing and quality of life and ground it in a particular location.  

10.8 During the course of its Inquiry the Committee heard a number of opinions about what makes a place ‘liveable’.

10.9 Cr Judy Verlin, Chair of Regional Cities Victoria, believes that regional centres can be part of the solution to ensuring that Melbourne does not become a city that is unliveable.

We believe a city of eight million people is unliveable and the state also believes it is unliveable, which certainly is supported by the reports coming through in the media. We all agree regional cities must be a key to Victoria’s future and part of the solution to Victoria’s population growth that we know will unfold over the next few years. We are very much into thinking about the regions being a liveable alternative for the future.

10.10 Clearly the view of liveability expressed here is linked to the problems associated with congested cities.

10.11 The Government of Victoria is aware of the importance of liveability to regional Victorians and understandably takes a pragmatic approach to enhancing this regional asset. As Minister Allan explained to the Committee:

...there has been a focus on liveability over the past few years and that is not only building on the appeal of a country lifestyle...

We have also made investments...in things that improve the liveability of communities, so leadership programs; the investment in arts and cultural facilities; investment in sporting facilities that build on the other things that you need to have in regional centres to support jobs and population growth.

10.12 An interesting observation that can be made from the Public Hearings concerns those elements that are considered across the board to be crucial to the liveability of a place. These are the key elements of infrastructure which the Committee believes that governments at all levels should focus their development activities on. This is clear, for example, in Professor John Wiseman’s report to the Committee on the results of surveys conducted by the McCaughey Centre into liveability factors:

Just to finish with a few observations that I thought might be relevant drawing together both the data from CIV [Community Indicators Victoria – see below] and our other research projects and indeed the work I am aware of that government departments have done around liveability: while there are all sorts of debates, it does seem to me that there are half a dozen commonly referred to

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4 Ibid.
5 Cr Judy Verlin, Chair, Regional Cities Victoria, Public Hearing, Melbourne, 4 May 2009.
liveability challenges, which include of course the demographics and the economic issues which the previous presenters were talking about — the environmental, the transport, the health services and education. The range of research I have seen would consistently come up with those as key challenges.7

10.13 This is further supported by the McCaughey Centre’s work on growth drivers for regional centres. The research in this area, according to Professor Wiseman, consistently nominates a number of critical drivers: access to services, the natural and built environment, and the issues around sport, recreation, culture and the arts. Regional centres, says Professor Wiseman, must build on their strengths in these areas. He concludes, however:

But all of that is only going to happen, in my view, if it is underpinned by core infrastructure investment of the kind that I know this committee is concerned with.8

10.14 Witnesses appearing before the Committee presented consistent ideas about what ‘liveability’ means to regional communities. Mr Paul Buckley, Chief Executive Officer of the Latrobe City Council, was one of several who summarised liveability as being about health, education and recreation – but also pointed out that an employment base underpins these features in attracting people to regions. Mr Buckley notes that liveability includes consideration of a mixture of different elements, underpinned by opportunities for employment:

I think it has to be a mix, and I think liveability is about health, education and recreation. If people are going to move to a region or a business is going to move to a region, they are the sorts of things they look for unless they are captured by a particular resource — if you are going to get a coal-fired power station, it is a fair chance it is going to be here. Other than that, people are going to look at those factors. You cannot provide those factors if you have not got the employment base to underpin them. It is a bit of a chicken-and-egg situation.9

10.15 Warrnambool City Council mentioned less tangible, but appealing, liveability elements: ‘a place where life, family and work balance can be achieved’.10

10.16 Mr Buckley also suggested that plans which focus on ‘regional liveability’ need to include the particular liveability features of smaller communities.11

10.17 Another common theme was exemplified by Anthony Schinck, who suggested that regional Victoria presented positive liveability

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7 Professor John Wiseman, Director, McCaughey Centre, University of Melbourne, Public Hearing, Melbourne, 4 May 2009.
8 Ibid.
9 Mr Paul Buckley, Chief Executive Officer, Latrobe City Council, Public Hearing, Morwell, 25 November 2008.
10 Warrnambool City Council, Submission, Number 14, 1 September 2008.
11 Mr Paul Buckley, Chief Executive Officer, Latrobe City Council, Public Hearing, Morwell, 25 November 2008.
alternatives. Warrnambool City Council suggested that the mid-sized regional cities well connected to their hinterlands provided better liveability alternatives than Melbourne’s probable future of ‘traffic congestion, car dependence and reduced liveability’.

10.18 Regional Victoria has the capacity to accept growth – but only if there is investment to ensure that that capacity continues to develop. Mr Schinck went on to say that the need ‘to manage growth; environmental management; economic development; energy capability; transport; water security; awareness of the region, in terms of promoting the region to the rest of Victoria and Australia; telecommunications capability; and community wellbeing’ have been identified in Ballarat’s council strategy as factors that it is necessary to support in order to maintain liveability. The Rural City of Wangaratta provided similar advice to the Committee, referring to the need for capital to revitalise regional centres with upgraded arts, recreation, community and sporting facilities.

10.19 Reinforcing this notion, Mr Peter Francis, Economic Development Manager at Bass Coast Shire Council, suggested that councils and businesses (with the help of government) need to ensure that liveability factors are developed as incentives to businesses so that they (and their employees) want to stay in the regions.

Community Indicators Victoria

10.20 Community Indicators Victoria is a collaborative project, funded by VicHealth and a number of other partners, and is hosted by the McCaughey Centre, School of Population Health, at the University of Melbourne. Community Indicators Victoria has been developed to present and report on the wellbeing of Victorians using an integrated set of community wellbeing indicators. These indicators refer to a broad range of measures designed to identify and communicate economic, social, environmental, democratic and cultural trends, and outcomes.

10.21 Around 80 indicators are used by Community Indicators Victoria to assess liveability and these are grouped into five main areas:

- healthy, safe and inclusive communities;
- dynamic, resilient local economies;
- sustainable built and natural environments;
- culturally rich and vibrant communities; and
- democratic and engaged communities.

12 Mr Anthony Schinck, Chief Executive Officer, City of Ballarat, Public Hearing, Ballarat, 18 November 2008.
13 Warrnambool City Council, Submission, Number 14, 1 September 2008.
14 Mr Anthony Schinck, Chief Executive Officer, City of Ballarat, Public Hearing, Ballarat, 18 November 2008.
15 Rural City of Wangaratta, Submission, Number 13, 1 September 2008.
10.22 The Victorian Competition and Efficiency Commission, in its 2008 Report, A State of Liveability, included a number of considerations in its definition:
- employment and income;
- environment;
- amenity and place;
- housing affordability;
- community strength;
- community engagement and participation;
- infrastructure;
- connectedness;
- access to services; and
- cultural diversity.\(^{18}\)

10.23 Richard Florida, previously quoted in this Report, argues that members of the ‘creative class’ prefer to live in places that have diversity, authenticity, lifestyle and the capacity for social interaction, with ‘low entry barriers’ for newcomers or ease of participation in the community. He coins the term ‘quality of place’, including in this concept ‘what’s there?’, ‘who’s there?’ and ‘what goes on?’. He argues that regions and cities need to develop a positive ‘people climate’, not just a positive business climate, in order to attract and retain skilled people and people generally.\(^{19}\) Connectedness and community engagement are often linked to liveability by regional Victorians. These accord with Florida’s argument about the need for new people to be able to make connections in their community.

10.24 It is clear from these definitions, and from the views expressed throughout regional Victoria, that creating more liveable regional centres involves both hard and soft infrastructure provision as well as development of less tangible factors relating to the ‘character’ or ‘culture’ or ‘ambience’ of regional areas, such as ‘connectedness’ and ‘engagement’, and even ‘amenity’.

10.25 It is the role of government to support regional efforts to improve liveability in these areas, particularly where this support can make a difference to regional outcomes.

10.26 Chapter Seven termed the basics of infrastructure provision as ‘non-negotiables’. There is substantial agreement that these factors, especially health, education, transport and communications, are core elements of liveability. Combined with the less tangible factors discussed above, such as a welcoming community, diversity, community energy, opportunities for social participation, cultural amenity and vibrancy, these add up to regional liveability and a quality of life that will attract and retain new residents.

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How Liveable is Regional Victoria?

I am a recent migrant to Ballarat. I considered the move here because I had a job offer, and only because of that. I accepted the job offer because of the community amenity. My holy trinity was health, education and a quality latte. I found all three here at Ballarat. As a result of that we moved here.20

Mr Glen Walker, Ballarat.

10.27 Regional Victoria scores well already in terms of liveability. The A State of Liveability Report conducted in 2008 concluded that regional Victoria has a high degree of liveability.21

10.28 The Report also notes that regions in Victoria have ‘high liveability values in their own right’.22 The Report describes most areas of regional Victoria as ‘highly liveable’ and uses information produced by the McCaughey Centre to support this view.23

10.29 However, the Report acknowledges that there are differences in social and demographic composition across the state which can impact on liveability; for example, the slower population growth in regional Victoria compared to Melbourne since the 1990s and the simultaneous loss of youth and gain in ageing population compared to Melbourne. Variations in liveability also exist between regions.24

10.30 Professor Wiseman from the McCaughey Centre discussed the issue of ‘wellbeing’ that is the focus of a study on ‘Community Indicators’ conducted at the Centre.25 The aim of the project is to look at key information and trends ‘in relation to a wide range of wellbeing indicators at local government level across Victoria. That includes social, economic, environmental and cultural indicators.’26

10.31 One of a range of questions that was asked of Victorians, during a survey looking at wellbeing, was the following: ‘Do you really like living in your community?’ Professor Wiseman points out that the question doesn’t seek information about happiness, but rather is another way of looking at liveability. Other questions focus on engagement, such as: ‘Do you feel that you have real opportunities to be engaged in your sporting clubs and in your art centres, in decisions that really affect you?’ Professor Wiseman showed the Committee detailed maps that demonstrated the positive response that rural and regional Victorians gave to these questions

20 Mr Glen Walker, General Manager, MAXITrans Industries Ltd, Public Hearing, Ballarat, 18 November 2008.
22 Ibid.
23 Ibid, p 85.
24 Ibid.
26 Professor John Wiseman, Director, McCaughey Centre, University of Melbourne, Public Hearing, Melbourne, 4 May 2009.
compared to their metropolitan counterparts. Therefore, in terms of the factors of liveability based on belonging and community wellbeing regional Victorians fare well.27

10.32 Despite the overall positive assessment there are also barriers to liveability in regional Victoria that are highlighted in the A State of Liveability Report. These largely relate to public transport, access to higher education and poorer take-up of broadband internet connections.28 The Competition and Efficiency Commission argues that poor internet access has significant implications for liveability and business.29 The Commission also found that providing adequate services for aged care will continue to be a challenge for regional Victoria.

10.33 The test for regional centres and for government is to recognise the most important components of liveability, in other words, the things that really attract new residents to regional centres; to identify strengths, gaps and weaknesses in regional centres’ current liveability; and to build on liveability strengths and address gaps and weaknesses. As with other areas of regional policy, government interventions should focus on those areas which can make a difference to the life of regional centres.

10.34 The strengths of regional centres clearly include lifestyle, lower housing costs, less congestion, amenity and a sense of community.

10.35 One of the areas of weakness relates to connectivity, addressed in Chapter Seven of this report. According to the Victorian Competition and Efficiency Commission’s A State of Liveability Report:

...the impact of differences in liveability can be lessened by good interconnections between locations.30

10.36 This observation represents another example of the importance of connectivity in regional Victoria, particularly in terms of the availability of transport.

10.37 Warrnambool City Council addressed the opportunities for regional centres to be seen as liveable alternatives to Melbourne:

The reason why investment and migration in small country towns and regional Victoria is occurring is because people crave a sense of connection to the natural world and to each other. This trend is increasing from grassroots demand, but should be more actively planned and supported by statewide planning and investment. Like many regional cities, Warrnambool is well placed to grow as a ‘liveable’ alternative to Melbourne.31

27 For further detailed results of surveys from the Community Indicators Project refer to the McCaughey Centre website at: <www mccaugheycentre.unimelb.edu.au>.
29 Ibid, p 106.
31 Warrnambool City Council, Submission, Number 14, 1 September 2008.
10.38 This comment from Warrnambool City Council demonstrates both the region’s understanding of their current strengths and the region’s willingness to develop their liveability potential for the benefit of the whole state. It is suggested that this must be done on a significant scale through what is described as ‘strategic decentralisation’. As Warrnambool City states:

The time is right for statewide strategic planning that actively plans for a decentralised future. It will be increasingly essential for the liveability of both Melbourne and provincial Victoria that future planning efforts address the need to strategically decentralise the urban footprint of the state into a series of mid-sized regional cities connected by a high-quality rail and public transport system.  

10.39 This challenge – for decentralisation – needs to be taken up in conjunction with a strategic approach to developing Victoria as a whole. As the Victorian Competition and Efficiency Commission explains in its A State of Liveability Report:

The Victorian Competition and Efficiency Commission has considered liveability in the context of ‘one Victoria’ and noted the strong interactions and interdependencies between all parts of the state, and the need therefore to adopt an holistic approach to considering the enhancement of Victoria’s liveability.  

Recreation, Arts and Culture

10.40 Increasingly, regional centres are embracing the opportunities that culture and the arts provide in enhancing liveability.

10.41 The Committee heard considerable evidence about the importance of recreation and the arts as part of the social infrastructure of regional centres. These are important in enriching the culture of regional centres and enhancing the lifestyle they offer as well as their attractiveness to new residents. New residents who have moved for lifestyle reasons are likely to have high expectations of lifestyle and culture in regional centres. This is particularly the case if in-migrants come from the city, where there is a breadth of cultural experiences. A number of regional cities already have good social infrastructure and fine cultural attractions:

...here in Bendigo...we boast particularly great art galleries and performing arts centres... 

10.42 Those who have moved because of the availability of employment opportunities also value the cultural assets of regional centres. According to one witness before the Committee:

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32 Ibid.
34 Mr Stan Liacos, Director, City Futures, City of Greater Bendigo, Public Hearing, Bendigo, 12 December 2008.
...we definitely have evidence and we can actually provide some of that to the Committee, if you would like, in relation to the need for executives, and particularly the partners of executives, to look at the cultural activities and the cultural facilities available within the town. Again, you are generally dealing with the executives. They are looking for not only employment activities but what their families are going to do.

In essence what occurred — I have not got the company name, but there were definitely two or three companies that have gone through the due diligence out at Logic, indicated that, yes, it is exactly where they want to be, but as soon as it got to the executive level within the company, ‘What’s there for my family?’: There is also evidence of executives of companies that are here who have come to the area, to Wodonga. They have not been long-term employees within the town and they have gone back to head office because of the lack of opportunities for partners or spouses and family as they go forward. So it is definitely there.  

10.43 Recreation, the arts and culture are linked with social wellbeing and social capital, and were a recurring theme throughout submissions considered by the Committee:

I have seen some fantastic community arts programs; a lot of them have worked in the agricultural sector, and they start to get people doing really different and innovative things. Men’s sheds that are springing up all over the place at the moment, from a mental health perspective and from the perspective of community connectedness, are great hubs for innovation.  

10.44 For example, the Bannockburn Chamber of Commerce made the point that adequate and timely planning of social and recreational infrastructure is required in order to promote population growth.

10.45 Consequently, recreation forms a high priority, along with education and the arts in strategies to increase liveability. Many of the submissions underscore this trend in regional thinking about attracting new residents. They reveal that many centres already have cultural strategies in place but at the same time would welcome further support from government to enhance their liveability.

10.46 For example, Mildura has very strong strategic plans in place for the redevelopment of their recreation precincts. Mildura is in the process of redeveloping the Mildura Recreation Reserve. This will see an expansion of the harness racing track. At the same time it has a strategic plan and is now into the development of the concept and design for a regional sporting facility at South Mildura. It is a $20 million to $25 million project that will be capable of hosting AFL, Sheffield Shield cricket and other such

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35 Mr Gavin Cator, Chief Executive Officer, Wodonga City Council, Public Hearing, Wodonga, 22 April 2009.
36 Ms Susan Benedyka, Managing Director, Regional Development Company Pty Ltd, Public Hearing, Wodonga, 22 April 2009.
sporting events. This will include an indoor facility to cater for all of their indoor sports.\(^{37}\)

10.47 The Toongabbie Township and Planning Development Group is providing resources to build new multi-purpose venues for indoor sports. This group also submitted that the State Government should help with identifying potential land sites to provide super ovals to cover the extra demand for outside sporting activities.

10.48 Southern Grampians Shire Council saw the need for continued support in the arts across the shire.

10.49 The Indigo Shire Council requested that funding for a heritage advisory service for both the Council and the public is made available in their region.

10.50 The City of Greater Bendigo suggested that the State Government target funding to further develop community, retail and cultural activities.

10.51 Latrobe City suggested that the State Government increase investment in social infrastructure, including sporting centres, educational facilities, health care and arts/convention centres, as regional centres need to be hubs providing high-level facilities for the benefit of surrounding areas.

10.52 Regional Arts Victoria submitted that the State Government provide financial support to create Community Cultural Centres in regional areas and to fund the provision of professional staff for the first three years to manage these centres.

10.53 Warrnambool City Council proposed the development of a high-quality museum with university connections and funding to upgrade performing arts and other cultural facilities. Conference facilities and ‘high-end’ accommodation for major events are suggested with requests for support to upgrade social infrastructure to foster the ‘creative class’ while promoting wider regional appeal and thus also making in-migration attractive.

10.54 Recreational facilities were also mentioned in terms of liveability factors for economic development and business attraction. For many regions, recreational facilities and pastimes clearly rated highly as a feature of their communities. The Wimmera Development Association noted that their region ‘has a strong involvement in sport and recreational pursuits. There really is something for everyone’, and saw this as a key factor contributing to the attractiveness of their region.\(^{38}\)

10.55 From the evidence, it was made clear that recreational facilities are important both for those who live in regions and as an attractor. Mr Paul

\(^{37}\) Mr Phil Pearce, Chief Executive Officer, Mildura Rural City Council, Public Hearing, Mildura, 18 March 2009.

\(^{38}\) Wimmera Development Association, Submission, Number 15, 1 September 2008.
Buckley says that ‘recreation and cultural facilities are characteristics of successful regions’.  

10.56 Witnesses also drew the link between the necessity of general infrastructure (information and communications technology, transport, roads etc) with the ‘recreational and leisure facilities which promote lifestyle aspects of people coming to the area’.

10.57 The importance of recreational facilities was also considered a factor in attracting, for example, retirees. Mr Gary van Driel refers to the context of liveability and amenity such as vista – and growth. In particular, this applies to locations like Moira Shire, which are able to provide a full range of services such as health, but also opportunities for leisure and recreational activities.

I am sure golfing delivers a lot of opportunities. It is more of the full package that exists than a fundamental singular issue...If you look at the facilities that exist across all our towns, the sporting facilities are second to none and the opportunities to enjoy lifestyle, its location in terms of moving up into the mountains and just enjoying the area is really quite unique.

10.58 It is therefore no surprise that many regions seek to make significant investment in recreational facilities:

The reason we plough lots into recreation and our community facilities is because it makes a better place to live, and the reason we are obsessed here in Bendigo about particularly arts and culture — and while we boast particularly great art galleries and performing arts centres, it is not necessarily because of just the enjoyment, short term, of a bit of art — it is the aura of sophistication that we need to keep emphasising, because people do not generally move to smaller places. We are basically emphasising that it is a sophisticated, vibrant regional city, so we justify a lot of our money into our arts and culture area on business development grounds.

10.59 The growing role of cultural events and festivals as drivers of regional development is well recognised. Festivals are also increasingly an important part of regional centres’ strategies for enriching their liveability and culture.

10.60 A recent report funded by the Australian Research Council has assessed the importance of festivals in regional communities. The 2009 Report, *Reinventing Rural Places: The Extent and Impact of Festivals in Rural and Regional Australia*, argues that festivals have significant economic and cultural impacts on regional communities. The Report notes the ability of...
festivals to ‘...catalyse social and community development, to generate regional income and to challenge or sustain rural cultural identities’.\(^{43}\)

10.61 According to the Report, there are substantial economic benefits to be gained from holding festivals in rural and regional locations:

We estimate total turnover by festivals (through ticket sales and merchandise) in the three participating states to be $550 million annually. Added to this is the fact that even when festivals don’t make much money through ticket sales, they generally catalyse much greater economic benefits for the local community through flow on benefits in sourcing inputs, hiring services, and attracting visitors who stay in hotels and motels, eat out and go shopping. Festivals are lively cells of economic activity, particularly so in small local economies where their relative impact is greater than in urban areas. Based on extrapolating from close economic modelling of visitor expenditure at individual festivals, we estimate total economic activity generated by rural communities for their local communities to be in the order of $10 billion per annum in the three participating states.\(^{44}\)

10.62 The Report suggests that festivals create around 176,000 jobs across Australia.\(^{45}\) It also notes that most of the visitors to festivals are locals.\(^{46}\) Hence festivals perform important functions in enlivening communities and culturally enriching them. The Report notes the following in relation to the community building role that festivals play:

We documented evidence of the integration of festivals into community life. Festivals are pivotal dates on the annual calendars of towns and villages: they support charities and provide opportunities for high schools and Rotary clubs to raise funds; they bring together scattered farm folk, young and old and disparate subcultures; they blend attitudes, enlarge social networks and encourage improvements in social cohesion. We documented some evidence of community division over festivals, and the jostling of political viewpoints that inevitably surrounds a community event of importance to a local place. But such tensions were on the whole rare. Festivals provide rural communities with coping mechanisms at times of drought and economic hardship, and catalyse community in the name of fun.\(^{47}\)

10.63 The use of festivals relates to Richard Florida’s point that ‘what’s going on’ in regional centres is an important part of their cultural appeal.\(^{48}\)

10.64 The Inquiry heard that festivals are important to regional Victoria for a number of reasons: tourism, liveability, community pride and celebration

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\(^{44}\) Ibid. p 4-5.

\(^{45}\) Ibid. p 5.

\(^{46}\) Ibid. P 4.

\(^{47}\) Ibid.

\(^{48}\) For further discussion of the role of festivals in rural and regional communities in Victoria, refer to this Committees report: *Rural and Regional Committee, Inquiry into Rural and Regional Tourism*, Final Report, Parliament of Victoria, Melbourne, 2008.
of heritage. Some regions have festivals which relate to what might be considered lifestyle or strategic themes – such as the biannual sustainability festival at Mildura, the Mildura Sun Festival.\textsuperscript{49} Some festivals build on heritage factors and enrich liveability such as the Promenade of Sacred Music in Hamilton.\textsuperscript{50}

10.65 Likewise, Professor John Wiseman notes that festivals play a strong role as ‘attractors of liveability’.\textsuperscript{51} Professor Wiseman recounted his experience in Japan to the Committee. He explained that major investments in arts and festivals in areas that had suffered ‘hard times’ (such as places which had had losses of major resource attraction industries) had led to ongoing benefits to those communities. The benefits were felt more broadly in, for example, higher education programs, tourism and major conferences. Professor Wiseman suggested such ‘out of the box’ thinking could help shift how we envision regional Victoria, using art, culture and sport as people attractors.

10.66 The Shire of Campaspe’s submission referred to the role of festivals and special events in invoking celebration of heritage, strong community pride and sense of identity.\textsuperscript{52}

10.67 Ballarat has been described as ‘Australia’s non-metropolitan capital of festivals’.\textsuperscript{53} Ballarat clearly has a strategy to build on its cultural assets to enhance its liveability, with all the attendant economic and social benefits.

10.68 The importance of culture in making regional centres more appealing as lifestyle destinations emerged as an issue throughout hearings for this Inquiry. The Committee has found that regional centres are already active in developing their cultural attractions, including events, and that this has important economic and social spin-offs which will continue to attract in-migrants who value cultural amenity. Government at all levels must continue to support strategies for increasing liveability through such means.

**People Attraction**

10.69 Chapter Three discussed key population trends in regional Victoria. The relative stability of population levels in many areas of regional Victoria masks considerable movement and ‘churn’ as people move in and out of regions and between Melbourne and regional Victoria. Even places that are not growing in net population terms often receive many new residents. Often these in-migrants are needed to replace young people who inevitably leave to go to the city.

\textsuperscript{49} Ms Winifred M Scott, Chief Executive Officer, Sunraysia Institute of TAFE, Mildura Campus, *Public Hearing*, Mildura, 18 March 2008.
\textsuperscript{50} Southern Grampians Shire Council, *Submission*, Number 61, 6 January 2009.
\textsuperscript{51} Professor John Wiseman, Director, McCaughey Centre, University of Melbourne, *Public Hearing*, Melbourne, 4 May 2009.
\textsuperscript{52} Shire of Campaspe, *Submission*, Number 45, 31 October 2008.
\textsuperscript{53} Australian Research Council, Reinventing Rural Places: The Extent and Impact of Festivals in Rural and Regional Australia, Australian Government, Canberra 2009.
10.70 The ‘sea change’ and ‘tree change’ phenomena demonstrate the continuing appeal for many metropolitan dwellers of country living. There has been a growth in importance of people attraction strategies for regional centres and rural communities generally. This is coupled with willingness by the Victorian Government to use targeted campaigns such as the provincial Victoria marketing campaign to highlight the benefits of living in regional Victoria. People attraction strategies seek to attract new residents while many traditional economic development strategies have focused on attracting companies and new industries.

10.71 The intention of people attraction strategies is to augment traditional strategies to attract industry. Strategies to attract people are sometimes in response to skills shortages. Generally their growth in popularity reflects an acceptance that growing the human capital of regions is a necessary part of regional development – that firms follow people as well as people following firms. People attraction strategies also recognise that immigration creates its own demands for better services, which in turn creates employment.

10.72 People attraction strategies can include both explicit marketing activities and specific incentives for people to relocate, as well as the more general efforts of regional centres to enhance their overall liveability. They can also include skilled migration initiatives.

10.73 The Committee heard evidence of the need for people attraction and marketing strategies.

10.74 Councillor Lisa McInerney of the Rural City of Wangaratta suggested that when regional centres attempt to attract new residents, marketing efforts should emphasise that relocating to the country need not mean missing out on attractions available in the city. She also stressed the positive aspects of living in a region, such as convenience, health benefits, safety and lower living costs. 

10.75 The links between liveability, cultural amenity and place marketing are important. Warrnambool City Council addressed the need for regional marketing efforts to be directed to young professionals and the ‘cool creative classes’, linking place marketing explicitly to cultural amenity:

> Regional marketing needs to directly address the creative younger mid-age demographic (eg. the ‘Fitzroy’ demographic) through the promotion of the region’s arts, cultural and environmental advantages. Although better than many other regional areas, the gap in this demographic is a weakness in our population mix. Improving the ‘cool factor’ of the city is an important way to boost regional confidence and to attract ‘young creatives’. For instance, many surfers and artists are drawn to the region and perhaps surprisingly are well represented in the professional sector. The potential to draw more of these migrants could stimulate permanent population growth and innovative industries. For

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instance, leading surf industry designers that are internationally renowned originate from the region and this link is not well recognised in the broader community.  

10.76 The Victorian Government recently released a study on rural in-migration, the Relocated Residents Survey. The Report was commissioned by Regional Development Victoria and prepared by marketing consultants the ASCET Group and the Centre for Regional Innovation and Competitiveness at the University of Ballarat.  

10.77 This Report showed that the majority of people who had moved to regional Victoria were satisfied with their current location.  

10.78 The Report found that:  

- 76% of people surveyed said they were satisfied with their decision to relocate and 60% found life in provincial Victoria better than they expected;  
- 70% of people said that they were likely or very likely to remain in the region over at least the next five years;  
- the major advantages of living in provincial Victoria were natural environment, the community and their current lifestyle;  
- approximately a third rated poor services, facilities and infrastructure as the major disadvantage of living in provincial Victoria and 17% rated distance from Melbourne;  
- 35% of respondents had more disposable income in their new location and 27% had the same, while 38% indicated that the move provided a lower disposable income;  
- over 60% of respondents suggested that the cost of living was either much lower or lower in provincial Victoria compared to Melbourne;  
- 63% of respondents felt more satisfied with their life as a whole, life at home and where they live now than they did prior to moving to provincial Victoria;  
- people considering relocation were seeking lifestyle, health facilities, low cost of living (inland regions in particular) and natural beauty;  
- the major strengths of living in provincial Victoria were in relation to lifestyle, natural beauty and features, safety, cost of housing, cost of living and health facilities. 

10.79 The Report found that nearly three-quarters of respondents (70%) consulted some form of information prior to moving to provincial Victoria. Consulting with friends/relatives (28%), the internet (27%) and real estate agents (22%) were the most common sources used by respondents.  

10.80 The Report reinforces the Committee’s understanding of the drivers of sea change and tree change population movements and of the advantages and  

55 Warrnambool City Council, Submission, Number 14, 1 September 2008.  
56 Victorian Government, Relocated Residents Survey, Final Report, Produced by the ASCET Group and the University of Ballarat, Regional Development Victoria, Melbourne, August 2009.  
57 Ibid, p ii-iii.  
58 Ibid, p iv.
disadvantages of living in regional Victoria. The Report’s overall message also supports the need for continuing regional marketing efforts and reinforces the traditional lifestyle strengths of regional locations.

10.81 The Committee commends regional centres for their efforts to attract new residents. The Committee is convinced that attracting new residents to regional centres has economic, social, environmental and cultural benefits for all of Victoria, and that new residents with skills and new ideas will only add to the life of these cities.

10.82 In the following section there is a discussion of two examples of initiatives that promote regional areas. These initiatives aggressively promote regional New South Wales and Queensland, particularly to residents of Brisbane, Melbourne and Sydney, with a view to demonstrating their attractiveness to those seeking both employment and enhanced liveability.

Country Week

10.83 The Country and Regional Living Expo is the catalyst for providing Sydney and Brisbane residents with information about the diversity and wealth of opportunity available throughout New South Wales and Queensland.

10.84 Country Week holds large public exhibitions in both Sydney and Brisbane to promote the opportunities for investment in many areas, including manufacturing and trade, property development, tourism and hospitality, construction and engineering, and other boutique industries including wine, food, and fibre production and horticulture throughout the rural and regional areas of those respective states.

10.85 The annual Country Week Expos in both Sydney and Brisbane attract thousands of people interested in relocating to regional New South Wales and Queensland. The expo is an opportunity to ask questions about living in the respective regional areas including housing costs, key industries for job vacancies and opportunities to invest in or relocate a business.

10.86 The exhibition includes promotional stands with representatives from councils, government services and regional businesses. In New South Wales the Department of State and Regional Development is a major sponsor of this event, which usually features seminars on careers, starting a business and growing home-based businesses in regional New South Wales.  

C Change Bureau (Country Change)

10.87 The C Change Bureau, or Country Change, is an initiative of the Riverina Regional Development Board, which is supported by the New South Wales Department of State and Regional Development and 19 councils in the Riverina and Murray regions of New South Wales.

10.88 The key objective of the project is to attract people from the Sydney and Melbourne metropolitan areas to new lifestyle and employment opportunities in the Riverina/Murray regions of Southern New South Wales through providing comprehensive information and exhibitions.

10.89 The Riverina and Murray regions of New South Wales are currently facing a skills shortage – consequently there are opportunities for people seeking a rural lifestyle to take advantage of employment opportunities. Recent industry growth in the area has fuelled the demand for skilled workers.

10.90 The project addresses the skills shortages currently facing regional and rural communities in the southern and central regions of New South Wales and aims to promote the benefits of lifestyle and employment opportunities.

10.91 The C Change Bureau exists to provide a port of call for information about the occupations in demand in the region, together with the lifestyle benefits found throughout the region.60

10.92 The Committee believes there is merit in considering how these approaches could be adopted by Victorian regional centres and the Victorian Government.

**Recommendation 19**

*The Committee recommends that the Victorian Government investigate further the possibility of holding a ‘Country Week’ in Melbourne as a three year pilot project to assist in its Provincial Victoria marketing campaign.*

**Migration**

There is a lot of work here — plenty of work. People call us and say that summer is coming — December is coming — and there is lots of work. We find jobs for them. If you remember a number of years ago we had refugees from Kosovo in Puckapunyal. We used to go and fill up a bus from there and take them to the orchards. They used to make money at the same time and they loved every bit of it. The door is open here, and if you can help them out there is no problem at all. As I said we do not mind helping anyone. We have lots of work in the country. You can do it…We have religion, we have schools; we have a mosque. The Albanian mosque was built in 1958, and the door is open for everybody, it is never shut. To be

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60 More information can be found at the program’s website: <http://www.cchange.org.au/>; accessed November 2009.
honest, everything is here. When I talk to people I meet I always say, ‘Come to the countryside. The lifestyle is good to bring up your kids in that environment. It is different.’

Mr Azem Elmaz, Shepparton.

10.93 Overseas migration has been the main driver of population growth in Australia since at least World War Two. The last ten years have seen a dramatic increase in the numbers of migrants coming to Australia. This is set to continue as Australia’s ageing population will lead to increased skills shortages and the need for a replenished workforce to pay for increased health and aged care costs.

10.94 The Table below summarises recent migration movements to Australia and their composition, and confirms the trend towards increased overseas migration to Australia.

Table 6: Migration Program Outcomes for 2005–06 to 2008–09 and Planning Levels for 2009–10

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<tr>
<td>Partner$^1$</td>
<td>36,370</td>
<td>40,440</td>
<td>39,930</td>
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<td>Child$^2$</td>
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<td>3060</td>
<td>3240</td>
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<td>Preferential/Other Family$^3$</td>
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<td>Parent$^4$</td>
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<td>9500</td>
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<td>Total Family</td>
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<td>56,370</td>
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<td>16,590</td>
<td>23,760</td>
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<td>35,000</td>
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<tr>
<td>Skilled Independent</td>
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<td>6930</td>
<td>7530</td>
<td>14,060</td>
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<td>Skilled Australian Sponsored$^7$</td>
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<td>14,170</td>
<td>14,580</td>
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<td>Distinguished Talent</td>
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<td>Business Skills$^8$</td>
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<td>5840</td>
<td>6570</td>
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<td>Total Skill</td>
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<td>108,540</td>
<td>114,780</td>
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<td>Skill as percent of total program</td>
<td>68.1</td>
<td>66.1</td>
<td>68.4</td>
<td>67.0</td>
<td>64.1</td>
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<td>Total Special Eligibility</td>
<td>310</td>
<td>200</td>
<td>220</td>
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<tr>
<td>Total Program</td>
<td>142,930</td>
<td>148,200</td>
<td>158,630</td>
<td>171,320</td>
<td>168,700</td>
</tr>
</tbody>
</table>

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61 Mr Azem Elmaz, President, Goulburn Valley Islamic Council, Public Hearing, Shepparton, 11 December 2008.
10.95 Research into patterns of population distribution and the reasons why migrants decide to settle in certain areas of Australia shows that there are four factors which are of primary importance in determining where migrants settle: location of family members; the availability of employment; business opportunities; and prior experience of an area, for example, as an overseas student. The State-Specific and Regional Migration initiatives are based on these factors.\(^{63}\)

10.96 Overwhelmingly, migrants settle in our capital cities, particularly Sydney and Melbourne. For example, the Department of Planning and Community Development has pointed out that 31% of Melbourne’s population (as at the 2006 census) were born overseas, while the figure for regional Victoria is 11%.\(^{64}\)

10.97 There are a number of Australian and State and Territory Government regional migration programs which seek to encourage migrants to settle in non-metropolitan areas. These include the provision of visas for overseas migrants sponsored by employers, family members, states or territories, and businesses, and under the general Skilled Migration Program. One of the Victorian Government’s programs is the Global Skills for Provincial Victoria Program. According to the Victorian Government’s submission to the Inquiry, this program includes significant investment towards attracting and retaining skilled migrants to Victoria.\(^{65}\)

10.98 There are also discrete cases of employers in regional centres and smaller rural communities advertising overseas to fill vacancies, and regional centres marketing themselves overseas to attract migrants. An example of this is the Western District Health Service in Hamilton.

10.99 Nevertheless, as the Committee heard throughout its Inquiry into Regional Centres of the Future, current efforts towards attracting migrants to regional Victoria are simply not adequate. The Committee heard that regional Victoria is experiencing a skills shortages that would be assisted by a more aggressive strategy for attracting migration. Current government efforts need to be examined closely and opportunities sought for developing migration policies that will benefit the regions.

10.100 A Commonwealth–Victorian Government Working Party on Migration was established in 2004 to investigate how the Australian Government could support Victoria in achieving its objective of encouraging more migrants to its regional areas. Amongst the findings of its Report, the Working Party found that ‘in a highly mobile world, attracting skilled migrants is becoming increasingly competitive’, with Australia facing competition from other developed countries.\(^{66}\)

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The Report identified that all levels of government agreed that there was a need to increase the number of migrants into regional areas. It noted that migration is about more than reaching population targets, but that migrants make a real contribution to the Australia economy and enrich its culture. The Report particularly noted these economic, social and cultural benefits and that the ‘…diversity that stems from migrant communities, are not confined to metropolitan areas’.  

The Working Party also noted the need to extend humanitarian settlement programs into regional Victoria, but that there were generally fewer support services available beyond metropolitan areas. The Report indicated that there were several successful examples of regional settlement in Victoria, including Shepparton. The Ethnic Council of Shepparton and District was considered influential in assisting regional settlement. Similarly Warrnambool was mentioned as a centre which was able to provide ‘…strong community involvement in the settlement of humanitarian entrants and integrate them into the local community’. Warrnambool had undertaken considerable community consultation and developed a communication strategy that included local media.

In both submissions to the Inquiry and evidence at Public Hearings a number of issues were raised concerning regional migration. For example, Wodonga Council highlighted the need for greater levels of support for settlement. These included the need for equity and access to affordable housing, education and health. Wodonga’s submission made particular mention of the need for ‘basic orientation into the local community’ and warned that efforts to attract migrants were wasted if the region was unable to retain those for whom negative experiences might ‘directly impact on their capability to reach their full potential in the community’. The Council sees the need for dedicated resources to ensure long-term settlement of new arrivals.

This advice was also provided at other Public Hearings, for example in Northern Victoria, where it is clear that communities are in need of greater resources for supporting new migrants:

We would hope more resources will be put into that area because we are relying at the moment in Swan Hill on the efforts of the volunteers who are working with the migrant community. If we did not have that basis there we would have some significant issues in relation to retaining those skilled people in the region and being able to provide services for those families and their acclimatisation, and not only the skilled migrants but the refugees, who have a different set of circumstances behind them in terms of where they have come from.

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67 Ibid.  
68 Ibid, p 36.  
69 Wodonga City Council, Submission, Number 34, 29 October 2008.  
70 Ibid.  
71 Mr Glenn Stewart, Company Secretary, Loddon Murray Community Alliance, Public Hearing, Shepparton, 11 December 2008.
10.105 In evidence to the Committee Ms Marita Quaglio, Disability Liaison and Equity Officer at La Trobe University, described the need for more information about government services to be made available to migrants and refugees.\textsuperscript{72} Sometimes this might mean information about ‘...where to go to play basketball or where do I join a community group? How do I find other people who come from the same migrant background as I do?’\textsuperscript{73}

10.106 Overall, jobs were seen as critical to the issue of migrants locating to regional areas:

I am sure you have heard it from everyone else — finding jobs in the local area. There are people who help with doing that, but it is still a really big issue if people come here, when we have encouraged them to come here, but then they cannot find jobs.\textsuperscript{74}

10.107 The Committee heard that in some cases there is a mismatch between services at a community level, that migrants need to know about, and organisations that want to help:

Religious and voluntary groups tend to help and provide connections, but they are not well equipped or well resourced. Sometimes they have no information about what is required — for example, they do not know about the visa categories and what is required for different visas. There are different sorts of information lacking — for example, church organisations are willing to help, but they do not have the information and they do not have other resources.\textsuperscript{75}

10.108 Warrnambool City is an example of one area that has had some success in attracting overseas migrants. In its submission, it states:

The movement to Warrnambool from the Melbourne LGA Knox is part of the successful migrant relocation project in attracting Sudanese residents to Warrnambool to address skills shortages in the region. There are successful examples of professional migration from Italy, Sri Lanka, the former Soviet Union and the United Kingdom that have successfully integrated with the local community. Although the demographic mix is predominantly Anglo-Celtic, the city is largely embracing of new ethnic migrants and has a reputation for a high degree of religious and ethnic tolerance.\textsuperscript{76}

10.109 In submissions to the Inquiry, there was support for the establishment of multicultural/ethnic community centres where migrants can help each other and gain advice on specialist problems.

10.110 For example, Wodonga Shire made specific recommendations in relation to settler services in its submission to the Inquiry. The case of Wodonga is

\textsuperscript{72} Ms Marita Quaglio, Disability Liaison/Equity Officer, La Trobe University, \textit{Public Hearing}, Wodonga, 22 April 2009.
\textsuperscript{73} Ibid.
\textsuperscript{74} Ibid.
\textsuperscript{75} Dr Apollo Nsubuga-Kyobe, Board Member, Ethnic Communities Council of Victoria, and Shepparton Ethnic Communities Council, \textit{Public Hearing}, Melbourne, 4 May 2009.
\textsuperscript{76} Warrnambool City Council, Submission, Number 14, 1 September 2008.
Chapter Ten | Improving Liveability in Regional Centres

profiled below. The Committee heard from witnesses in Wodonga about their impressive community approach to migration in their region.

10.111 Overseas migrant attraction efforts by regional centres are typically linked to skills shortages being experienced. The issues of skills shortages and appropriate responses to these are canvassed in Chapter Seven.

10.112 An important conclusion that can be drawn from evidence to the Committee is that migrants need to be attracted to regional Victoria and then subsequently retained there. The factors that contribute to the ability of regions to succeed in attraction and retention of migrants are those that determine their overall attraction, liveability and sustainability for residents and business as well. For example, this observation was heard in Horsham:

There has to be a balance. Whether we are talking about skilled migrants from Zimbabwe or somebody from Melbourne coming up to the region, they will come here because of a job. To retain that family or that migrant, it is about the beautification of the Wimmera River; the opportunity to play soccer, which is probably not a traditional sport in this region; the opportunity to swim at the aquatic centre; the opportunity for Muslims in our region to have a place of prayer and worship. Those sorts of opportunities are important to retain the skilled migrants. Part of the work is to attract them. The hard part is to retain them. I think that is where there has to be a balance. The attracting is the job. The retention is the sense of community and all the community facilities around it.\(^77\)

10.113 As described above, some areas have had success in attracting small groups of migrants to regional Victoria, and government policies do exist. However, the fact remains that an estimated 90% of all new migrants to Victoria settle in Melbourne.\(^78\) In a submission to the Commonwealth Government in 2003 the Victorian Government stated that ‘While regional Victoria has about 27% of Victoria’s population it receives less than 5% of Victoria’s skilled migrants.’\(^79\)

10.114 A new approach is required by governments to ensure that areas outside Melbourne can also benefit fully from migration to the state. This is now particularly important for two reasons. Firstly, the predicted population growth expected for Melbourne and discussed in earlier Chapters; and secondly, the ongoing skills shortage in regional Victoria. This skills shortage is impeding the ability of existing businesses to develop fully and reach their potential, and limiting the attractiveness of the regions to new businesses.

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\(^77\) Mr Philip Sabien, Executive Director, Wimmera Development Association, Public Hearing, Horsham, 11 February 2009.


**Profile 10: Burder Industries Pty Ltd**

For more than 15 years, Burder Industries, a suite of companies, has been manufacturing a wide range of front-end-loaders, custom-built trailers and material-handling machinery in regional Victoria.

Burder Industries in Wangaratta is an example of a regional firm dependent on skilled migrants to supplement their workforce of artisans and engineers and support their business development and plans for growth.

Mr Adam Fendyk, Group General Manager of Burder Industries Pty Ltd, spoke with the Rural and Regional Committee about the unique challenges involved in running a business in regional Victoria that requires skilled workers. He described the approach of this family-run workplace and the success that Burder has achieved in recruiting and assimilating skilled workers from overseas.

Over the last six years Burder Industries undertook an intense global campaign to attract skilled migrants to its engineering business. It now employs skilled workers from South Africa, India, the Philippines, Malaysia and Germany. As a supplement to the talented local workers these recruits arrived with skills which the company found challenging to find locally as a result of increasing competition in the areas of engineering, drafting, design and tool making. As Mr Fendyk says, ‘So we have had quite a diverse ethnic background in there, and that has had its own dynamic as well, with different languages, different expectations from people as well as different expectations on us.’

Mr Fendyk describes the support that Burder has had in recruiting skilled workers. They have had assistance from the Department of Regional Development, Wangaratta Unlimited and the Rural City of Wangaratta through its Regional Migration Program. The assistance is invaluable in a process that is not without its bureaucratic challenges:

> The paperwork is not inconsequential; there is quite a bit to do there as well, a lot of follow-up, and a lot of roadblocks in terms of trying to bring people in. It is the time line that is challenging for us. In fact, typically for a 457 visa applicant it takes us anywhere from three to six months to complete the paperwork before they can start working with us. So you can imagine that if you have an immediate need for someone to start with you and you have to wait six months before they can get there, quite often the need has been met by the time they actually land here, which is challenging.

According to Mr Fendyk, the migrant employees not only fill existing skills gaps, but bring unique skills to the business because of their exposure to very different conditions in their home countries. They have also brought systems into the rapidly growing business, which provided stability and organisational structure as it expanded.

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81 Ibid.
The unique aspects of working for a firm in regional Victoria also provide a challenge when it comes to the current Federal Government requirements for skilled workers. As Mr Fendyk suggests:

They relate particularly to the minimum salary level and the other costs that come with that, in terms of bringing the skilled migrants to Australia, having to repatriate them if that turns out to be the case, the health cover expense as well, and then on top of that the minimum salary level requirement, which is all well and good for a professional, an engineer, a doctor — someone of that ilk who has a profession — but when we are looking at skilled tradespeople it becomes somewhat challenging. What you end up with is one welder earning $20 an hour and the other guy on the Australian award for the same skill earning $16.50 an hour, and you struggle to justify the difference for them when the two guys are standing side by side doing the same task, and that is challenging in itself. We just really cannot reconcile that to our workers, and that is one of the things that presents problems for us, as does the repatriation cost as well. It is not like you invite someone to join our business from Warrnambool and pay for them to come up here and pay for them to go home if they do not work out. We are just looking for the same standards that are applied to Australian workers to be applied to skilled migrants as well. That will present challenges in the future for rural workers. No doubt Melbourne is a different case, or has been, with the higher cost of living and higher wages down there, where it is a little bit more justifiable, but in the country it is a bit tougher.\(^2\)

In terms of accepting workers from abroad, Burder Industries and their employees have been unequivocally welcoming. Mr Fendyk and his employee Mr Manoj Devarajulu, a Design Engineer at the company, both attribute this to the family-based nature of the business. Mr Fendyk described Burder’s approach to the Committee, and that of their new workers to life in country Victoria:

...our guys have been welcomed with open arms. The Filipino boys were out spotlighting with the boys and sharing barbecues and having a beer with the rest of the lads fairly quickly upon arrival. They landed here as three single gents of course and worked with us for 18 months to two years before they brought their families. So they got to blend in very quickly. And as they do that their English skill improves immensely as well. The three Filipino boys particularly have actually come along quite well within our business. They have risen from skilled workers to team leaders within our organisation, so they are now taking responsibility for directing staff as well, and in general that seems to be well accepted. They have been able to demonstrate their work ethic, their skill, and their willingness to learn the business and the English language.\(^3\)

According to Mr Fendyk his experience has shown him that, although skilled migrants are originally attracted by employment opportunities, it is the liveability issues that become important once families relocate and settling in a region is considered.

Working in regional Victoria has provided Mr Devarajulu with a raft of benefits that he wouldn’t have experienced elsewhere. Arriving in Wangaratta where shops

\(^2\) Ibid.
\(^3\) Ibid.
closed at 5.30pm, from India where a business would be open to 10pm was difficult at first. However, this has been outweighed by Mr Devarajulu’s great new country lifestyle and the benefits to his career of a job in a regional centre. As he says, Burder is:

...a family business for a start; that is a good thing. We always go to George and Anna’s place for footy finals and Easter and Christmas, so it is a good thing, like as a family member. Being alone, for a start, if I am going to move to Melbourne or Sydney, I am just going to stay in the unit. I will be alone. I do not have that many friends in Sydney or Melbourne. I would like to stay here as a family member rather than staying alone. It is a good thing. They move very well with me, and I move very well with them, and it is a good relationship. I like the job very much, because I was appointed as a hydraulics engineer and now I am a design engineer. I went to India for a while to start up a company, a sister concern, and I worked there for ten months and I came back. I have experienced a lot. I started from scratch and came along all the way for four-and-a-half years. Now I am working as a design engineer, a hydraulics engineer and in project management and everything. It has given me good experience.  

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Profile 11: Skilled Migrants In the Community

The City of Wodonga Council operates a Regional Skilled Migration Program. The Program has been set up to make sure that businesses in the Wodonga region can grow to their full capability by being able to access the skilled people they need. Funding is used to employ a coordinator to run the Program.

The Program targets skilled migrants who have been in Australia for less than five years and assists them with: a pre-arrival information pack which provides information about the regional lifestyle, employment and settlement prospects, and relocation assistance; an orientation session – one to one, tailored to suit individual or family needs; provision of information on employment opportunities in the region and key contacts in relevant industry sectors; a letter of support for employment and real estate; assistance with finding temporary accommodation and rental housing; linking new arrivals with local residents from the same ethnic/cultural background where possible; information and referral services (recognition of overseas qualifications, membership to professional bodies, job search facilities, community organisations, drivers licence, linking with immigration outreach officers); supporting specific needs of the members of the family unit where possible (linking with local Community Centres, play groups, schools, education and training providers); assist skilled migrants with advocacy and encourage community and support agencies to consider the needs of the families and extend support; assistance to business migrants.

The Program also focuses on assisting local businesses by providing a service to help find skilled migrants to fill vacancies, including assisting employers make more informed decisions to address their skills shortages by providing information and

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84 Mr Manoj Devarajulu, Design Engineer, Burder Industries Pty Ltd, Public Hearing, Wangaratta, 23 April 2009.
referral services. Based on the success of their skilled migration programs Wodonga City Council is aware of the need to provide support for migrants:

The relative success of Wodonga Council’s skilled migration programs has highlighted the need for greater levels of settlement support. The experience of the Council demonstrates that gaps are mostly in equity and access to mainstream services such as affordable housing, education, health and basic orientation into the local community. Without this there is a propensity for all the hard work of attracting a migrant to be wasted when a migrant cannot be retained in the region.

Negative experiences of new migrants directly impact on their capability to reach their full potential in the community. The City of Wodonga is particularly disadvantaged by the fact that it does not have sufficient, dedicated resources to ensure long-term settlement of new arrivals.\textsuperscript{85}

Specifically the Council believes that funding for a dedicated multicultural resource centre in Wodonga is required:

There is no funded multicultural resource centre in Wodonga, some assistance is contributed by volunteer groups but it is impossible to provide the level of necessary service. In addition the City is not receiving the referral of Humanitarian migrants it expected from the Integrated Humanitarian Settlement Strategy (IHSS) which is based in Wagga Wagga mainly because we lack the settlement support services as outlined.

What is needed:

Funding to employ a dedicated Settlement Officer as a single point of contact to help both new arrivals and to give support to existing migrants.

The establishment of a multicultural/ethnic communities centre where migrants can help each other and gain advice on specialist problems. (Similar to Geelong, Warrnambool and Whittlesea).\textsuperscript{86}

The Committee believes that governments must continue to support the efforts of regional centres to acquire the skills they need, particularly through overseas migration programs and initiatives. Overseas migrants both enrich the cultures and add to the skills base of regional centres. The Committee commends in particular initiatives such as the Wodonga Regional Skilled Migration Program which are attempting to increase skills in the community.

\textbf{Retaining Young People}

10.115 Young people are the future of regional Victoria and of its regional centres. The loss of young people to the capital cities is an endemic issue for regional Victoria, as it is for rural communities everywhere.

10.116 Chapter Eight noted the importance of developing young leaders and Chapter Nine underlined the importance of developing young entrepreneurs in regional centres.

\textsuperscript{85} Wodonga City Council, \textit{Submission}, Number 34, 29 October 2008.

\textsuperscript{86} Ibid.
10.117 Parents and regional communities generally feel simultaneously pleased and disappointed that so many young people leave their regions. While many lament the loss of potential future leaders in the community, they also want their young people to have the same opportunities as people in the city, for example, reasonable access to higher education opportunities. This was seen in the recent reaction of many parents in regional communities to the Australian Government’s changes to Youth Allowance (referred to in Chapter Seven).

10.118 The Committee believes it is essential for regional centres to engage more fully with young people. This means both recognising their needs and interests as young people, as well as their potential as future adults in the community.

10.119 The Rural and Regional Services and Development Committee undertook a comprehensive examination of youth issues in its 2006 Inquiry into Retaining Young People in Rural Towns and Communities. During that Inquiry the concern of the community for the future wellbeing of their young people was obvious throughout regional Victoria. The issue of developing regional centres into places where young people want to live, must be an important facet of any efforts towards regional strategic planning.87

10.120 Improving engagement with, and services for, young people while they are still in the community – irrespective of whether they eventually leave – is important in its own right. The Committee commends those local councils which have engaged young people, for example, through targeted services and through programs which encourage the active participation of young people in their communities.

10.121 Richard Rijs, Director of Patties Foods Ltd and former Chairman of Champions of the Bush describes one of the major focuses of Champions of the Bush as youth retention:

I have seen over and over the advantages and disadvantages of being regionally based. I have long watched in dismay as a large proportion of our talented youth have left regional centres to further their education, rarely to return, thus perpetuating the shift in demographic — that is, academics leave and non-academics stay. In my view there are many actions and initiatives that governments can undertake to arrest the exodus to what appears to be an increasingly overcrowded capital city.88

10.122 In its submission to the Inquiry, the Youth Affairs Council of Victoria raised a number of issues of concern, including the impact of drought on access by young people to education; health issues; deferral rates for higher education; the impact of poor public transport networks on young people’s quality of life; and gaps in services for young people, for example in

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87 For further discussion see: Rural and Regional Services and Development Committee, Inquiry into Retaining Young People in Rural Towns and Communities, Final Report, Melbourne, September 2006.

relation to counselling, peer support programs, outreach services and confidentiality.\(^\text{89}\)

10.123 The Committee notes these concerns, which are common to many submissions and witnesses who appeared before the Inquiry.

10.124 The Committee believes that regional centres should engage with young people both through the provision of adequate services and through initiatives such as having formal processes for young people to represent their views to councils.

10.125 Wellington Shire’s Youth Council is one example of how this can be achieved. Wellington Shire has chosen to give its young people a real voice and influence in Council affairs. Establishing processes that are meaningful to young people develops their skills and encourages inclusion.

**Regional Liveability**

10.126 This Chapter has canvassed a number of issues related to liveability. Principally, these have covered notions of liveability; how regional centres conceive of liveability; how regional centres are currently attempting to increase liveability, for example, by increasing their cultural identity; the role of people attraction strategies, including overseas migrants; and how best to support young people.

10.127 Liveability means different things to different people. There is no one single definition. However, the Committee heard that there is agreement about the advantages of regional centres in terms of lifestyle. The factors that contribute to lifestyle can be strengthened in order to make regional centres more liveable, just as there are gaps and weaknesses that regional centres need to address, with the support of government.

10.128 It is clear that regional development is often driven by population growth, and that people need to be convinced that regional centres offer liveability and lifestyle attractions before they will move to these cities. It makes sense for regional centres to try to attract people as well as businesses. People attraction strategies should be informed by studies such as the Government’s recent *Relocated Residents Survey*.\(^\text{90}\)

10.129 The retention of young people is critical for the future of regional centres. Young people will continue to leave for the city, but regional centres need to develop their talented young people and to encourage them to contribute to the community.

10.130 The Committee heard throughout this Inquiry that liveability is closely linked to infrastructure and to the provision of first class services.

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10.131 At the outset of this Chapter the recent audit of liveability conducted in Queensland was referred to in the context of the importance of measuring a region’s liveability as a direct and tangible contributor to growth.

10.132 Closer to home, at the Committee’s first Public Hearing for this Inquiry, the Chief Executive of Regional Development Victoria also described the need to assess the strengths of regional Victoria, particularly in terms of attracting skilled overseas migrants. It can be argued that this need exists more broadly as a means to attract in-migration to regional Victoria:

When the Victorian Government has looked at campaigns overseas in the United Kingdom or in India looking at skilled attraction, we have looked at **trying to make sure that the collection of information from the regional and rural communities is captured so we can look at not only the job availability but selling the whole lifestyle package.** It is certainly a challenge we — and our regional staff and with the regional councils — constantly look at. As you drive out to the back blocks of Pakenham or Wyndham and you look at the population spread and people being an hour from the city centre, and then you look at somewhere like Shepparton or somewhere like Geelong or some of the regional centres and the population distribution, we have some challenging issues with long-term sustainable populations in some of the areas. One of the challenges is how do we attract a greater share of skilled migrants into the regions.  

10.133 The Committee’s recommendations on liveability are designed to improve those aspects of liveability over which regional centres and government can have a measure of control.

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**Recommendation 20**

*The Committee recommends that the 79 Local Government Areas in Victoria be assessed and ranked in terms of liveability. This assessment should be conducted with a view to determining gaps in regional liveability that can be targeted for development.*

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Chapter Eleven

Sustainable Development

...there is a need to overcome the population pressures of Melbourne, and in taking the pressures off Melbourne we submit you would need to build stronger regional centres, and in turn that creates a more sustainable regional set up and a more sustainable Melbourne.¹

Mr John Mitchell, Morwell.

11.1 This Chapter sets out the Committee’s findings in relation to sustainable regional development. The Report has noted earlier that sustainability is now both a goal for regional centres in its own right and is also increasingly accepted as a core part of economic development, along with jobs and investment, social inclusion, and liveability.

11.2 This Chapter covers both the broad notion of sustainability as well as specific issues related to sustainability such as natural resource management, climate change, water, land use change, green jobs and energy sustainability.

11.3 The Committee believes that sustainability is now rightly at the heart of regional development discussions and that regional centres of the future must be sustainable places as well as prosperous ones.

11.4 There is widespread acknowledgement that a degraded environment will have negative impacts on both the liveability and the economies of regional centres and their future prosperity.

11.5 The concept of ‘overdevelopment’ of cities is often a basis for concern in discussions about sustainable development. Cities are large consumers of goods and services, which can drain resources from the regions that they depend on. Because of an increasing consumption of resources, and growing dependencies on trade, the ecological impact of cities extends beyond their geographic location.

11.6 Sustainability entails maintaining simultaneously the health and integrity of four key systems: biodiversity, climate, food and culture. It is not a new or novel concept. It has long been clear that our actions at any level affect us as a country, state, region and local community. The United Nations Bruntland Commission defined sustainable development as ‘development that meets the needs of the present without compromising the ability of future generations to meet their own needs’. The Commission established that it was in the common interest of all nations to establish policies for sustainable development.

11.7 Sustainable development is an issue that was discussed by members of the Committee with the International Centre for Sustainable Cities in Canada. The Centre works in partnership with all levels of government, the private sector and civil society organisations. As part of its work it has established a network of 40 cities and communities around the world who are committed to sustainable development through long-term planning. The only Australian member is Adelaide.

11.8 The Committee notes that sustainability is closely linked to many issues raised variously throughout this report. It is linked, for example, to infrastructure provision, land use planning (particularly in relation to planning industrial land) and regional governance.

11.9 The Committee heard considerable evidence about sustainable development in both submissions and Public Hearings, both in relation to general principles of sustainability and to specific issues which have implications for sustainability. There was evidence of a general recognition that the future economic development of regional centres is closely linked to the sustainable use of natural resources and their strategic management.

11.10 Matters raised with the Committee covered the broad range of environmental issues, and included water supply and water use, renewable energy, industrial land, issues related to climate change impacts and carbon reduction, the future of the coal industry, biodiversity, and waste management.

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11.11 The Gippsland Area Consultative Committee raised the issue of sustainable regional development linked to natural resource availability, arguing that:

...planning for more industry in regional centres must take the limitations of natural resources, particularly water supply, into account; more development should not go ahead without identification and planning for these resources to be made available. \(^4\)

11.12 Mr Marc Thompson, Chief Executive Officer, Wimmera Catchment Management Authority, delineated clearly the connection between environmental health and economic prosperity for regional communities:

In the long term healthy communities require a healthy environment...If you go and take a look at the environmental impacts hitting Jeparit right now — people from French public television were here last week doing a documentary on drought in Australia, and they could not believe it. You see it in the houses. In Jeparit a house is worth $70,000 and declining in value; a similar house in Horsham is $155,000 and increasing in value.

The linkage between the environmental sustainability of these communities and their economic sustainability is quite strong. Fifteen years ago, people in Jeparit had water in their river, chock-a-block caravan parks, tucker shops, two pubs and a petrol station. Almost all that is gone now. There is one pub and you can hardly get a meal in Jeparit. \(^5\)

11.13 The Committee strongly endorses this perspective. The availability of natural resources must drive regional development, particularly in times of drought and climate change where there are competing calls on finite resources in many regions.

11.14 As we heard throughout this Inquiry this connection between natural resources and economic viability is increasingly apparent to the community, and has clear implications for the management of regional centres. It means maintaining close links between regional development strategies and policy processes, and natural resource management.

**Natural Resource Management**

11.15 Managing the impact of human activity on the natural ecosystems at regional scale is an important aspect of regional governance arrangements in Victoria, and a central part of sustainable regional development. Natural resource management is increasingly an important concern of local councils, for example. Initiatives to support more sustainable agriculture have been championed by government and taken up by many farmers in rural regions.

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5 Mr Marc Thompson, Chief Executive Officer, Wimmera Catchment Management Authority, *Public Hearing*, Horsham, 11 February 2009.
Inquiry into Regional Centres of the Future

Natural resource management is described as a policy priority for the Australian and Victorian Governments, through programs such as Caring for Our Country. According to the Victorian Government it is:

...committed to integrated catchment management as an important way of achieving sustainability. In Victoria, the concept of integrated catchment management (ICM) underpins sustainable management of land and water resources and contributes to biodiversity management. Victoria’s whole of catchment approach to natural resource management seeks to deliver environmental, social and economic outcomes for the community and reduce our ecological footprint.6

Catchment Management Authorities, funded by both State and Federal Governments, are at the heart of regional efforts to ensure that sustainability is factored into regional planning regimes.

There are ten Catchment Management Authorities in Victoria which operate as part of the Victorian Investment Framework. Key areas of concern for Catchment Management Authorities include biodiversity, land and water degradation, and sustainable agriculture. Catchment Management Authorities are community-based organisations with region-wide scope and are responsible to government.

Submissions and evidence about natural resource management were presented to the Committee by representatives from a number of organisations, which included a Catchment Management Authority. Marc Thompson outlined the role of the authorities:

We operate significantly through partnerships. We partner with just about everybody and anybody in this region. It is really an effective way. We have excellent relationships with local government in sharing information. We have provided digital elevation mapping for the entire region to all the local governments for their planning. They provide us with addresses of land-holders.

If we want to target environmental investment, we have to have specific areas and issues. It is really a strong relationship. We also support some 50 Landcare groups and work with a number of other community-based organisations. We have linkages with CSIRO, universities and government agencies. Probably our no. 1 partners are local land-holders. We have contracts with thousands of them to deliver initiatives.

Mr Thomson describes the basis of the Authorities strengths:

Our strengths are the facts that we are regionally based, which allows us to really know our community. We are integrated, so we can pull together funding and objectives from a wide range of programs and roll them out in an integrated delivery package. Because our partnerships extend to all the corners of this region, we

are really effective in getting the government programs out from
the regional centre into the other parts. A good example is that for
the past three years CMAs have been delivering a $10 million
drought employment program. It was an initiative of the Premier,
and it has been viewed as highly effective.\(^7\)

11.21 Importantly from the Committee’s point of view, Mr Thompson also noted
that:

Given we know our community, we know how to target things. We
know how people think. We have good information on the values
that people hold. We have been able to target the marketing of
government programs in the language that resonates with the
target audience. As a result, we are oversubscribed with almost
every incentive program on which we go out looking for
partnerships with land-holders...there is a stronger awareness of the
linkage between the environmental health of the region and the
economic health.\(^8\)

11.22 The Committee notes the important role of Catchment Management
Authorities in overseeing the management of natural resources in
regions, in particular their capacity for partnering with many other
organisations. It is important that the roles of the Authorities continue to
be supported strongly by governments at all levels, and that local councils
in particular develop stronger ties with them.

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**Recommendation 21**

*The Committee recommends that the new Regional Development Australia Committees form close alliances with Catchment Management Authorities to ensure a proper alignment of regional economic and environmental objectives.*

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**Climate Change**

11.23 As noted in Chapter Three, recent extremes of weather and in particular
the drought, which has affected many regions in Victoria over a long
period, have focused popular attention on climate change. No discussion
of regional development is possible now without reference to climate
change and its impacts, for example in relation to water availability.

11.24 While climate science and the potential impacts of climate change on
different regions remain uncertain, governments at all levels take the
threat of climate change seriously and are moving to change the behaviour
of industries and households through domestic carbon emissions trading
schemes, signing international agreements and setting mandatory
renewable energy targets. Governments are also conscious of the need

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\(^7\) Mr Marc Thompson, Chief Executive Officer, Wimmera Catchment Management Authority, *Public Hearing*,
Horsham, 11 February 2009.

\(^8\) Ibid.
not to sacrifice regional and sectoral competitive advantages, and the development of the proposed Carbon Pollution Reduction Scheme includes measures such as delayed introductions, exemptions and compensation to allow households, communities, regions and industries to adjust.

11.25 The Municipal Association of Victoria sees climate change creating great challenges for regional centres and for local councils:

Central to any strategic infrastructure development plan, should be consideration of climate change adaptation and mitigation measures. Climate change will have wide-ranging and significant impacts on the infrastructure that local government is responsible for, due to changes in the average climate and changes in the frequency and intensity of severe weather events.9

11.26 Many of the possible impacts of climate change on regional centres are currently uncertain. Some submissions argued for further investigation of the ways climate change will impact on regions, and for better government planning in relation to possible impacts. For example, Mount Alexander Shire Council recommended:

That the State Government develops a deeper understanding of what structural reform is required to manage the challenges of climate change in the community.10

11.27 Some submissions also recognised the potential effects of climate change policies on regions. For example, the City of Greater Geelong recommended an allocation of Government funds ‘to undertake an economic and social impacts assessment of the effects of the Carbon Pollution Reduction Scheme on regional centres...’.11

11.28 There is considerable uncertainty about both the longer term impacts of climate change and the regional impacts of measures designed to mitigate climate change. The longer term impacts of climate change are extremely difficult to predict. However, many regional centres have industries and businesses whose cost structures are likely to be impacted by climate change policies.

11.29 In particular, the Committee agrees with the City of Geelong that substantial research is needed to investigate the likely impacts on regional centres of policies related to carbon reduction, the place of agriculture in emissions reduction schemes and renewable energy targets. The Committee believes that the Victorian and Australian Governments should fund this research as a matter of priority.

11.30 The Committee believes adapting to the climate changes that are occurring is important for communities, and that regional centres must respond to changes in climate sensibly with policies that support

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9 Municipal Association of Victoria, Submission, Number 60, December 2008.
11 City of Greater Geelong, Submission, Number 42, 31 October 2008.
businesses and households. In this connection, the Committee commends the efforts of the Municipal Association of Victoria to engage with the issue of climate change.

**Recommendation 22**

The Committee recommends that the Victorian Government commission research into the potential impacts of climate change and climate change mitigation policies, including the proposed Carbon Pollution Reduction Scheme, on business and industry in regional Victoria. Such research should follow a review of existing information and evidence.

**Water**

11.31 Water security is important for many rural and regional industries. Water availability underpins economic development in regional centres, most obviously in the agricultural sector but also in manufacturing, mining and tourism. As food security emerges as a state and national (and international) issue, so the availability of water and the management of water as a finite resource will become a critical issue for government, industry and the community. Put simply, the availability of water will be a huge constraint on further development in regional areas, and successful regional development will require first of all ready access to a reliable water supply. As well, access to water is increasingly controversial as a policy issue, and is a cause of conflict between users in different sectors in regional communities.

11.32 Water policy is also a difficult and controversial regional, state and national policy issue, with debates over water pricing, trading and allocations in the broader context of government moves to allocate more water to environmental flows, to achieve more healthy rivers and other environmental objectives such as biodiversity.

11.33 Some regions in Victoria have experienced severe and ongoing drought for several years. Water has become a critical issue for regional development, and water availability is a constraint on the future growth of regional centres and regional economies. For example, in its submission, Goulburn Valley Water argued that long-term water security should be driving decisions about the location of industries and the choice of industries for particular locations.  

11.34 Water debates are also closely linked to discussions of climate change. The Committee believes that the issues of water security and sustainable water management practices are critical to the development of regional centres of the future.

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12 Goulburn Valley Water, Submission, Number 33, 29 October 2008.
11.35 Hence the capacity of regional centres to grow sustainably in the future will rely very much on an adequate water supply, particularly if drought conditions continue for the foreseeable future. Climate change also may mean that some regional centres will be better placed than others to grow their population and industry.

11.36 The Committee heard much evidence during the Inquiry of the critical importance of water to the growth of regional centres and that there is broad agreement in the regional community in this regard. The issues covered were broad, and included recycling; water and planning for industrial land; water availability and business attraction strategies; water and sustainability; water restrictions; government water allocations; equity in water pricing; balancing the competing needs of industry, agriculture and the environment; and the development of new technologies in water capture.

11.37 The issue of water availability is all encompassing for some regions. According to one witness, a successful Executive newly located in Ballarat:

There is a hierarchy of needs for business and regional communities to thrive. In my opinion the order starts with water. Water is the lifeblood of society, and without it we cannot exist. It is also the lifeblood of many industries, and the extent to which the water crisis has affected regional communities over the last five to six years cannot be underestimated. My personal experience of showering over a bucket this morning, driving my dirty car, watching 100-year-old trees die and purchasing water to save my garden is part of the daily chore of many residents of Ballarat today.13

11.38 Geelong City also addressed the issue of future water security in its submission to the Inquiry, focusing on the need for sustainable water management practices:

A sustainable water supply is essential for the growth of regional centres.

Sustainable water resources are vital to Geelong’s long-term prosperity. The region’s economy and the everyday lives of residents depend on a reliable supply of water. Initiatives that promote sustainable water management practices and/or development of infrastructure to ensure sustainable water supply will assist in promoting growth in regional centres.14

11.39 The Victorian Government highlighted the importance of water to a range of industries critical to healthy regional economies. It also raised the question of the link, if any, between drought and climate change, and of the need for prudent long-term planning in the context of a possibly drier future. According to the Victorian Government’s submission:

13 Mr Glen Walker, General Manager, Manufacturing, MaxiTRANS Industries Ltd, Public Hearing, Ballarat, 18 November 2008.

14 City of Greater Geelong, Submission, Number 42, 31 October 2008.
Secure supplies of water are vital for the growth of Victoria’s agriculture, manufacturing, tourism and mining industries as well as its general population.

Victoria is currently experiencing one of the driest periods on record, with well below average rainfall and stream flows occurring over the past ten years. It is unclear whether the severity and prolonged nature of the current conditions can be attributed to an extended drought or are a sign of more long-term climate change. However, it is clear that the management of Victoria’s water resources needs to incorporate long-term planning for future growth with less water available.\textsuperscript{15}

11.40 Wodonga City Council has an acute awareness of the necessity of water as a resource in its region, in view of its location on the Murray and its direct experience of the vexed issue of water allocations. The Council explained its region’s industrial and residential water needs into the future, particularly in terms of infrastructure that might ameliorate their current problems. As such, Wodonga’s submission provides a useful case study. According to Wodonga City Council:

Water consumption and availability is a critical issue for the whole of Victoria. Wodonga’s position on the Murray River has in past years provided a secure supply of water for industry, residents and maintaining Council assets such as parks and sporting facilities. Several years of reduced rainfall has resulted in a reduction of access to water supply from the Murray River (water allocations were reduced to 42\% this year). The low levels of Lake Hume and Dartmouth Dam – at times dwindling to below 5\% – have resulted in Level 4 restrictions being applied and hence uncertainty as to water allocation has become an issue. This is particularly so for large industry which requires high volumes of water.

The provision of a third (grey water pipe) would assist in minimising the increasing risk of inadequate water allocation by providing water ‘fit for purpose’. For example, should industry compensate its potable water use by 10\% through the availability of grey water, the saved water is then available for other purposes such as residential consumption. The grey reuse water means non-extraction from the Murray River system and therefore does not impact entitlement resulting in additional water industry to access. The increased availability of water would provide not only stability for existing industry, but also an attractive factor for business operations seeking to relocate to Wodonga. With the increasing risk factor of inadequate water supply and subsequent exposure to production capability downgrades, the cost of water per mega litre has risen as demand to purchase has increased, in some cases to over $1200. Statistics indicate the cost to provide grey water is up to 50\% less due to lower treatment requirements. A third grey water pipe therefore, not only minimises exposure to risk but also delivers significant savings in the cost of purchasing water.

\textsuperscript{15} Victorian Government, Submission, Number 37, October 2008, p 10.
Investment in infrastructure should also consider funding for capacity holding requirements and infrastructure to generate grey water at treatment quality at greater rates. This includes filtration systems and holding tanks. These types of infrastructure form a critical part in the value of the third grey water pipe and its ability to meet demand.

Finally, a third grey water pipe would enable Council to supply, maintain and preserve key assets including parks, sporting ovals and facilities, public toilets, gardens toilets [sic] etc. Greater usage and less risk of injury due to hard playing surfaces would also result.\textsuperscript{16}

11.41 The Wodonga submission highlights the close links between urban water availability, infrastructure and liveability. It is a timely reminder that not only is industry dependent on adequate water, but that urban amenity also depends on water security. It also demonstrates the opportunities, for example in business attraction, for regional centres that manage their water resources wisely.\textsuperscript{17}

11.42 The Committee is aware of the complexity of the water issues and their interaction with other issues such as council planning regimes and competing industry needs. This makes water a strategic planning issue, particularly for local councils. It also means that water availability is an infrastructure concern that must be planned for on a regional basis. As the Municipal Association of Victoria notes:

\begin{quote}
It is important that regional economic development be considered in the context of changing farm production and access to water; value of high amenity rural land; demands of urban growth and providing a level of certainty and flexibility to enable rural economic adjustment.
\end{quote}

Councils undertaking strategic land use planning studies in irrigated areas face uncertainty due to water trade, water reform and the impacts of climate change. This uncertainty is exacerbated by seasonal fluctuations in allocation and permanent trade (currently capped) seeing older marginal land abandoned and previous dry land areas becoming irrigated. Implications of changing land uses due to the portability of water affect workforce and housing requirements, transport infrastructure and other complementary land uses. In the Robinvale area the large scale development has led to demand for seasonal worker accommodation. Councils would benefit from a regional perspective on how these changes will occur and the preferred government response.\textsuperscript{18}

11.43 Additionally, there is also the confronting issue that land previously irrigated successfully for farming purposes is becoming dry, leading to once dynamic and prosperous communities being forced into less profitable dry land farming.

\textsuperscript{16} Wodonga City Council, Submission, Number 34, 29 October 2008.
\textsuperscript{17} Ibid.
\textsuperscript{18} Municipal Association of Victoria, Submission, Number 60, 22 December 2008.
11.44 Understandably there is considerable uncertainty in attempting to predict future scenarios about water availability. However, it is certain that water will continue to be a key driver of regional development. Future water security will be an essential part of sustainable growth in regional centres. In the view of the Committee, key issues include infrastructure, pricing and balancing competing needs.

11.45 In terms of policy related to water availability and use, it is also of concern to the Committee that governments at both state and federal level ensure a balanced approach to this pivotal area. The Committee is concerned that current state government policy related to water, for example in relation to the north–south pipeline, is centralised policy. The effects of policy on water will acutely influence regional development into the future, and the viability of rural and regional communities that rely on this precious resource. The Committee is discouraged by this centralised approach to water-related policy and believes that government at all levels should ensure more balanced water-related policy development.

11.46 Mr Bob Elkington, Economic Development and Tourism Manager at the Murrindindi Shire, made the following statement to the Committee in relation to retaining water in the region:

> Retention of access to water is probably one of the key issues for us. As is fairly obvious, the north–south pipeline has had a major effect on business around our area and the psyche of business. Lake Eildon and the Goulburn River are major tourism attractions, and they are a major infrastructure support to the trout and salmon sector. If we do not have water, we do not have industry and we do not have industry confidence.  

11.47 He points out that the repercussions of removing water from the region through the means of a major pipeline will be felt throughout the region in different sectors and will have broad ramifications.

> The power supply issue generally is the Kinross issue. Basically there is a cost to the business of getting its power supply up to the standard it should be. There are concerns that the north–south pipeline will actually suck a fair bit of the power that is already there, and that business will have even more trouble getting the power supply that it needs unless it is prepared to fork out over $250,000 for an upgrade, and that is highly unlikely.

Other speakers have prompted me to go back to the water question. Ten minutes north of Whittlesea you have got the Kinglake Ranges right through from Toolangi to Kinglake West and south into Flowerdale. That area is obviously in need of a lot of work right now, but there is a great opportunity there to upgrade those regions. Right now there is no wastewater treatment and no reticulated water despite the fact that the north–south pipeline will run right through the middle of it. So they will have all this water

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running right past their doors but which cannot be used by the locals. You obviously understand how they feel about that.\textsuperscript{20}

11.48 Water is increasingly seen as a finite resource, and new ways of managing limited supply need to be developed.

11.49 Innovative thinking will be needed in relation to new ways of using and re-using existing water supplies and integrating water sustainability issues into land use planning and into regional planning and regional development strategies. For example, industry attraction and business development strategies will need to take heed of the likely use of water by new industries and businesses. Similarly, land use change decisions by local councils will need to take far greater account in the future of water use scenarios.

11.50 Local councils need to work more closely with Catchment Management Authorities and water corporations to coordinate strategies and planning instruments. Coordinated infrastructure development is critical at regional scale. This is essentially a management and regional governance issue, and a good example of why all agencies should be working more collaboratively across sectors and regions. This issue was discussed in Chapter Eight.

**Green Jobs**

11.51 The Committee believes that the environment sets limits in relation to regional development, but that it also creates new opportunities for regional development. The provision of environmental services is one area of new employment in regional areas. Other new opportunities have been promoted in the context of the climate change debate, particularly in relation to alternate energy sources and also carbon trading regimes.

11.52 The notion of ‘green jobs’, or ‘green collar jobs’, is a relatively recent one. It is also the subject of much debate – over what counts as a green job, where emerging green jobs will be located, whether regional areas will develop green jobs and what the cost of green jobs might be in terms of public subsidies.

11.53 Green jobs normally are said to include activities that promote ecologically friendly products and services or environmental values. They might be in manufacturing, in research and development, in agriculture, or in financial services (in the case of carbon reduction activities). The notion of green jobs has taken on added meaning with governments considering moves to a low carbon economy. There may be new employment and investment opportunities in encouraging industry to move to lower emissions.

11.54 What is agreed in debates over green jobs is that there will be new employment opportunities as government legislation supporting alternate

\textsuperscript{20} Ibid.
energy development begins to take effect. It is up to regions and regional centres, with the support of government, to ensure that they capture some of these opportunities. Regions suffering from economic stress as a result of drought and climate change may find alternate strategies for future economic development, and this should include all avenues available such as new green jobs.

11.55 Some regions are aware of the economic opportunities that may be available as we move to a low carbon economy, and others need to be made more aware of the opportunities. Still other regions will have no choice other than to adapt to a new environment or experience either high unemployment or severe out-migration. According to the Municipal Association of Victoria:

Traditional regional economies, such as those based on agricultural production, will be increasingly hampered by the impacts of climate change and concomitant threats to water security. Further, those regions reliant on emissions intensive industries, such as Victoria’s coal-based power generators in the Latrobe Valley, have the potential to be severely affected by an anticipated Carbon Pollution Reduction Scheme. The global push to significantly reduce greenhouse gas emissions, through such policies as the CPRS, do however create opportunities to fundamentally adjust the basis of regional economies and look to establish new ‘green-collar’ low carbon industries.

Realising business and employment opportunities that enable the agricultural, transport and logistics sectors to adjust to climate change will become critical to the sustainable development of Victorian communities.

Many industries are meeting higher standards of environmental performance and have less impact on the environment and amenity and should be able to be considered. The scale, intensity and capital investment associated with farming is changing. Intensive agriculture can be noxious, noisy and generate significant traffic. Buffer zones are required and the use more like industry, than farming.

Ensuring that farm based businesses can expand and adapt is also important to regional cities. 21

11.56 It is currently uncertain how important green jobs will be for regional economies in the future. However, it is incumbent upon government and regional centres to explore ways in which they can promote new jobs and new industries. The opportunities for new, green regional jobs should form part of the investigation into the regional impacts of climate change policies recommended by the Committee earlier in this Chapter.

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21 Municipal Association of Victoria, Submission, Number 60, 22 December 2008.
Energy Sustainability and New Regional Development Opportunities

11.57 The Committee believes that energy sustainability will be a key factor in regional development in the future. Under renewable energy targets, geothermal, solar and wind energy sources are planned to gradually reduce Victoria’s dependence on fossil fuel energy sources.

11.58 The Victorian Government supports the development of renewable energy. The Victorian Renewable Energy Target scheme aims to increase the amount of energy generated from renewable sources to ten per cent by 2016. This is supported by the Federal Government target of 20% by 2020. Geothermal energy has the potential to contribute to these targets.22

11.59 The Victorian Government has a policy to finance proposals for large-scale, renewable energy demonstration projects across the state. The Victorian Government’s regional infrastructure priorities include the Biofuels Infrastructure Grants Program. The program is designed to assist in the development of technology and infrastructure for this form of alternate energy.23 The Committee notes its disappointment in the recent collapse of the solar park at Redcliffs near Mildura, despite this stated commitment.

11.60 The Committee heard evidence about the importance of a reliable energy supply to enhance both business development and liveability. Some submissions supported the further development of infrastructure for energy sustainability. This generally related to renewable energy, and clean energy to provide support for existing businesses by maintaining reliable energy supply, opportunities for new businesses in renewable energy technology and employment opportunities in these areas.

11.61 The Committee heard evidence that business attraction strategies need to be linked to future energy availability, and in the case of the Latrobe Valley to the possibilities of forming a cluster of energy-related businesses. For example, Advance Morwell recommended that:

Appropriate businesses must be targeted to come to the area. The targeting of businesses specifically related to existing power and clean energy is an obvious task for Governments, Council, existing businesses, GippsTAFE and Monash University.24

11.62 A number of submissions argued for the location of particular renewable energy projects in their regions. For instance, the Latrobe Valley argued that:

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Locating the State Clean Coal Authority in the Valley is strongly supported, as is Latrobe City’s recommendation to site the Federal arm of the Global Institute on Carbon Capture in this area.\textsuperscript{25}

11.63 A specific recommendation from Horsham (the Horsham and District Commerce Association) was to locate a solar power generation plant in Horsham.\textsuperscript{26}

11.64 The renewable energy targets mandated under Commonwealth legislation it is hoped will drive research and development in this area, and there will be considerable opportunities for regional development through new investments in non-fossil fuel energy sources. The regional impacts of these developments are likely to be uneven, and it will be up to regional centres, with government funding support, to pursue these opportunities.

11.65 The role of government in supporting research in the area of renewable energy is important. This is particularly so where solutions to problems are required. Government-sponsored research has the added positive characteristic that it may not be subject to intellectual property but may be shared amongst a wide audience. It is also important in ensuring that decision-making by government and industry is based on the best information available.

11.66 According to John Mitchell, Chairman of the Australian Sustainable Industry Research Centre:

\ldots it would be fantastic if the State Government could consider a mechanism like a small recurrent expenditure or to pay for particular expertise to address a particular industry problem. We do have experts in coal, we have experts in terms of process engineering. It would be good if the government could say, ‘This industry sector is a priority sector for us. We will help you pay some recurrent expenditure to get that research under way’. As I said, we are working with three of the biggest waste producers in the state and Australia in terms of Veolia, Transpacific Industries and Chemsal, but a lot of that research is undertaken on intellectual property bases because they are each looking for their future, but in other industries, like in terms of the automotive industry or industrial and car painters, there are waste problems there they have to address but the SMEs cannot afford the money. It would be good then if we could undertake a generic research program, where the intellectual property belonged to the industry but help funded by State Government and at industry sector — to say, ‘Okay, we are going to address this particular problem, do the research and get it out of the way’.\textsuperscript{27}

11.67 Winfred Scott, from the Sunraysia Institute of TAFE, believes that Mildura has the potential to be a renewable energy centre in Australia. She describes the progress that has already been made in Mildura in that field:

\textsuperscript{25} Latrobe City, \textit{Submission}, Number 9, 27 August 2008.
\textsuperscript{26} Horsham and District Commerce Association, \textit{Submission}, Number 25, 30 September 2008.
We have already begun projects with solar, geothermal, wind, desalination, biofuels and, although TAFE is not funded for research, we are a partner in the National Centre for Sustainability, and through that we have been becoming involved in research, study tours and various other projects which are allowing us to be at the forefront of renewable energy development in this region.\(^{28}\)

11.68 Regional Victoria is well placed to develop new sources of alternate energy. Again, according to the Municipal Association of Victoria:

Regional and rural areas are in an excellent position to attract a wide range of decentralised energy industries including wind power, cogeneration, solar power, geo-exchange, landfill gas and bio-energy. Research and development in renewable energies, alternative fuels and low emission vehicles, and commercialisation to enable market uptake of these products could be concentrated in regional centres. Further, opportunities for bio-sequestration of carbon through forestry and agriculture could favourably transform the economic prospects of large parts of rural Victoria.\(^{29}\)

11.69 It is clear from the evidence provided by witnesses to this Committee that opportunities for the regions in renewable energy will need strong State and Australian Government support and incentives. Professor John Wiseman makes an important point about the ways in which renewable energy projects are important to the regions, and the opportunities they present:

I think a lot of the work in relation to local renewable energy projects will really only fly if it is supported by national and state incentives and drivers, financial and otherwise. I know that the question of feed-in tariffs is controversial, but I believe that is an important incentive, and thinking really strongly about the way in which the grid and grids are run across the state and nationally. That is the second point I would make.

The third point I make is really about capturing the learning and sharing it. That is where I think there are huge opportunities, to make sure that, say, in the south-west what is learnt there is seen as a real laboratory for the rest of the country and indeed the rest of the world.\(^{30}\)

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\(^{30}\) Professor John Wiseman, Director, McCaughey Centre, University of Melbourne. *Public Hearing*, 4 May, 2009.
Profile 12: South West Sustainability Partnership

Sustainability, as we like to work with it, is meeting the needs of the present without compromising the ability to meet the needs of the future.31

Mr Barrie Baker, Warrnambool.

Mr Baker describes the goals of the South West Sustainability Partnership. The Partnership aims to:

...establish a culture of sustainability through management of the environmental, economic, social, cultural and heritage resources of the south west region of Victoria, Australia. The partnership is an incorporated body currently consisting of 15 members, all committed to adopting a regional sustainability program.32

The South West Sustainability Partnership alliance consists of 15 organisations, including local councils, the Catchment Management Authority, educational providers, utilities and State Government agencies, the Department of Primary Industries, the Department of Sustainability and Environment, and the Environment Protection Authority.

The South West Sustainability Partnership pursues projects funded through State Government agencies. The model is a collaborative one in which the Partnership works with other organisations to develop and implement sustainability projects.

Executive Officer Barrie Baker insists that the partnership ‘tries to be an effective umbrella body, bringing together the issues of sustainability from a range of organisations’.33 Mr Baker believes that the partnership is relatively unique in Victoria and that a major benefit of the organisation is that it has inspired alliances amongst the key stakeholders in sustainability in the region. For example:

...Wannon Water and Southern Rural Water are really getting together to do joint advertising about efficient water use...There are those sorts of alliances that are brought together by having the partnership. One of the advantages of their partnership as well is that we have two levels of operation. The CEOs tend to get together at the board level, and then we have the greenhouse gas alliance and the natural assets alliance. At that level we are getting the operative staff together, and that is a very valuable forum for those people.34

The partnership has created two Standing Committees. The first is the South West Greenhouse Alliance Committee, established to support and advise the Board of the South West Sustainability Partnership on issues and projects related to greenhouse emissions and abatement across south-west Victoria. Secondly, the South West Natural Assets Alliance Committee, established to support and advise the Board on issues and projects related to conservation, management and enhancement of the

31 Mr Barrie Baker, Chief Executive Officer, South West Sustainability Partnership, Public Hearing, Warrnambool, 12 February 2009.
33 Mr Barrie Baker, Chief Executive Officer, South West Sustainability Partnership, Public Hearing, Warrnambool, 12 February 2009.
34 Ibid.
natural assets, biodiversity, coastal environment, agricultural productivity and community amenity in south-west Victoria.

These Committees have links with a wide range of organisations with interests in sustainability, such as industry, energy companies, infrastructure providers, other government agencies and sustainability community projects.

The partnership also conducts events such as expos, for example, the Smart Living Sustainable Lifestyle Expo. The Expo includes demonstrations on how to reduce your impact on the environment.

The Committee commends the work of the Partnership in its efforts to build region-wide acceptance of sustainability objectives and in its practical and collaborative approach.

Conclusion

11.70 In summary, this Inquiry has confirmed that sustainability is now an important driver of regional development in Victoria. Not only do regional centres have to develop and grow economically sustainable industries. They also have to ensure that these industries are compatible with ecological sustainability. This is increasingly valued by communities. As well, regional centres need to position themselves to develop new environmentally focused industries that will create potential new sources of competitive advantage.

11.71 The Committee has found that there are considerable examples in regional Victoria of emerging green industries which have the potential to create further employment in the future. However, communities and businesses do not always understand both the opportunities and constraints of sustainable development objectives. The current debate over whether agriculture should be included in future carbon emissions trading schemes is one example of this. Much more research is needed on the costs and benefits for existing industries of moving to a more ecologically sustainable future. The Committee notes that the existing carbon trading scheme proposed by the Federal Government does not acknowledge farm soil sequestration as a legitimate carbon credit. Therefore until such a scheme does acknowledge this method of carbon capture the financial implications for payment by the agricultural sector for livestock emissions would have drastic financial repercussions for that sector. Currently the Environment and Natural Resources Committee is conducting an Inquiry into Soil Sequestration in Victoria.

11.72 Critical issues for the sustainable development of regional centres include water security and natural resource management. The Committee heard evidence that water is now a critical resource for regional communities, particularly in the context of the current long drought in some regions and fears over climate change.
11.73 The Victorian Government has invested resources in these areas, through agencies such as Regional Development Victoria, the Department of Primary industries, the Department of Planning and Community Development, and the Catchment Management Authorities.

11.74 Creating more ecologically sustainable regions is partly a function of better regional governance, in particular of more collaborative and better structured and supported regional institutions. For example, catchment or region scale actions are needed to support regional development strategies that drive sustainable industries, with stronger linkages between local councils, utilities and Catchment Management Authorities, commonly accepted measures of sustainability, and more closely aligned local and regional plans.

11.75 South West Victoria, the Latrobe Valley and Mildura are all areas where a focus on alternative energy and green jobs may be both economically and environmentally beneficial to those regions. Initiatives such as the South West Sustainability Partnership are positive attempts to think more strategically at regional scale about the challenges of sustainability.

11.76 Sustainability often involves substantial shifts in industry and community thinking, with short-term winners and losers. There is an important leadership role for councils and regional development bodies in building coalitions of support for more sustainable business development. There is also a place for further research on what the opportunities look like for regional Victoria in the field of sustainability.
Chapter Twelve

The Future of Regional Development

12.1 The Committee has sought in this report to give meaning to the notion of ‘regional centres of the future’. Creating viable regional centres is viewed by the Committee as both a means towards more balanced development between Melbourne and regional Victoria, and equally as necessary for the future viability of smaller towns in the hinterlands of the regional centres.

12.2 A renewed, strategic and well-funded focus on the development of regional centres is essential if we are to avoid the pitfalls of current trends towards an overcrowded and unliveable Melbourne, and non-metropolitan regions struggling to grow their population at a rate necessary to alleviate these growth pressures.

12.3 The Committee’s vision is for dynamic regional centres whose competitive advantage is recognised; that are economic powerhouses in and for their regions; that are sustainable in every sense of the term; and that are attractive and culturally vibrant places to live.

12.4 Government policy is one of many influences on regional development generally and in particular on the creation of dynamic regional centres. Equally, getting government policy settings right and focusing interventions in areas where policy can have a positive impact on outcomes is critical for supporting regional centres, and has been a concern throughout this Inquiry. Nevertheless the policy directions that governments choose to take are critical for the future of Victoria, in terms of infrastructure development and funding as well as in many other areas of support.
12.5 The Victorian Government has a reputation for having a genuine commitment to regional development and for positive programs and initiatives. However, this does not mean that there is not more to be done or that the Government cannot refine its approaches to the development of regional centres in Victoria.

12.6 The Committee, having reflected on the key issues of regional development and having observed best practice in Australia and internationally, believes strongly that there are opportunities for the consideration of new approaches and new emphases, and a sharper focus on areas that are currently under-resourced.

12.7 This Chapter summarises the Committee’s findings in key areas and sets out what it takes to be the most promising areas for government policy review. In particular, it outlines the key challenges for developing strategies for regional Victoria; examines the feasibility of encouraging greater decentralisation; and suggests a way forward in relation to some of the key areas of focus of this report – regional governance structures; liveability; empowering regional leaders; growing entrepreneurship and innovation in regional centres; communication and connection; regionally distributed population; and sustainable development.

12.8 The Committee believes that:
- the future of Victoria’s regional centres is potentially very bright despite the range of challenges they face;
- the growth of regional centres is largely determined by the actions of individuals, households and firms, but the culture and economic development capacity of the regional centre is also important; and
- government actions do make a difference to regional outcomes.

A Strategy for Regional Development

12.9 The Committee’s challenge has been to draw conclusions from an examination of evidence provided by witnesses to the Committee throughout regional Victoria, the wide range of existing government programs and regional strategies, international experience in regional development, emerging ideas in recent studies, and the views of agencies involved in regional development and of regional Victorians generally.

12.10 Over the last decade approaches to regional development by governments in Australia, and internationally, have been to encourage regions themselves to devise strategies for development through a series of policies and programs that support local efforts. This approach, to recognise that regional actors themselves are best placed to determine their own development priorities, is a positive one.

12.11 What this Committee heard throughout its Inquiry into Regional Centres of the Future and what members observed in other jurisdictions is the need for a greater commitment by government to redressing the balance of
population between capital cities and regional areas. This is a matter that deserves careful consideration.

‘One Victoria’

We talk about rural centres, but in many ways you cannot talk about rural and regional centres unless you talk about metropolitan centres.1

Professor John Martin, Bendigo.

12.12 The concept of ‘one Victoria’ is one of the findings and core themes of the Victorian Competition and Efficiency Commission in its 2008 *A State of Liveability* Report. The Commission raises the concept of ‘one Victoria’ in the context of management of population growth. It states in its report:

A theme — both a challenge and an opportunity — pervading the report is the need to manage growth within the context of ‘one Victoria’. Growth is both an outcome of the liveability of Victoria and a challenge in the sense that growth places pressures on services, infrastructure and if not well managed can detract from Victoria’s liveability. In addition, poorly managed growth can have implications for housing affordability and congestion, especially in Melbourne.2

12.13 The *A State of Liveability* Report particularly acknowledges and supports the need for well-managed growth, and strategic investment in infrastructure to interconnect areas of the state:

Victoria is fortunate that its relatively compact size means that distances between major centres and provincial areas are not great and so there is scope for considerable interaction and interconnection among parts of the state. Infrastructure — roads, rail and information and communication technologies — is an important element in maximising the interconnectedness of the state and building one Victoria.3

12.14 The key element to be noted by those of us who are passionate about the development of ‘one Victoria’ is the role that regions have to play in the future of the state:

Provincial areas have an important role to play in helping Victoria manage future population growth. In many respects provincial Victoria is the ‘liveable alternative’ to Melbourne and many people and businesses are choosing to locate in provincial areas. The calculus of investing in provincial Victoria needs to take account of the relief of costs of Melbourne’s growth.

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1 Professor John Martin, Director, Centre for Sustainable Regional Communities, La Trobe University, *Public Hearing*, Bendigo, 12 December 2008.
3 Ibid.
Managing growth and building the interconnections between provincial Victoria and Melbourne is perhaps the key challenge in further enhancing Victoria’s liveability.  

12.15 The concept of ‘one Victoria’ has as its central principle the idea that the liveability of Melbourne and regional centres is interlinked, and that government should think in terms of planning for the whole state rather than developing planning policies for each region and for Victoria separately. Although the report is focused on liveability these principles can be applied more broadly, and the notions of interconnectedness as well as the role of regional centres in the future development of the state as a whole were raised to the Committee many times during this Inquiry.

12.16 The idea of ‘one Victoria’ raised by the Commission has clear implications for the way the State Government supports regional centres. In particular, the notion accords with the proposal put forward by Regional Cities Victoria, and discussed elsewhere in this Report, with regard to the cost of developing Melbourne at the expense of regional Victoria. In particular, calculations regarding possible increased funding of infrastructure for regional centres should take into account the cost of increased congestion in the city that would result from continuing to support the growth of Melbourne, particularly at its fringes. The concept of ‘one Victoria’ is a key principle that must underpin approaches by government to the development of regional development policies and programs.

Encouraging Out-migration from Cities: The Decentralisation Debate Revisited

12.17 During its Inquiry into Regional Centres of the Future members of the Rural and Regional Committee have been concerned to identify ways that government can assist in regional development. To this end members often asked witnesses in regional communities to put themselves in their shoes, asking ‘What would you do if you were Minister for Regional and Rural Development or Premier for a day?’. The responses were broad ranging and interesting and without fail spoke of the need for greater intervention by government in regional development.

12.18 The following is a response to this question during a hearing in Gippsland which advocates for an ‘interventionist decentralisation’ role for government, given the failure of the market in certain areas. This response reflects what the Committee heard during this Inquiry:

I would do a number of things to achieve one objective. I would level up the playing field if I were king for a day. We have heard the stories from Jeff and Brian about the cost of power being 20 per cent more than in Bendigo. I would regulate to fix that, and I would intervene where the market is failing. The cost of land development: I would intervene in developer contributions to service authorities and the like to make it cheaper, or make it possible, to develop land in smaller communities. I would invest more heavily in public

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4 Ibid.
transport. I am really talking about an interventionist, decentralisation role here. Stan was talking about using market forces to promote what the regional centres have, and that will deliver some. But there is a point where the free market will fail, and we will see a decline in small country towns and rural areas unless there is intervention.  

12.19 Any discussion of ‘one Victoria’ and of re-balancing the current distribution of population between Melbourne and the rest of the state, especially in the context of efforts to relieve Melbourne’s urban growth pressures, calls to mind previous thinking and efforts at decentralisation.

12.20 At the heart of decentralisation policy there needs to be a strategy for encouraging out-migration from Melbourne.

12.21 There is little question that Melbourne’s current rapid population growth is set to continue. This has been a strong underlying theme of the Inquiry and a persistent reference point for many who have given evidence. As noted in an earlier Chapter, population projections from the Australian Bureau of Statistics suggest that Melbourne’s dominance of the state will only increase. Melbourne now accounts for over 70% of Victoria’s population. Growth constraints on the capital city and the need to preserve its liveability will ensure the need to have viable alternate population centres.

12.22 Decentralisation is not a term that has always been popular amongst governments, policy makers or academics. However, the Committee heard it used in a positive way many times by regional Victorians. To many people living outside of our major cities it is an appealing concept and one that they believe should be pursued as an aggressive policy approach by any government committed to a more decentralised approach.

12.23 The economist Max Neutze famously said in the 1960s that decentralisation was everyone’s policy but no one’s program. By this he meant that support for decentralisation was almost universal, but governments seldom found the political will or the practical means to implement such policies. This changed briefly in the 1970s, before a range of forces combined to lead governments away from decentralisation approaches.

12.24 Governments worldwide are faced with the reality of growing urbanisation and the increasing economic, social and cultural pressures on people and firms to locate in cities, despite their negatives.

12.25 The trend to urbanisation is even more marked in Australia than in many overseas countries. Here, the seemingly entrenched settlement pattern leaves our capital cities dominant, and governments generally attempting

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5 Mr John McLinden, Chief Executive Officer, Loddon Shire Council, Public Hearing, Bendigo, 12 December 2008.
to simply keep pace with urban development through infrastructure investment. More than this, governments have tended to ensure our capital cities remain economic powerhouses through investment attraction policies.

12.26 Hence governments of all persuasions in all jurisdictions in Australia enact policies that end up reinforcing urban dominance.

12.27 Nevertheless, the Committee believes that government can positively influence decentralisation from Melbourne, by macro policies that encourage regional development and by specific initiatives that support the strategies of the regional centres themselves.

12.28 This Committee believes that the recommendations contained in this report, if enacted, would support the further development of regional centres in ways that would make them more attractive options for all Victorians, including Melbourne-based businesses and city dwellers.

12.29 The Committee also believes that strategies to retain people who already live in regional centres and to keep the people who move in from elsewhere are just as important as encouraging out-migration from the city.

12.30 Chapter Seven outlined Regional Cities Victoria’s plan for a major infrastructure expansion for regional centres. The plan suggests a ramping up of regional infrastructure investment by the Victorian Government in response to recent increases in population and expectations of higher growth in the future.

12.31 The Committee is also aware of work undertaken by KPMG consultants for the Victorian Government on the relative economic impact of investing in regional Victoria as opposed to the outer suburbs of Melbourne.

12.32 Many people in regional Victoria support a stronger push for decentralisation, and this was reflected in a number of submissions. For example, Warrnambool City Council addressed this issue:

The impact of migration and the modest reversal of decline in regional areas cannot be seen purely in comparison to Melbourne’s growth rate of 1500 migrants per week! These numbers are likely to be moving into areas with very questionable liveability, such as car-dependant fringe suburbs, or high-rise towers, with no public services or where there is no sense of social responsibility. In contrast, the lower numbers in regional Victoria may actually be the cause for our higher standards of liveability. Regional figures are also likely to be much more sustainable in social and environmental terms. The metro figures are actually likely to pose a serious risk to Melbourne’s future prosperity, not to mention for the energy and resource needs of the state. Decentralisation may need to become a much more important policy direction for the State Government if it wishes to prevent major environmental and social problems from emerging.
Melbourne’s growth also has a direct impact on regional liveability, by its need for new energy sources, such as wind turbines built near rural communities, and second dwellings for city residents seeking spiritual and social contact in idealised rural villages (such as Daylesford and Port Fairy for example). We also note that Melbourne people generally have an appallingly uninformed perspective of Victoria beyond the suburban fringe and are not likely to migrate to regional areas they perceive as ‘cultural backwaters’. This poses a challenge for a planned decentralisation strategy and an issue that must be addressed by the provision of social infrastructure, arts support and through to the tourism and migration promotional programs.  

12.33 This raises a number of issues, including city perceptions of living in regional areas, the impact of city growth on regional liveability, the growth of social and environmental problems which accompany urbanisation, and the lack of amenity and overcrowding of the city. 

12.34 Witnesses to the Committee also raised the possibilities of working remotely through the use of technologies that support business being located outside of major cities: 

The State Government now has an opportunity to have a process of decentralisation. There is no reason why that cannot happen. I work at the University of Ballarat’s Horsham campus, in the TAFE division. I know the videoconferencing and telecommunications facilities, certainly through TAFE and the university but also through a few of the hospitals, are extremely good. So people can work and live in the country and do their jobs as well, particularly with videoconferencing, and it is real-time videoconferencing. They can be talking to anyone in Australia, so why are they sitting in the cities? I think that is just insane, particularly with the transport and the urban congestion problems in Melbourne. 

12.35 Warrnambool City Council in their submission to the Committee also support the argument for decentralisation, expressly supporting the creation of a network of regional cities:

...Melbourne’s capacity probably peaked 50 years ago, with the city now facing a future of traffic congestion, car dependence and reduced liveability. If liveability is to be encouraged in Victoria (including in Melbourne) we will need to embrace a future that consists of a network of mid-sized regional cities with high-quality rail connections and a hinterland of well-planned commuter satellite towns and villages. These settlements are already emerging from the grassroots level as agriculture becomes increasingly corporatised and less labour dependent, and as new migrants, returnees and young families reinvigorate regional Victoria. Regional Victoria requires a concerted decentralisation effort into areas that can sustainably support population growth. The liveability of provincial Victoria and Melbourne are also intertwined and this

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8 Warrnambool City Council, Submission, Number 14, August 2008.
needs recognition at the highest levels of government. Melbourne cannot regain its past standards of liveability without understanding its relationship to the rest of Victoria and that metropolitan capacity has limitations.

Melbourne 2030 has already started to recognise the need for a networked strategy for regional interconnection, but the strategy does not go far enough and effectively stops major investment at the edge of the Transit City network. To improve on this situation, an interconnected regional strategy needs to be developed for each regional area, in the South West, West, Northwest, Northeast and Southeast. Bannock, Woodford, Natimuk, Tarrington, Deans Marsh, etc. are all small towns that offer high liveability and there are literally hundreds of similar towns across Victoria with existing infrastructure that could be developed by coordinated regional planning and public transport networks to regional centres.

The reason why investment and migration in small country towns and regional Victoria is occurring is because people crave a sense of connection to the natural world and to each other. This trend is increasing from grassroots demand, but should be more actively planned and supported by statewide planning and investment. Like many regional cities, Warrnambool is well-placed to grow as a ‘liveable’ alternative to Melbourne. The time is right for statewide strategic planning that actively plans for a decentralised future. It will be increasingly essential for the liveability of both Melbourne and provincial Victoria that future planning efforts address the need to **strategically decentralise the urban footprint of the state into a series of mid-sized regional cities** connected by a high-quality rail and public transport system.10

12.36 This approach links decentralisation to a whole-of-state planning approach. The Victorian Farmers Federation agrees:

> As Melbourne and surrounding urban centres reach their population capacity, and infrastructure such as the transport system buckles, the need to ensure those who live in regional areas are not disadvantaged becomes more and more pressing. Rather than investing in more planned communities, money could be spent on improving already existing regional communities. Again, these investments will need to be made at some point to manage the predicted population increase, and by doing them sooner rather than later Government could eliminate the need to create more planned communities on the urban boundaries.11

12.37 The Committee heard from Kent Farrell in Mildura on the subject of population growth and the use of the strategy of decentralisation in other jurisdictions in the world. In relation to ABS figures which predict growth rates in Melbourne of 40% between 2006 and 2101, Mr Farrell quotes:

> "The rapid growth of the city has resulted in housing shortages, pollution and traffic congestion. In recent years air pollution in the..."
city has emerged as an area of serious concern. The greatest percentage of air pollution comes from private automobile emissions.

‘In order to alleviate the increasing problems of urban transport and associated air pollution, the municipality —’

I deliberately left out the name of the city —

‘...has initiated a number of efforts — namely, a trolley bus system, the implementation of separate bus lanes to increase efficiency, trucking route restrictions, multistorey parking structures, the opening of the metro system and an electronic traffic control system. The city currently suffers from an inadequate supply of water to meet the needs of the expanding city.’

There are some similarities there, I am sure. It continues:

‘The government has been pursuing a program of decentralisation. To facilitate decentralisation from the city the plan envisages equipping a selected number of large cities to serve as regional centres that would increasingly perform the functions of the capital city. It is hoped that this plan will absorb the surplus population of the city. The main idea is to narrow the gap between rural and urban areas in terms of access to social and commercial services.’

Now you know I am not talking about Melbourne here. In fact I am talking about Tehran. I could be talking about Melbourne, because that is what we see happening here in the future.\(^\text{12}\)

### 12.38 The Champions of the Bush in their submission support the need for decentralisation to help ease Melbourne’s growth pressures:

Melbourne continues to be stressed by the effects of its population growth and urban sprawl. Insufficient public transport infrastructure and inefficient freight linkages are costing the Victorian economy billions of dollars per annum in longer commuting times and delays via a congested road system. The cost of urban development is spiralling, and fundamental health and education services are struggling to keep pace in the outer ‘Melbourne Activity’ Centres targeted for high density development. These problems are not unique to Victoria or Melbourne, and the Victorian Government is clearly well aware of the need to take some pressure off the metropolis by encouraging population growth in provincial Victoria.\(^\text{13}\)

### 12.39 This is a critical issue for government and for the Committee’s Inquiry. The key issue is whether, and to what extent, the State Government should alter its current course of supporting Melbourne’s continued growth through planning regimes such as Melbourne 2030 and how it should seek to encourage substantially greater decentralisation.

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\(^{12}\) Mr Kent Farrell, Executive Director, La Trobe University Mildura, *Public Hearing*, Wodonga, 22 April 2009.

12.40 Mr David O’Brien of Penshurst has argued for targeted planning to support decentralisation in evidence before the Committee, drawing on the Irish experience of the ‘Gateways’ Project:\(^\text{14}\)

The Irish model has effectively embraced this thinking in its regional centres. Rather than continue to expand Dublin it has identified nine other gateway centres and it is focused on the network links between them, so it is building large freeways between them. It obviously has serious heritage issues, similar issues to what we have in terms of not wanting to carve up its agricultural land. It has said, ‘We will keep all our cute little roads and everything else for everything but the major centres, and we will make gateways between them’.

The idea in broad terms is that rather than Dublin keep expanding, the next 11 towns would be brought up to the size of what they call ‘international cities’ — airports; fully equal to compete with the centre as an attraction for different types of business. That is where that targeted planning is going.\(^\text{15}\)

12.41 The Gippsland Area Consultative Committee also argued for greater decentralisation, again drawing upon the Irish model:

Decentralisation should be part of a clear regional development policy, together with an explicit strategy to take pressure off Melbourne’s transport, housing, water and other infrastructure. This has been very successful in containing growth pressures on Dublin, where ‘[b]y investing in transport, enterprise and housing development across the various ‘Gateways’ [regional cities and centres] in Ireland, these regional areas have become more attractive as places of residence and business...’ \(^\text{16}\)

12.42 Current approaches to regional development in Australia could be termed ‘passive decentralisation’. The question whether government should revisit the policy of more active decentralisation is a critical issue for government and for the Committee’s Inquiry.

12.43 Efforts at decentralisation traditionally have focused on relocation of people, businesses and government agencies. This Chapter examines these in turn then looks at past experiments in decentralisation. It also explores the need to establish more powerful regional and rural governance structures to ensure that regional development is more effective and that there is better coordination of local action.

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\(^{14}\) The Gateway’s Project (the National Development Plan and the National Spatial Strategy) is discussed in detail in Chapter Eight in the context of strategic planning.

\(^{15}\) Mr David O’Brien, Barrister, Town Planning and Environmental Law, Public Hearing, Warrnambool, 12 February 2009.

\(^{16}\) Gippsland Area Consultative Committee, Submission, Number 21, August 2008.
Decentralisation of People

12.44 Decentralisation debates generally turn on the need to re-balance urban and regional population. Hence there is a strong emphasis on directing population growth to regional centres.

12.45 Chapter Ten examined people attraction strategies in the context of liveability, and noted the natural assets of regional centres that make them liveable, as well as the need for continued investment to develop those features and underpin them with infrastructure development.

12.46 The Committee has noted that the relative stability of population levels in many regional centres masks considerable movement and ‘churn’ as people move in and out of regions and between Melbourne and regional Victoria.

12.47 The ‘sea change’ and ‘tree change’ phenomena demonstrate the continuing appeal for many metropolitan dwellers of country living. Recent advances in information and communications technology have also increased the ability of some people to work from locations distant from the city. However, much of the sea and tree change movements have been confined to the coast and to places within two hours of the capital city.

12.48 The Victorian Government’s Make it Happen in Provincial Victoria marketing campaign, which commenced in 2003 in partnership with rural and regional local councils, has been targeted squarely at people from Melbourne in an attempt to convince them to consider relocation.

12.49 According to the Victorian Government:

Victoria’s attractive culture, climate, and economy are pushing strong population growth, including in Provincial Victoria. In 2006–07 the State’s regional population rose by 1.1 per cent, the third-highest growth rate of all states. Between 2001–02 and 2006–07, Victoria’s regional population grew by 4.5 per cent with an average annual growth rate of 0.9 per cent.\(^{17}\)

12.50 It is difficult to draw conclusions about the effectiveness of this kind of marketing campaign, based solely on population growth figures, as population movements occur in many directions and have many drivers. However, such marketing programs continue to provide information to people about regional Victoria and to support positive local efforts to attract new people and businesses.

12.51 In the Victorian Government’s Population Policy, ‘Beyond Five Million’, the following population targets are set for Victoria:

- to reach a total population of six million people by 2025;
- to achieve regional population growth of 1.25 per cent by 2006, resulting in a total population of 1.75 million people in provincial Victoria by 2025;

• to maintain and build on our current levels of migration attraction of 25% of Australia’s total skilled migrant intake; and
• to increase the number of migrants settling in provincial Victoria.\(^{18}\)

**Recommendation 23**

The Committee recommends that the State Government revisit their targets for population growth in light of the need to ensure that expected future population growth in Victoria is balanced between metropolitan and non-metropolitan areas. New targets should be set which can act as the basis for a comprehensive Government decentralisation strategy. The Committee recommends that this be done giving consideration to the study on population growth prepared for Regional Cities Victoria.\(^{19}\)

**Decentralisation of Business**

12.52 Recruiting outside businesses will always be a part of regional centres’ economic development strategies. However, it is generally accepted that most jobs in regional centres come from the expansion of existing businesses, and that supporting businesses already in the region should remain a key strategy for regional development bodies with finite resources.

12.53 As discussed in depth in Chapter Nine, government incentives such as tax breaks for relocating businesses provide mixed results for business. In some cases, particularly to encourage home grown businesses, they can be useful and should remain a consideration for government.

12.54 However, to be enticed to a regional location or to remain, businesses will need a range of attractors and supports, not just lower costs. In particular, regional centres will need to ensure that there is a business friendly culture where entrepreneurship is welcome, where there are good support services and where there are lifestyle benefits. Strategic development of infrastructure to encourage emerging clusters or existing business remains a crucial element of ensuring that rural and regional Victoria is investment ready.

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Decentralisation of Government Agencies

We also just want to remind people about the opportunities for decentralisation with the State and Federal Governments, the location of regional offices and things like that. Clearly I am always keeping an eye on Geelong. It has big offices like the TAC office going there. It is always important for a place like Bendigo to remind the State Government that there might be prudent decentralisation opportunities here, too.  

Mr Stan Liacos, Bendigo.

Traditionally, regional development and decentralisation policies have included the relocation of whole government departments or specific functions to regional centres. Both State and Federal Governments have done this at different times. Many of the popular calls for decentralisation have, in the past, been focused on decentralising government agencies, and evidence given to the Committee suggests that this continues to be the case.

Decentralising the operations of government has increasingly been possible due to information and communications technology advances. These relocations have had the effect of retaining and developing the professional skills base in regional areas and creating the need for additional goods and services.

According to the Government’s recent Provincial Victoria Discussion Paper, there have been a number of successful relocations of government agencies to regional centres:

Several Government agencies have successfully located to provincial Victoria – most notably the Rural Finance Corporation to Bendigo, the State Revenue Office to Ballarat, and the Transport Accident Commission to Geelong. These initiatives have boosted business and community confidence.

The Committee welcomes the relocations that have occurred, but notes that they appear to have been limited in number.

The Committee received many submissions, which advocated greater decentralisation of government agencies to regional centres.

Suggestions from organisations such as the Gippsland Area Consultative Committee, Foodbowl Unlimited Inc, Wellington Shire, the Municipal Association of Victoria and Economic Development Australia – Victoria, all support further relocations of government agencies to regional areas.

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12.61 The Municipal Association of Victoria recommends that the State Government ‘leads by example’ by further relocation of government services to regional areas.\(^22\)

12.62 In terms of policy making the point was made in Gippsland that to understand a region’s issues, the challenges for business and local characteristics there needs to be a regional presence by government agencies:

I suppose also, in my view, you really need people who are helping the businesses to understand the local context and the local issues, and to do that you have got to get people out into the region. I think there is some merit in exploring decentralisation of some of these services even further so that perhaps you get people located in some of the centres like Wonthaggi or Leongatha, towns that are big but perhaps are not built as regional centres as such. I guess the other benefit of that is that it creates a bit of employment. By default, if you locate a service in an area, they become more familiar with the programs and activities and services going on in that area. It becomes very hard for them to understand as much about those things as they get further away from that centre. I think that is really an issue that needs some more investigation.\(^23\)

12.63 Philip Sabien from the Wimmera Development Association also advocates for greater decentralisation of government services:

One of the things we are advocating is not only the regeneration of government services back into regional centres but also the retention of those government services. The regional centre for our region is Ballarat where a lot of State Government services have their head offices. We have one regional manager from a State Government department in our region, and that is DPI; the rest operate out of Ballarat. They have some staff in our region, but one of the things we are advocating is a decentralisation of a lot of those government services back into the region, which then allows for employment growth, generation of external money et cetera. That has a flow-on effect both socially and economically.\(^24\)

12.64 During the Committee’s Hearing in Gippsland Mr Bruce Graham from Wellington Shire Council supported comments made on decentralisation of government services and agencies by his colleagues in the region. He also suggests an audit of agencies that could be targeted for decentralisation to regional Victoria:

There has been some comment made about the potential for decentralisation measures, and we would support that particular notion of again having another look at that. In particular we are suggesting that there ought to be an audit of State Government employee agencies to identify the opportunity for decentralisation.

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\(^{22}\) Municipal Association of Victoria, Submission, Number 60, December 2008.


\(^{24}\) Mr Philip Sabien, Executive Director, Wimmera Development Association, Public Hearing, Horsham, 11 February 2009.
In our experience most of the opportunities for decentralisation that occur, like the TAC move to Geelong for example, appear to be a bit of an ad hoc arrangement that was decided and done. That is all well and good, but what we are suggesting is more of a systematic approach in terms of identifying potential client agencies for relocation and moving through on a systematic basis and also matching those to appropriate regions and so forth as well.  

12.65 This suggestion was also made by Wellington Shire Council in their submission. The Shire suggested that an audit of government agencies be done on a national basis through the Council of Australian Governments:

It is suggested that an audit of State Government employment agencies should be undertaken to establish where there are opportunities for decentralisation of functions in the future, without compromising operational efficiencies. Through COAG, the States and Australian Government should collectively explore the possibilities for decentralising national administration functions in the regions.  

12.66 According to evidence from the Gippsland Area Consultative Committee, there have only been relatively limited relocations of government agencies, and even some recentralisation back to the city:

There is a strong case for governments, whether State or Federal, to decentralise some of their operations into regional centres. This especially makes sense in departments or agencies that have a regional/rural portfolio, or where the portfolio areas require a localised presence (for example, the Department of Transport).

To date, such measures have been somewhat isolated and sporadic in Victoria. They include the relocation of the Transport Accident Commission (TAC) to Geelong, planned for 2009, or some years ago, the Australian Securities and Investment Commission (ASIC) data centre and a Centrelink call centre, both to Traralgon. Moe also became the site of three call centres, for Telstra, Department of Human Services, and Mecu Ltd. These have each brought new white-collar job opportunities to both towns. Nevertheless, the regional experience indicates a growing preference for a focus on professional or high-skill service centre models, so that the jobs made available do not lead to ‘down-skilling’ or a large casualised workforce. In addition, regional bodies or alliances should be able to undertake a competitive bidding process for these opportunities, in order to ensure that the incoming agency or business will be a ‘best fit’ with strategic regional and local priorities.

It is also of concern that some State Government departments have been in fact recentralising higher functions back into Melbourne, as is the case for the Department of Planning and Community Development (Gippsland has not been provided with its own regional director function) or Department of Sustainability and

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26 Wellington Shire Council, Submission, Number 44, 31 October 2009.
Environment (regional director positions are being removed). These are retrograde steps insofar as they run counter to the Government’s stated intentions to ‘build regional Victoria’ by decentralisations...

Currently, in Gippsland, existing government department or agency coverage is very minimal, given the region’s geographic size and population. Hence, regional decentralisation of these types of government employment should be provided proportionate to the population. 27

12.67 The Committee notes the concerns of regions at the recentralisation of jobs that has occurred.

12.68 The Committee believes that the Victorian Government should consider a program of locating or relocating government functions to regional centres where feasible.

Recommendation 24

The Committee recommends that the State Government undertake a review to identify the potential for decentralisation of agencies and government functions to regional Victoria.

The Committee further recommends that the State Government advocate to the Federal Government for a review of national agencies that could potentially be decentralised to regional Victoria.

Past Experiments in Decentralisation

12.69 Current discussions over the distribution of population between Melbourne and regional Victoria call to mind older debates over decentralisation. The 1970s in particular saw a number of decentralisation programs and initiatives pursued by the Governments of Victoria and New South Wales, often in partnership with the Commonwealth. The Growth Centres Program saw heightened, though still limited, efforts to draw population, industry and government functions to such centres as Albury–Wodonga and Bathurst–Orange. Much of this was led by the Whitlam Government in Canberra, which established the Department of Urban and Regional Development.

12.70 One of the key debates in the 1960s and 1970s was over selective versus non-selective decentralisation. Governments in the end moved towards the selective approach, with assistance targeted to selected regional centres rather than spread more evenly across non-metropolitan areas. 28

27 Gippsland Area Consultative Committee, Submission, Number 21, August 2008.
12.71 There are mixed views about the actual commitment of the governments of the day to decentralisation, the success of past decentralisation efforts and about the causes of their relative failure or success.29

12.72 The very term ‘decentralisation’ has largely fallen out of use, particularly in policy making circles. Government policies have shifted from decentralisation to regional development.

12.73 Despite the move away from decentralisation as a regional policy objective, many people in the community are still in favour of decentralisation, and often look back nostalgically at earlier decentralisation programs.

12.74 For example, according to Wellington Shire:

Between the early 1950s and early 1970s, successive Victorian Governments had specific decentralisation incentives to encourage investment and job creation in regional areas. With the removal of support for regional enterprises over the past 20 years, this has led to many potential regional-capable investments establishing or expanding in metropolitan Melbourne.30

12.75 The Committee heard evidence, particularly from Associate Professor Bruce Pennay of Charles Sturt University, in relation to a successful experiment in selective decentralisation, the Albury–Wodonga Development Corporation. Associate Professor Pennay talks about the initial investment in the project and its operation:

Why talk about the ghost of the Albury–Wodonga Development Corporation and the Albury–Wodonga growth centre project? Because in many ways it is still alive. I do not want to confuse you with money terms and figures, but the growth centre project got a $140 million start from government; that was its gift. It has now repaid through land sales $251 million as of June last year, including the $3.3 million that it got from Victoria — it got $3 million from Victoria, and Victoria got $300,000 in interest.

If you look at that realistically — it is about a three per cent increase over the 35 years, which is not terribly good...The money comes from land sales. In addition, they still have 3400 hectares of land in a land bank, which the corporation is going to continue to sell. So that sum will increase.

In addition the Albury–Wodonga Development Corporation have given over 6000 hectares of what they call environmental lands — the river flats and the peaks that are not any good for residential building, but they have become a community asset as a parkland. They have gone to the Department of Lands in New South Wales and DSE in Victoria and to Wodonga City Council. I do not think there are

29 Ibid.
too many regional urban development projects that have delivered so much on a bottom line in terms of money or outcome.  

12.76 Associate Professor Pennay goes on to explain some of the outcomes and successes of the Albury–Wodonga project:

The Corporation was brought in because it had this huge land bank with 24,000 hectares to deal with. It was brought in because it seemed to have a dispassionate idea of fostering economic development. All the time they said they were after jobs, jobs, jobs, jobs. The count of jobs was the thing that appeared in the paper — ‘So-and-so started this number of jobs’. Everything was brought down to that level of jobs. And the jobs that they were after are still the jobs that seem to differentiate Albury–Wodonga from the rest of the community in that it was, firstly, a major distribution point, and, secondly, it was to build up in manufacturing.

The newsprint mill; Borg Warner, the automotive transmission manufacturer; and Uncle Ben’s, the pet food manufacturer, were the major ones. Then came the public services — the army, the defence force and the universities, in a way. These public services were to help the public sector grow or to help growth.

Thirdly, I think one of the big achievements of the Albury–Wodonga Development Corporation was its branding, its marketing; it was magnificent. There is still a thing called Albury–Wodonga, and the development corporation disappeared in 1995. Albury–Wodonga is still on the map, though not always on the weather map, but it is there in the statistical districts. With the marketing of a creative place where people can go, an exciting place, a growth place, they really did consistently well. So if you are into promoting regional development, whatever it is you select really has to be promoted.

Fourthly, was environmentally friendly: three million trees and shrubs. Everybody who got a block of land got three trees and shrubs to plant. Mine died, as everything dies in drought, but it was a big promotion; a well-treed place. The Corporation had to take care of the environment because it is at the head of the Murray River, so there were a whole lot of river studies that went on, and of course there is this environmental impact that we are terribly interested in today, and the Federal Government is terribly interested in the whole of the Murray River. That is why I would like to see some liaison across those borders and some good cooperation that is state led, so it has got a bit of power on it as to what we are going to do with urban development that infringes on the watercourse of the Murray River.

Lastly, the social program that the Albury–Wodonga Development Corporation went with was very much having a newcomer program. They had social planners who tried to do things like get up the Murray River Performing Group that started the Flying Fruit Fly Circus, that looked after the most vulnerable, that saw that there were sporting fields and worked out how many basketball courts you

31 Associate Professor Bruce Pennay, Adjunct Associate Professor, School of Environmental Sciences, Charles Sturt University, Public Hearing, Wodonga, 22 April 2009.
need for a population of this level and how many heated swimming
pools. So there was an active attempt to develop the place socially.  

12.77 The Albury–Wodonga Development Corporation represents a model that
governments have since moved away from. It was a coordinated and
strategically planned approach to regional centre development, with
ambitious population growth targets, the decentralisation of government
agencies, cooperation between different levels of government and
industry relocation incentives. However, while the Corporation
contributed to the successful growth of Albury–Wodonga, the city also had
natural advantages such as location, amenity, good transport links to
Sydney and Melbourne, and critical mass.

12.78 The evidence that the Committee heard about the benefits of the Albury–
Wodonga Development Corporation from Associate Professor Pennay is
instructive. The activities of the Corporation and the overall
decentralisation project of which it was a major component continue to
influence the region. The Committee believes that a research project to
further investigate the benefits still being derived from the project would
be useful. This would assist in devising other such decentralisation projects
to encourage the development of regional centres.

Profile 13: Bendigo and Adelaide Bank

Bendigo and Adelaide Bank is the only Australian bank headquartered outside a
capital city. The retail arm, Bendigo Bank, provides banking and wealth
management services to households and small-to-medium businesses. It is
represented in all states with a major presence in Victoria and Queensland. Bendigo
Bank products and services are now available through almost 900 outlets Australia
wide, including more than 160 company-owned branches, 220 community-owned
Community Bank® branches of Bendigo Bank, 100 agencies and 400 Elders Rural
Bank outlets (a joint venture farm bank).

In 1858, Bendigo Building Society sprang from the need for community
development, and has continued this focus throughout its long history. In
November 2007, it merged with Adelaide Bank (c1900) to form the Bendigo and
Adelaide Bank Ltd, headquartered in Bendigo. With assets under management of
$15bil, 300+ branches, 3000+ staff, Bendigo Bank describes its goal as working
towards enhancing the capacity of Australian communities.

In their submission to the Inquiry, Bendigo Bank representatives explain their role in
regional development:

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32 Ibid.
33 Bendigo Bank website, Corporate Profile:  
34 AICD website – About AICD, Rob Hunt FAICD,
35 Ibid.
36 Ibid.
[Bendigo and Adelaide Bank] has formal partnership arrangements with over 220 communities around Australia, primarily through their Community Bank® model. This model is essentially a community building initiative; one that engages the community, builds collective organisation and at its core is driven by community aspirations. It is a model that has engendered new levels of community spirit, developed new competencies as well as reducing the capital drain on towns and regions.37

In describing the nature of the community relationship Bendigo Bank fosters, Group Managing Director Mr Rob Hunt spoke of the ‘trust and loyalty, integrity, volunteerism, cooperation and community spirit’ of Bendigo and Adelaide Bank.38

Mr Hunt described the basis of the community banking model adopted by Bendigo Bank:

We looked at the cooperative banks in Europe, we looked at the community banks in the United States, and we looked at what had occurred in our regional and rural areas around Australia, starting with Victoria, and it was not just banking that they were losing. So we felt that we needed a much more embracing model, a model that would actually go a long way further than you would expect the normal corporate model to go.

So the business model is very much a blended business model that captures the normal outcomes and accountabilities of the neoclassical shareholder model — that is the local shareholder model that exists today — but also captures all of those community things that I guess were embodied in organisations like the co-ops, the mutuals and many of the community structures that were established to create things at a local level before there was someone else to actually assist or encourage them to do so. We see this as being the start of a journey for these communities.39

Over a number of years, Bendigo and Adelaide Bank has recognised and promoted that one of the reasons for decline in rural districts as well as many suburban areas is the inability of individual communities to manage the capital generated in their region. The Bendigo Bank believes it is acknowledged that most country regions and many suburban districts export capital (in fact much beyond ‘financial’ capital) and, given Bendigo Bank is the only regionally based bank, the Bendigo Bank is compelled to develop a new banking model to ensure access to essential banking services and a solution which enabled them to unite, involve and engage the community in solving the problem. In effect this is using ‘demand side’ strategy (the community’s buying power in banking) to secure a cooperatively spirited venture – but using very solid commercial principles.

By involving locals as the investors and having them involve the broader community, Bendigo Bank has been able to develop a commercial model which is proving to have the capacity to not only secure banking services but to generate local profit, regain employment and instil a ‘can do’ attitude in many districts. For many of these towns, this would be the first publicly owned enterprise they will

37 Mr Col Brady, National Community Enterprise Manager, Bendigo and Adelaide Bank, Submission, Number 46, 10 October 2008.
38 Mr Rob Hunt FAICD, Group Managing Director, Bendigo and Adelaide Bank, Public Hearing, Melbourne, 4 May 2009.
39 Ibid.
have seen established at a local level in their lifetime, and this is an important process in learning how the market and economy functions. The Bendigo Bank believes this approach is not for every town, however – and as these issues challenge the current thinking, recognises that such ideas were never going to be easy as it requires strong leadership, a commitment to education and the development of skills necessary to establish, manage and provide appropriate governance for this new business.

In evidence before the Committee, National Community Enterprise Manager Mr Col Brady said:

Our strategy has been clear and consistent; by working with customers and communities to secure their prospects and prosperity we would in turn ensure our ongoing relevance and success as a business.  

Mr Hunt went further:

The whole model is predicated on communities taking control of things that they can control. That is not to try to have them do something they would find impossible, however it is not easy to do the things that they have been doing in the last few years.

In the Bendigo Bank’s view, much of what they are doing is educating the locals about how to use all of their resources and skills to create a better outcome and to better understand how the economy and the investment systems work. Bendigo Bank is convinced there is no shortage of leaders and there is no shortage of capacity in these towns to solve many of the difficulties that confront them. However, many towns and districts have stopped creating from within by using their combined buying power or resources.

Bendigo Bank has established a Regional Investment Fund, specifically aimed at attracting superannuation money back to small-to-medium enterprises in regions, with hope that others in regional and rural Australia will also follow with such initiatives. Much of the Bendigo Bank’s work in this area has been to provide a project and mechanism, as well as the advice and assistance, to commence some capital flow back to these small businesses in the regions. Bendigo Bank is also generating activities to help build new enterprises. They believe that by involving the locals they become part of the change process and are therefore more likely to embrace such change.

While undertaking all of these initiatives, Bendigo Bank’s aim is to ensure involvement of youth at a local level. The Victorian State Government-sponsored Lead On Youth Development Program (with which Bendigo Bank is closely involved and is an investor) enables young people to be involved in the creation and innovation of these new ventures, while instilling a sense of pride and encouraging their commitment and involvement at a community level. It also aims to provide real commercial opportunities for young people to help build some of the companies that will provide the content and innovation required in the new global

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40 Mr Col Brady, National Community Enterprise Manager, Bendigo and Adelaide Bank, Submission, Number 46, 10 October 2008.

41 Mr Rob Hunt FAICD, Group Managing Director, Bendigo and Adelaide Bank, Public Hearing, Melbourne, 4 May 2009.
market – at a local level. It also establishes a sense of pride in their home region – even if they do need to leave to develop their future. Bendigo Bank believes that these young people are the future captains of industry, future investment managers of superannuation funds, future politicians and future decision-makers.

Currently, around 2000 community representatives have made contact with Bendigo Bank about Community Bank®, and by the end of 2008 Bendigo Bank had 225 Community Bank® branches in operation. Bendigo Bank hopes to move on further Development Funds, to help demonstrate what investments and opportunities are available. In some of the Community Bank® centres, Bendigo Bank is already seeing the local Board (often in conjunction with Bendigo Bank) develop further initiatives – previously seen as impossible.42

Challenges for Victoria: the Committee’s Key Findings and the Way Forward

12.79 Over the 18 months that this Inquiry has been in progress the media has reported a number of times that Melbourne is in danger of becoming overpopulated and congested. As recently as Sunday 25 October in an article entitled ‘The Big Squeeze’ The Age discussed the prediction that Melbourne’s population will hit seven million within 40 years.43 The article reported that this will have detrimental effects on housing, public services, the economy, environment and community cohesion. Other media reports have suggested that the Government needs to try new tactics to ease the pressure on Melbourne (‘Gateways to Solving City’s Gridlocks’);44 the difficulty of accommodating an extra three million residents (‘A Nuclear Future Awaits Our Sprawling Burbs’);45 the need to ensure effective planning for growth (‘Our City Bursts its Seams’);46 and a challenge to the State Government to create ‘satellite’ cities to cope with Melbourne’s booming population by actor Geoffrey Rush (‘Rush for More Cities’).47

12.80 These articles noted above are just a sample of what we have read about population growth in the media over the time of the Inquiry. The clear focus in the media and by experts consulted for these stories, is that population growth must be planned for well, and that alternatives to simply allowing unparalleled growth in Melbourne must be found. This Committee believes that targeted strategic development of the regions in Victoria is the answer to the Melbourne growth dilemma. However, this requires a shift in policy focus.

12.81 Although the Committee’s task in this very broad ranging Inquiry has been daunting, it has been assisted in its efforts to pinpoint the drivers of regional development by the enormous contribution of witnesses throughout rural and regional Victoria. As a result of our investigations we

have collated over 600 suggestions for changes in current policy or enhancement of existing programs. Whilst it has not been possible to respond to all of these individually we have attempted to note these suggestions throughout the report.

12.82 What investigations for this Inquiry have shown is that all areas of government policy have an impact on regional centres, not only those areas of policy specifically designed to enhance some aspect of life in regional communities. Furthermore, the actions of government at all levels affect regional outcomes.

12.83 What this Committee would like to see is a shift in direction by both Commonwealth and State governments towards ensuring greater autonomy for regional governance structures and a greater focus on building regional centres for the benefit of the entire state. We believe that current population projections demand a more aggressive policy focus on developing our regional centres.

12.84 The following section looks at the Committee’s main Recommendations for this Inquiry. If these were to be implemented by the State Government they would lead to greater balance in the development of Victoria, and would go some way towards addressing problems caused by metropolitan congestion.

12.85 The Committee has considered much evidence in this Inquiry relating to the development of regional centres of the future, and to regional development more broadly. There have been many innovative and positive suggestions for the development of regional centres contained in submissions to the Inquiry. The evidence considered by the Committee has included ideas about how government supports regional centres, and comments on the overall level of support for regional Victoria in the context of Melbourne’s future growth. There have been suggestions for action specific to particular regions, for example in relation to suggested infrastructure improvements. And there has been considerable comment about the way government overall interacts with regional Victoria and how effectively the structures of government are working to achieve positive regional outcomes. Finally, there has been much said about the issue of Melbourne’s growth and the ways in which regional Victoria could cater for a higher population and hence play a role in helping to make Melbourne a more liveable and efficient city.

12.86 The Committee has generally been guided by the principle that government actions can and should make a positive contribution to the further development of regional centres, and that government decision-making processes should be harnessed to treat regional centres favourably. Poor government policies that impact negatively on regional centres have the potential to stifle growth and development, and government needs to guard against this happening.

12.87 In summary, the Committee is positive about the future of Victoria’s regional centres. There has been steady population growth in recent years,
and this is predicted to continue, albeit at a slower rate than Melbourne’s projected growth. The state’s regional centres have critical mass and sufficiently diverse economies to provide good employment opportunities to residents. Our regional centres are rightly regarded as highly liveable, with good services and amenity and diverse cultural attractions. They are vibrant places. They generally have good connectivity to Melbourne. But all this does not mean that there are not issues to address.

12.88 The Committee recognises the work the Victorian Government has done in supporting regional development in Victoria. The Committee is particularly impressed with the widely held respect for the role played by Regional Development Victoria in assisting regional centres.

12.89 It should be noted that the Committee’s Inquiry has taken place at a time of considerable policy development by the Victorian Government, and also as the Australian Government is establishing its new regional governance arrangements through the Regional Development Australia Committees. The Victorian Government is currently developing new policies and programs as part of a review of its Moving Forward Strategy, and this exercise is ongoing. The recent release of the Provincial Victoria: Directions for the Next Decade Discussion Paper is another stage in this evolving process of policy development, as is the roll out of regional planning strategies at regional and sub-regional scales.48

12.90 Clearly, the new Regional Development Australia governance arrangements need time to be implemented before they can properly be assessed. Moreover, it is uncertain which elements of the Government’s existing programs and approaches will be retained, and in what form.

12.91 The Committee is of the view that there needs to be a considerable further shift in thinking in government about the future of regional Victoria. This is particularly so given the release of the recent population projections showing future rapid growth in Melbourne.

12.92 The Committee has made Recommendations in a number of areas that it believes will add considerably to the ways the Government supports the development of regional centres. These Recommendations are based on the Committee’s learning about good practice here and overseas, its perceptions of the gaps in current programs and approaches, and its reading of the most effective ways that government interventions can make a difference to regional centres.

12.93 In particular, the Committee’s Recommendations relate principally to creating more liveable communities; empowering regional leaders; supporting entrepreneurship and innovation; enhancing connectivity within regions; encouraging economic and ecological sustainability; and achieving a more even spread of population across the state. These are important goals, and are areas where more or better focused actions could help drive regional development.

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12.94 These Recommendations are collated at the beginning of the Report.

12.95 The Committee also has a major Recommendation which it believes, if implemented by the Victorian Government, would transform the way regional governance works in this state. This is the creation of a network of Regional Development Commissions.

Regional Development Commissions

12.96 Many times during hearings for this Inquiry the Committee heard that the development of regional Victoria is dependent on effective structures for governance, structures that are located in regional centres and that can drive local development.

12.97 For example, in Warrnambool the Committee heard that strengthening local authorities is a key element of regional development, and within the Government’s power to encourage and implement:

The second thing that central governments can do and have done but need to do more of is to adopt measures that deliberately expand the decision-making capacity or the institutional capacity of local authorities, whether they be local government authorities or water authorities or land management authorities. In my experience the difference between regions in Australia and regions in, say, the US or Europe or parts of Asia is partly explained by the fact that our local and regional authorities are extremely weak by comparison with their counterparts overseas.

We have made good progress in Victoria in strengthening local institutions, particularly in the 1990s, progress that was initiated by the Cain Government and then extended substantially by the Kennett Government. But that process, in my view, has largely stalled in recent years and that has not been to the benefit of regional communities or regional economies. So that is the second thing that central governments can do effectively.49

12.98 The views of Rob Hunt from Bendigo Bank also reflect this perspective on what is required to empower local communities. Mr Hunt describes extensive research work that the Bank has conducted which looks into the expectations of local communities, and their need for greater input into decision-making processes that affect their future:

We see that there is a yearning out there for regions and rural areas to have a greater say, to have a greater role and participation, and I am often reminded of something I had written many years ago about people longing to belong: they long to be able to contribute and they long to be valued. Any process that breaks that down makes it so much harder. They feel powerless when they are always at the end of someone else’s strategy. We spoke to them in the very early days when we could clearly see, from the evaluations that we did — looking at the world banking sort of models but also looking at what

49 Dr Greg Walsh, Member, Champions of the Bush, Public Hearing, Warrnambool, 12 February 2009.
we needed to do to mobilise the community in this area, we could see the various things that were breaking down.

That sense of not being able to have control or influence over things that were impacting on their futures was quite debilitating for them. These were very capable, competent people, but they were disengaged from what was actually happening, so the demise of their town was almost the most visible display of what was happening to their everyday life. I guess from our point of view we saw that one of the difficulties for regional and rural areas was that they control very little of the capital they produce — that is, the financial capital, the intellectual capital, the productive capital, the human capital.

A large portion of that was escaping from their village, and if you go back to the origins of this country, it was local people, local capital, local endeavour and local effort that went in to build the structures that are there today, yet these local people were telling us — not in these words, but they were telling us — that they did not control or have influence over any of those things. It was little wonder that they were becoming more dependent on others, including government, to solve the problems for them.

As the world becomes global, things get too big, too difficult to handle, and they want to go back to reorganising themselves at a local level, but in a construct that will produce a better outcome from the journey they have been on for the last decade or so.

It gives us a chance to make a contribution that we might not normally be able to make. It is building stronger capital in all of those categories of financial, intellectual, productive and human capital. It is building stronger social capital by simply combining people, but it is, as I say, just the first one or two chapters of igniting what that village will look like in many years to come.

We are faced with a great deal of resource and competency out there that is not utilised today to its fullest extent. It needs to be embraced, and we need to be willing to have policy and practice and older ways of doing things challenged. If we do not, we are almost wed to the current outcomes that we are seeing today. We have to be willing, whether it be at a corporate level or at a government level, to say whether the policies that we are applying or the practices that we apply are producing the sorts of outcomes that we would hope for.50

12.99 In March this year the Territorial Development Policy Committee of the Organisation for Economic Cooperation and Development (OECD) discussed factors that contribute to the development of innovative regions. A key element of the policy report from the meeting is its identification of a major shift in regional policy away from ‘managed redistribution of subsidies across lagging regions’ to assisting regions to

50 Mr Rob Hunt FAICD, Group Managing Director, Bendigo and Adelaide Bank, Public Hearing, Melbourne, 4 May 2009.
develop their own comparative advantage in a way that contributes to national objectives.\(^{51}\)

12.100 It is important to note here that the OECD believes that progress is being made in those countries where there is a reorientation of regional policy towards a focus on selective public investment targeting regional comparative advantage. The OECD reports:

In many instances, partial progress has been made by ‘proofing’ the impact of sectoral policies on different types of regions and adapting the policy content to specific regional needs. New strategies for spatial planning have been adopted on the basis of a more regionalised approach.\(^{52}\)

12.101 This ‘regionalised approach’ described by the OECD entails strong institutions at the regional level and a commitment by government to build capacity at the regional level, particularly if ‘the country has a short history of decentralisation’.\(^{53}\)

12.102 In terms of the shift in policy direction towards growth and development of comparative advantage, this has been supported in many OECD countries by significant governance reforms. The Report suggests:

Horizontal collaboration mechanisms have ranged from the amalgamation of municipalities to voluntary intermunicipal cooperative arrangements at the subnational level, and from informal consensus building to interministerial bodies and full-fledged ministries (or specialised units in ministries) at the central government level...Such reforms have offered valuable opportunities for dialogue, experimentation and learning.\(^{54}\)

12.103 This direction away from government being involved in regional development through provision of specific subsidies for short-term projects towards greater focus on regions developing their own comparative advantage is important for government to note. This shift demonstrates that successful development depends on this ‘regionalised’ approach. As the OECD point out, the success of this approach depends on ensuring the presence of strong institutions at the regional level. This is an issue that is discussed throughout this Chapter and this Report in general, and something that was raised by witnesses to the Committee a number of times.

12.104 This Committee recommends that the State Government support two reforms in Victoria:

- the establishment of Development Commissions in each region of rural Victoria:
  - Loddon Murray Regional Development Commission


\(^{52}\) Ibid.

\(^{53}\) Ibid.

\(^{54}\) Ibid.
The Regional Development Commissions would be headquartered in regional centres.

In Chapter Eight, the Committee discussed the Western Australian model of regional development, which is based on Regional Commissions with offices throughout the state. These operate under their own budget and are statutory authorities. The Committee believes that strong institutions at the regional level represents the future of regional development and encourages the Government to consider relinquishing full central control over all aspects of regional development. Having authorities in regional centres that are funded to develop their region in an integrated way would appear to be an ideal structure for local development.

The Regional Development Commissions would have a number of roles to perform, including performing as a watchdog, an advocacy role, an advisory role and a strong policy implementation role.

The Commissions would be responsible for scrutinising Government agencies to ensure that policies undergo adequate ‘rural proofing’. The importance of rural proofing has been discussed elsewhere in this Report in Chapter Five. The Committee believes this concept is extremely important, as there is always a risk in highly urbanised societies that policies will have an urban bias, and be delivered, perhaps unconsciously, with urban places in mind.

It is envisaged by the Committee that the role of the Commissions would not be confined to regional centres but to all rural communities in Victoria.

The Commissions could play a number of specific roles in government in relation to supporting regional centres and rural communities.

The Regional Development Commissions, if implemented, would of course impact on current governance structures for regional development. They are envisioned here as an important step towards empowering the regions with their own institutions for long-term development. In many ways their establishment would require revisiting current government arrangements, such as Regional Management Forums. Alternatively, the Commissions
could have a role in ensuring that the Regional Management Forums instituted by the Government in 2005 work effectively to ensure better cooperation and strategic alignment between local and state governments, and across government portfolios and agencies.

12.113 The network of Commissions would work closely with Regional Development Australia Committees and the Australian Government to ensure these Committees are properly resourced and function smoothly for the benefit of regional Victoria. The announcements of membership of the Committees has only occurred recently after nearly two years of negotiations and planning. It remains unclear precisely what roles these Committees will play under the new arrangements, and it is important that the momentum created under the previous Area Consultative Committees be maintained and strengthened.

12.114 The Commissions would have an oversight role in relation to the future implementation of integrated regional planning initiatives currently being supported by the Victorian Government. The potential for better service delivery in regional areas through a closer alignment of policies and programs is considerable. This could be achieved through greater coordination across government of regional planning and policy development. An organisation like the proposed Regional Development Commission would have the capacity to drive a process of integrated regional planning and service delivery.

12.115 The Commissions would have the planning and regional development capacity and expertise to ensure that their recommendations for action by government were based on sound evidence. The provision of expert advice independent of government agencies is designed to bring a new level of capacity to government considerations of policy proposals for regional Victoria. The existence of the Commissions would allow agencies charged with supporting regional planning and regional business development to focus on their specific core objectives.

12.116 The Commissions would be responsible for coordinating the development of a visionary Victorian State Plan for the whole of the state, along the lines of Melbourne 2030. This would pick up the concept of ‘one Victoria’ noted previously and developed in the 2008 A State of Liveability Report. An independent ‘rural voice’ such as the proposed Commissions would be well placed to consider the practical ways in which a ‘one Victoria’ policy might be implemented.

12.117 The Commissions could also be responsible for the conduct of opportunity and infrastructure audits for regional Victoria (outlined below). This was suggested by a number of witnesses before the Committee, and has merit. The Committee heard many suggestions for improved infrastructure in many regional centres, and government needs a streamlined and independent process for assessing the various competing claims for infrastructure spending.
12.118 Overall, it is envisaged by the Committee that the proposed network of Commissions would operate in many ways along the lines of the United Kingdom’s Commission for Rural Communities, created in 2006. Ideally the Chairs or Chief Executives of each Regional Development Commission would have a forum through which to meet formally with the Minister for Regional and Rural Development and each other to determine their policy responses to regional issues affecting the state overall. The UK Commission combines three roles – advocacy, expert adviser and independent watchdog. Its focus has been on rural disadvantage. In particular, the Commission undertakes the role of ensuring that there is rural proofing of policies so that they are well designed and implemented in ways that enhance, and do not diminish, life in rural Britain.

12.119 The UK Commission also delivers a regular ‘State of the Countryside Report’, and the Committee believes that the Victorian Regional Development Commissions, working together, could undertake a similar task here.

12.120 This Report has discussed governance structures from other jurisdictions as well as the work of Regional Development Victoria. The recommendation to establish Commissions in each region of Victoria, if taken up, would not need to be based on any particular model. A successful model would both borrow from the examples provided from other jurisdictions while developing a structure that is suited to regional Victoria.

12.121 It is hoped by the Committee that the establishment of such a network of Regional Development Commissions would drive a major cultural change across government that would embed and maintain within the core structures of government a culture of region-friendly policies. Even within governments sympathetic to the needs of regional centres, there is potential for complacency over the state of policies, programs and services delivered outside the city. Moreover, though there are agencies focused on delivering positive assistance to regional areas, there needs to be an informed and sympathetic approach across the whole of government to the situation in regional Victoria. The Regional Development Commissions would ensure that government agencies work individually and collectively to drive regional development to a higher level.

12.122 Such a change to stronger, more effective and well-funded regional structures would necessitate some relinquishing of authority from the state level and would enhance Victoria’s reputation for innovative, active and effective regional policy.

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Key Recommendation 1

The Committee recommends that the State Government establish a Regional Development Commission for each region of Victoria. These Commissions should be established as statutory authorities with annual budgets to implement strategic projects and provide services to their region.

Each Commission would be overseen by a Board consisting of ministerial appointees, local government representatives, as well as community leaders.

Each Commission will have the following roles:

- **Advocacy**: To advocate to the Minister for Regional and Rural Development and the Government on behalf of the regions in support of key regional programs and projects;
- **Advice**: Provide advice to the Minister for Regional and Rural Development and the Government on regional development matters;
- **Watchdog**: To act as a ‘watchdog’ with regard to the impact of Government policy on rural and regional Victoria; and
- **Implementation**: To implement programs and projects in the regions.

The Chairs of each of the Regional Development Commissions would come together periodically to form a Regional Council Chaired by the Minister for Regional and Rural Development. The Council would meet to discuss regional issues of state importance and to provide advice to the Minister for Regional and Rural Development.

12.123 The requirement for more and better focussed information on regional and rural Victoria has often been raised to this Committee during this Inquiry. As part of a ‘Regional Strategic Planning Initiative’ the State Government is currently developing a ‘long-term, state-wide blueprint for the future of liveable, productive and sustainable communities in provincial Victoria’.  

12.124 As part of this process a discussion paper entitled *Provincial Victoria: Directions for the Next Decade* has been produced by Government with input from regional Victoria. The results of the planning process are expected to be released in 2010 and are eagerly awaited by the Committee. Issues being taken up in the plan include population growth, climate change, the world economy, and an ageing population and workforce. Also as part of this process Regional Development Victoria are working with regional communities on the development of regional and sub-regional plans.

12.125 It is hoped that as part of this process comprehensive audits of areas of regional Victoria will be conducted in order to properly assist regional development.

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57 Ibid.
areas with their planning. Such work would also assist policy developers to make decisions concerning the future of regional areas. The Committee believes that the results of this process should be widely available and accessible.

12.126 As discussed in Chapter Seven the Committee believes that adequate infrastructure is a ‘non-negotiable’ factor in driving regional development. This includes transport and communications, health and education as well as resources that support business and residential development. A clearer picture needs to be developed about the infrastructure needs of regional Victoria and could be done through an audit process.

12.127 This Committee puts forward the following Recommendation with regard to the development of an Opportunity Audit of regional centres. This should be conducted as part of an overall strategy to target areas of regional Victoria for development and should ensure that as much information as possible is systematically collated and made accessible for use by regional development practitioners, business people seeking information on regions, and policy makers and Government and other Members of Parliament who wish to base their plans for the future of Victoria on sound information.

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**Key Recommendation 2**

The Committee recommends that the State Government conduct an Opportunity Audit of regional centres in Victoria. The Audit would consider current infrastructure, business and land use features of regional Victoria to determine gaps in the development of regional assets. It would also identify the current competitive advantages of regions in Victoria as a basis for further development. The Audit would be conducted with a view to targeting funding at long-term development of regional Victoria.

The Audit should include an assessment of current assets as well as opportunities for development, in the following areas:

- infrastructure, including in particular transport connections and telecommunications;
- emerging clusters;
- available land for business use;
- available land for residential development; and
- entrepreneurial activity.

The results of the Audit would be available publicly and would be used to generate further investment in regional Victoria. The purpose of the Audit would be to assist regions to identify their strengths, to ensure they can be investment ready, and to provide a basis for planning for a region, as well as to assist government to identify gaps in investment.

Furthermore the Audit would assist the Government to develop a visionary statewide plan, along the lines of the Melbourne 2030 plan, which focuses on development of the state as a whole.
Conclusion

12.128 In addition to recommending the creation of Regional Development Commissions and the conduct of an Opportunity Audit, the Committee’s Report has focused on a number of key themes, as an Inquiry of this dimension involving all aspects of regional development is extremely broad. These themes reflect concerns raised by the community through submissions and in Public Hearings before the Committee, in discussions with regional development experts in Australia and overseas, and in submissions from key government agencies.

12.129 The Committee has examined evidence and made Key Recommendations in relation to liveable communities, empowering regional leaders, supporting entrepreneurship and innovation, communication and connection, regionally distributed population, and economically and environmentally sustainable development.

12.130 The Committee heard from many people who advocate a stronger commitment from government towards decentralisation, and the Committee’s Inquiry has been focused in large measure on considering the future of regional centres in the context of them providing relief to Melbourne at a time of increasing urban growth pressures. Decentralisation is linked to questions of liveability, infrastructure spending, demographic mobility and regional place marketing. On the other hand, the Committee accepts that relocating population in numbers large enough to make a difference to the overall balance of population between Melbourne and regional Victoria is something that government cannot control, but may influence. As well, there is no one single policy prescription that can effect a better regional distribution of population. The Committee is also mindful of the situation of small towns which often fear the loss of population and economic activity to nearby larger centres. These are, therefore, complex questions.

12.131 This Chapter has considered the questions surrounding decentralisation, in the context of the need for a solution to Melbourne’s congestion problems. It is clear that the regional centres of Victoria are well placed to become thriving cities of the future. Our Recommendations, if adopted, would ensure a better future for the whole State of Victoria.

Report adopted on Thursday 12th November 2009.
Appendix One

References
Books, Journals and Magazines


Reports: Government and Parliament


Ernst and Young, *North South Rail Corridor Study*, Department of Transport and Regional Services, Canberra, June 2006.


### Media

Knight V, ‘Life in ‘the sticks’ an alternative to urban sprawl’, *The Age*, 18 November 2009.


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<http://www.socialeconomy-bcalberta.ca>.

Benalla Business Network, The BEAR Program:  


Border, Midland and Western Regional Assembly: <www.bmwassembly.ie>.


Department of Planning and Community Development: <http://www.dvc.vic.gov.au>.


Appendix One | References


George Mason University, Mason Enterprise Center: <http://www.masonenterprisecenter.org>.


McCaughey Centre, School of Population Health, University of Melbourne: <www.communityindicators.net.au>.

McCaughey Centre, VicHealth Centre for the Promotion of Mental Health and Community Wellbeing: <www.mccaugheycentre.unimelb.edu.au>.


Department of Planning and Community Development: <http://www.dvc.vic.gov.au>. 

Securities Industries and Financial Markets Association:

South West Sustainability Partnership Program:


University of New Hampshire, Office of Sustainability:

Western Australian Department of Local Government and Regional Development:

Appendix Two

List of Submissions

For its *Inquiry into Regional Centres of the Future*, the Rural and Regional Committee called for submissions from the general public by placing print advertisements in state-wide, and local newspapers in June 2008. The Committee also sent invitations to specific organisations seeking submissions in October 2008. Originally set at 31 October 2008, the deadline for submissions was extended to allow more people to participate in the evidence gathering process.

A list of all submissions received and formally approved by the Committee appears on the following pages.
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<td>Mr Glenn Sutherland – Alpaca Interpretation Centre</td>
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<td>Mr Scott Whiteman – Country Racing Victoria Ltd</td>
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<td>Mr William G T Barber – William G Barber and Associates Pty Ltd</td>
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<td>Mr Gordon Asbury – Tyers and District Community Association</td>
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<td>Mr Rob Hines – Racing Victoria Ltd</td>
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# Appendix Three

## Public Consultation Program – Witnesses

Public Consultation Program events, including public hearings, workshops, briefings, and meetings, were held at the following locations for this Inquiry:

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<td>Hon Jacinta Allan MP – Minister for Regional and Rural Development</td>
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<td>Mr Andrew Scott – Chief Executive Officer, G21 Geelong Region Alliance</td>
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<td>Mr Ron Stone – Chief Executive</td>
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<td>Officer</td>
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<td>Prof David James AO – Chairman</td>
<td>Committee for Ballarat</td>
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<td>Mr Tony Chew - Member</td>
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<td>Mr Simon Coghlan – Vice-Chairman</td>
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<td>Mr Andrew Boatman</td>
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<td>25 November 2008</td>
<td>MORWELL – Public Hearing</td>
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<td>Mr Paul Buckley – Chief Executive Officer</td>
<td>Latrobe City Council</td>
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<tr>
<td>Mr Ned Dennis – Community Strengthening Coordinator</td>
<td>South Gippsland Shire Council</td>
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<tr>
<td>Mr Ken Fraser – Economic Development Coordinator</td>
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<td>Mr Peter Francis – Economic Development Manager</td>
<td>Bass Coast Shire Council</td>
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<td>Mr Bruce Graham – Director, Strategic Development</td>
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<td>Mr Robert Ashworth – Economic Development Officer</td>
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<tr>
<td>Mr Martin Richardson – Senior Strategic Planner</td>
<td>East Gippsland Shire Council</td>
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<tr>
<td>Mr David Mawer – Managing Director</td>
<td>Gippsland Water</td>
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<tr>
<td>Mr Kevin Enguell – Manager, Strategic Planning</td>
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<tr>
<td>Mr Richard Rijs – Director (and former Chair)</td>
<td>Patties Foods (Champions of the Bush Inc.)</td>
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<td>Mr David Power - Chairman</td>
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<tr>
<td>Ms Victoria Reynolds – Project Officer</td>
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<tr>
<td>Prof Helen Bartlett – Pro Vice Chancellor</td>
<td>Monash University Gippsland Campus</td>
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<tr>
<td>Prof Margaret Somerville – Deputy Director of Research, Institute of Regional Studies</td>
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<tr>
<td>Mr Alan Scarlett – Executive Officer, Office of the Pro Vice Chancellor</td>
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<tr>
<td>Mr Ian Nethercote – Chief Executive</td>
<td>Loy Yang Power</td>
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<tr>
<td>Mr Richard Elkington – General Manager, People, Environment and Government Relations</td>
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<tr>
<td>Mr John Mitchell – Executive Director</td>
<td>Australian Sustainable Industry Research Centre</td>
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<tr>
<td>Mr William Barber</td>
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<td>Mr Pat Bartholomeusz</td>
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<td>Mr Keith Brownbill</td>
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<td>Mr Max Williamson</td>
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<td>Ms Annabel Barbara</td>
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### 01 December 2008  |  MELBOURNE – Workshop

Dr Anna Howe – Gerontologist

### 11 December 2008  |  SHEPPARTON – Public Hearing

<table>
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<tr>
<th>Name</th>
<th>Organization</th>
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<tbody>
<tr>
<td>Mr Dean Rochfort</td>
<td>Greater Shepparton City Council</td>
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<td>Mr Jonathan Griffin</td>
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<tr>
<td>Mr Gary van Driel</td>
<td>Moira Shire Council</td>
</tr>
<tr>
<td>Ms Michelle Moore</td>
<td>Shire of Campaspe Council</td>
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<tr>
<td>Mr Glenn Stewart</td>
<td>Loddon Murray Community Alliance</td>
</tr>
<tr>
<td>Mr Alan Davies</td>
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<tr>
<td>Assoc Prof Dennis O’Brien</td>
<td>School of Land and Environment, University of Melbourne Dookie Campus</td>
</tr>
<tr>
<td>Emer Prof Eric Lund AM</td>
<td>Northeast Area Consultative Committee</td>
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<tr>
<td>Mrs Barbara Brown</td>
<td>National Council of Women Victoria – Goulburn Valley Branch</td>
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<tr>
<td>Ms Pat Moran - Member</td>
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<tr>
<td>Mr Azem Elmaz - President</td>
<td>Goulburn Valley Islamic Council</td>
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### 12 December 2008  |  BENDIGO – Public Hearing

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<tr>
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<tr>
<td>Mr Craig Niemann</td>
<td>City of Greater Bendigo Council</td>
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<td>Mr Stan Liacos</td>
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<td>Mr Brian Gould</td>
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<td>Mr Jeff Bothe</td>
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<tr>
<td>Mr John McLinden</td>
<td>Loddon Shire Council</td>
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<td>Mr John McLinden</td>
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<td>Mr John McLinden</td>
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<tr>
<td>Name</td>
<td>Position/Role</td>
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</tr>
<tr>
<td>Ms Sally Morris</td>
<td>Economic Development Officer</td>
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<tr>
<td>Ms Sue Howard</td>
<td>Director, Economic and Social Development</td>
</tr>
<tr>
<td>Mr Matthew Shanahan</td>
<td>Senior Consultant</td>
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<tr>
<td>Mr Doug Buerger</td>
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<tr>
<td>Mr Don Erskine</td>
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<tr>
<td>Mr Jim Dannock</td>
<td>Regional Manager, North Central Victoria</td>
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<tr>
<td>Ms Kay Macaulay</td>
<td>Regional Manager, Western District</td>
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<tr>
<td>Mr John Brooke</td>
<td>Chairman</td>
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<tr>
<td>Prof John Martin</td>
<td>Director, Centre for Sustainable Regional Communities</td>
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<tr>
<td>Mr Chris Poynton</td>
<td>Convenor</td>
</tr>
<tr>
<td>Mr Glenn Sutherland</td>
<td>Farmer</td>
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**11 February 2009 | HORSHAM – Public Hearing**

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<thead>
<tr>
<th>Name</th>
<th>Position/Role</th>
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<tbody>
<tr>
<td>Cr Bernard Gross</td>
<td>Mayor</td>
<td>Horsham Rural City Council</td>
</tr>
<tr>
<td>Mr Tony Bawden</td>
<td>General Manager, Corporate Services and Economic Development</td>
<td></td>
</tr>
<tr>
<td>Cr Reid Mather (and Chair)</td>
<td>Mayor</td>
<td>Buloke Shire Council (and North West Municipalities Association)</td>
</tr>
<tr>
<td>Mr James McKay (and Secretary)</td>
<td>Chief Executive Officer</td>
<td>West Wimmera Shire Council (and North West Municipalities Association)</td>
</tr>
<tr>
<td>Mr Philip King</td>
<td>Community Facilitator</td>
<td>Hindmarsh Shire Council</td>
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<tr>
<td><strong>Black Saturday Bushfire Situation Briefing:</strong></td>
<td></td>
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<tr>
<td>Mr Geoffrey Evans</td>
<td>Wimmera District Coordinator</td>
<td>Department of Sustainability and Environment, Horsham</td>
</tr>
<tr>
<td>Mr Dale Russell</td>
<td>Ops Manager, Region 17</td>
<td>Country Fire Authority</td>
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<tr>
<td>Mr David Eltringham</td>
<td>General Manager of Technical Services</td>
<td>Horsham Rural City Council</td>
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<tr>
<td>Mr Philip Sabien</td>
<td>Executive Director</td>
<td>Wimmera Development Association</td>
</tr>
<tr>
<td>Mr Marc Thompson</td>
<td>Chief Executive Officer</td>
<td>Wimmera Catchment Management Authority</td>
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<tr>
<td>Mr John Smith</td>
<td>Chief Executive Officer</td>
<td>West Wimmera Health Service</td>
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### 12 February 2009 | WARRNAMBOOL – Public Hearing

<table>
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<tr>
<th>Name</th>
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<tbody>
<tr>
<td>Mr Paul Younis</td>
<td>Chief Executive Officer, Corangamite Shire Council</td>
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<tr>
<td>Mr Andrew Mason</td>
<td>Director, Sustainable Development, Corangamite Shire Council</td>
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<tr>
<td>Cr Ken Gale</td>
<td>Mayor, Moyne Shire Council</td>
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<tr>
<td>Mr Brett Stonestreet</td>
<td>Chief Executive Officer, Moyne Shire Council</td>
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<tr>
<td>Cr Michael Neoh</td>
<td>Mayor, Warrnambool City Council</td>
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<tr>
<td>Mr Bruce Anson</td>
<td>Chief Executive Officer, Warrnambool City Council</td>
</tr>
<tr>
<td>Cr Geoffrey White</td>
<td>Mayor, Glenelg Shire Council</td>
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<tr>
<td>Mr Stuart Burdack</td>
<td>Chief Executive Officer, Glenelg Shire Council</td>
</tr>
<tr>
<td>Mr Tim Neeson</td>
<td>Executive Manager, Economic Development and Tourism, Southern Grampian Shire Council</td>
</tr>
<tr>
<td>Mr Rob McHenry</td>
<td>Sole Trader and Consultant, Rob McHenry Consulting</td>
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<tr>
<td>Mr Bartholomew Gane</td>
<td>Strategic Planner, City Growth Directorate, Warrnambool City Council</td>
</tr>
<tr>
<td>Dr Greg Walsh</td>
<td>Member, Champions of the Bush Inc.</td>
</tr>
<tr>
<td>Mr David Boyle</td>
<td>Regional Executive Officer, Regional Management Forum, Department of Planning and Community Development</td>
</tr>
<tr>
<td>Ms Val Lang AM</td>
<td>Past President, Foundation for Australian Agricultural Women</td>
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<tr>
<td>Mr Barrie Baker</td>
<td>Executive Officer, South West Sustainability Partnership</td>
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<tr>
<td>Ms Marty Gent</td>
<td>Greenhouse Project Officer, South West Sustainability Partnership</td>
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<tr>
<td>Mr Nick Renyard</td>
<td>Dairy Farmer (and Regional Leader), WestVic Dairy (and United Dairy Farmers of Australia)</td>
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<tr>
<td>Mr David O’Brien</td>
<td>Barrister, Town Planning and Environmental Law</td>
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### 18 March 2009 | MILDURA – Public Hearing

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<tbody>
<tr>
<td>Ms Allison Roberts</td>
<td>Chairperson, Business Horsham</td>
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<td>Ms Mandy Kirropp</td>
<td>Private Citizen</td>
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</table>
Ms Debbie Neal – Campus coordinator, Education Faculty

Ms Winifred Scott – Chief Executive Officer

Ms Anne Mansell – Chief Executive Officer

Mr Phil Pearce – Chief Executive Officer

Mr Andrew Millen – Economic Development Manager

Ms Anne Mansell

Ms Bernadette Wells – Committee Member

Mr Ross Lake – General Manager (and Chairman)

Mr Brian Grogan – Chairman

Mr Ken Carr – Volunteer Project Worker

Mr Peter Crisp MP – Member for Mildura

Ms Maria Riedl

19 to 20 March 2009 | CANBERRA – Consultation Meetings

Senate Standing Committee on Rural and Regional Affairs and Transport

Ms Catherine King MP – Chair (and Federal Member for Ballarat)

Hon Gary Gray MP AO – Parliamentary Secretary for Regional Development and Northern Australia (and Federal Member for Brand)

Commonwealth Department of Infrastructure, Transport, Regional Development and Local Government

Dr Lesley Fitzpatrick – Chief Executive Officer

Dr Peter O’Brien – Managing Director

Parliament of Australia

House of Representatives Standing Committee on Infrastructure, Regional Development and Local Government

Parliament of Australia

Australian Government

Australian Rural Leadership Foundation

Rural Industries Research and Development Corporation
### 22 April 2009 | WODONGA – Public Hearing

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<th>Witness</th>
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<tr>
<td>Ms Susan Benedyka – Managing Director</td>
<td>Regional Development Company Pty Ltd</td>
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<td>Cr Mark Byatt – Mayor</td>
<td>City of Wodonga</td>
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<tr>
<td>Mr Gavin Cator – Chief Executive Officer</td>
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<tr>
<td>Cr Peter Graham – Mayor</td>
<td>Shire of Indigo</td>
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<tr>
<td>Mr Ron Elkington – Manager, Economic Development</td>
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<tr>
<td>Cr Mary Fraser – Mayor</td>
<td>Shire of Towong</td>
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<tr>
<td>Ms Juliana Phelps – Acting Chief Executive Officer</td>
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<tr>
<td>Mr Kent Farrell – Executive Director</td>
<td>La Trobe University, Mildura</td>
</tr>
<tr>
<td>Dr Catherine Allan – Institute for Land, Water and Society</td>
<td>Charles Sturt University</td>
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<tr>
<td>Dr Maureen Rogers – Research Fellow, Institute for Land, Water and Society</td>
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<tr>
<td>Ms Maria Quaglio – Disability/Liaison Equity Officer, La Trobe University</td>
<td>Former Multicultural Resource Centre</td>
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<tr>
<td>Ms Karen Wood – Skilled Migration Officer, Wodonga City Council</td>
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<td>Mr Eric Easanan</td>
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<tr>
<td>Ms Judith Moore – Executive Officer</td>
<td>Upper Hume Primary Care Partnership</td>
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<tr>
<td>Ms Maryanne Grunow – Director of Nursing, Tallangatta Health Service</td>
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<tr>
<td>Mr Trevor Cowell – Chief Executive Officer, Albury Wodonga Regional GP Network</td>
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<tr>
<td>Assoc Prof Bruce Pennay – Adjunct Associate Professor, School of Environmental Sciences</td>
<td>Charles Sturt University</td>
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### 23 April 2009 | WANGARATTA – Public Hearing

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<tbody>
<tr>
<td>Cr Lisa McInerney – Economic Development and Tourism portfolio</td>
<td>Rural City of Wangaratta</td>
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<tr>
<td>Mr Doug Sharp – Chief Executive Officer</td>
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<tr>
<td>Mr Graham Nickless – Executive Director, Economic Development Unit</td>
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<tr>
<td>Ms Jeanie Hall – Economic Development Manager</td>
<td>Benalla Rural City Council</td>
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<td>Name</td>
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<tr>
<td>Mr Ian Nicholls</td>
<td>Chief Executive Officer</td>
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<tr>
<td>Cr Debra Swann</td>
<td>Deputy Mayor</td>
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<tr>
<td>Mr Adam Fendyk</td>
<td>Group General Manager</td>
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<tr>
<td>Mr Manoj Devarajulu</td>
<td>Design Engineer</td>
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<td>Mr Stephen Oxley</td>
<td>Chairman</td>
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<tr>
<td>Mr John Brown</td>
<td>Brown Brothers Milawa Vineyard</td>
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<td>Ms Lisbeth Long</td>
<td>General Manager, Granite Range Estate</td>
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<td>Mr Michael Carlile</td>
<td>Director, Merriwa Industries</td>
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<td>Mr Jock Vance</td>
<td>Former Councillor, Rural City of Wangaratta</td>
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<tr>
<td>Cr Lisa McInerney</td>
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<tr>
<td>Ms Ann Telford</td>
<td>Board Member</td>
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<tr>
<td>Mr John Brown</td>
<td>Founding Board Member</td>
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<tr>
<td>Mr Graham Nickless</td>
<td>Founding Board Member</td>
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<tr>
<td>Dr Tim Clune</td>
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<tr>
<td>Mr Lachlan Campbell</td>
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<td>Ms Liz Chapman</td>
<td>Director</td>
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<td></td>
<td>(and Partner)</td>
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<td>(and Board Director)</td>
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**10 to 14 May 2009 | CANADA – International Investigations**

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<tr>
<th>Name</th>
<th>Position/Role</th>
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<tbody>
<tr>
<td>Ms Michelle Colussi</td>
<td>Staff Team Managing Member</td>
<td>Canadian Centre for Community Renewal</td>
</tr>
<tr>
<td>Mr Stuart Wulff</td>
<td>Manager</td>
<td>British Columbia / Alberta Research Alliance of the Social Economy</td>
</tr>
<tr>
<td>Cr Geoff Young</td>
<td>Chairman; Principal</td>
<td>Capital Regional District; Discovery Economic Consulting</td>
</tr>
<tr>
<td>Mr Dale Wall</td>
<td>Deputy Minister of Community Development</td>
<td>Ministry of Community Development, RuralBC Secretariat</td>
</tr>
<tr>
<td>Mr Tom Jensen</td>
<td>Assistant Deputy Minister</td>
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<tr>
<td>Ms Sarah Fraser</td>
<td>Executive Director, community Adjustment Office</td>
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<td>Witness Name</td>
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<tr>
<td>Mr Jim Cameron</td>
<td>Executive Director, Regional Offices</td>
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<tr>
<td>Mr Glen Brown</td>
<td>Executive Director, Local Government Infrastructure and Finance</td>
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<tr>
<td>Ms Melissa Fahlman</td>
<td>Policy &amp; Strategy Analyst, Strategic Initiatives Office</td>
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<tr>
<td>Mr Craig James</td>
<td>Clerk</td>
<td>Legislative Assembly of British Columbia</td>
</tr>
<tr>
<td>Mr Mark Allison MCIP</td>
<td>Long Range Planning and Policy Development Division</td>
<td>City of Surrey</td>
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<tr>
<td>Dr Nola-Kate Seymour</td>
<td>President and Chief Executive Officer</td>
<td>International Centre for Sustainable Cities</td>
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<tr>
<td>Ms Jane McRae</td>
<td>Program Director</td>
<td>Partners for Longterm Urban Sustainability (PLUS) Network</td>
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<tr>
<td>Ms Samantha Anderson</td>
<td>Senior Policy Officer</td>
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<tr>
<td>Mr Dale Wheeldon</td>
<td>Executive Director</td>
<td>Economic Development Association of British Columbia</td>
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<tr>
<td>Mr Jake Rudolph</td>
<td>Chief Administrative Officer</td>
<td>City of Pitt Meadows</td>
</tr>
<tr>
<td>Mr George Penfold</td>
<td>Regional Innovation Research Chair for Rural Economic Development</td>
<td>Selkirk College</td>
</tr>
<tr>
<td>Mr Mike Stolte</td>
<td>Executive Director; President</td>
<td>Centre for Innovative and Entrepreneurial Leadership; Canadian Rural Revitalisation Foundation</td>
</tr>
<tr>
<td>Mr Paul Wiest</td>
<td>General Manager of Community Futures Central Kootenay</td>
<td>Nelson Economic Development Partnership; Invest Kootenay</td>
</tr>
<tr>
<td>Mr Garry Merkel</td>
<td>Chair</td>
<td>Columbia Basin Trust</td>
</tr>
<tr>
<td>Mr Neil Muth</td>
<td>Executive Director</td>
<td></td>
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<tr>
<td>Mr Kelvin Saldern</td>
<td>Executive Director</td>
<td>Kootenay Association for Science and Technology</td>
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**15 to 19 May 2009 | UNITED STATES OF AMERICA – International Investigations**

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<tr>
<th>Witness Name</th>
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<tbody>
<tr>
<td>His Excellency Dennis James Richardson AO</td>
<td>Ambassador of Australia</td>
</tr>
<tr>
<td>United States Congress</td>
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</tr>
<tr>
<td>Dr William Kittredge - Director</td>
<td>National Programs and Performance Evaluation, Economic Development Administration, US Department of Commerce</td>
</tr>
<tr>
<td>Name</td>
<td>Position</td>
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<tr>
<td>Ms Susan Brita</td>
<td>Staff Director, Transportation and Infrastructure Committee; and Subcommittee on Economic Development, Public Buildings and Emergency Management</td>
</tr>
<tr>
<td>Mr Matthew Chase</td>
<td>Executive Director, National Association of Development Associations (NADO) and the NADO Research Foundation</td>
</tr>
<tr>
<td>Prof Kingsley E Haynes</td>
<td>Dean, School of Public Policy, George Mason University</td>
</tr>
<tr>
<td>Prof Jim Riggle</td>
<td>Research Associate, School of Public Policy, George Mason University</td>
</tr>
<tr>
<td>Hei Feng Qian</td>
<td>Graduate student, School of Public Policy, George Mason University</td>
</tr>
<tr>
<td>Hua Qun Li</td>
<td>Graduate student, School of Public Policy, George Mason University</td>
</tr>
<tr>
<td>Mr Keith Segerson</td>
<td>Managing Director, Mason Enterprise Center</td>
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<tr>
<th>Name</th>
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<tr>
<td>Mr William Worsley</td>
<td>President, Country Land and Business Association</td>
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<tr>
<td>Mr Harry Cotterell</td>
<td>Vice President, Country Land and Business Association</td>
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<tr>
<td>Mr Adrian Gane</td>
<td>Chief Executive, Country Land and Business Association</td>
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<tr>
<td>Mr Christopher Price</td>
<td>Chief Legal Adviser and Head of Policy Services, Country Land and Business Association</td>
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<tr>
<td>Mr Graham Harrison</td>
<td>Director, International Business, South West of England Regional Development Agency</td>
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<tr>
<td>Ms Ellen Stallins</td>
<td>Director, Inward Investment, South West of England Regional Development Agency</td>
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<tr>
<td>Mr Stephen Hagen</td>
<td>University of West England, South West of England Regional Development Agency</td>
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<tr>
<td>Ms Bonnie Dean</td>
<td>Science City, South West of England Regional Development Agency</td>
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<tr>
<td>Ms Yvonne Ward</td>
<td>Head of Aerospace, South West of England Regional Development Agency</td>
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<tr>
<td>Prof Nick Lieven</td>
<td>Dean of Engineering, Bristol University, South West of England Regional Development Agency</td>
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<tr>
<td>Mr Ian Knight</td>
<td>Area Director, West of England, South West of England Regional Development Agency</td>
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<tr>
<td>Mr Crispin Moor</td>
<td>Director, Whitehall Office, Commission for Rural Communities</td>
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<tr>
<td>Rev Dr Stuart Burgess</td>
<td>Chairman and Rural Advocate, Commission for Rural Communities</td>
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<tr>
<td>Mr Andrew Lee</td>
<td>Director, Sustainable Development Commission</td>
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<tr>
<td>Mr Minas Jacob</td>
<td>Team Leader, Watchdog, Sustainable Development Commission</td>
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<tr>
<td>Prof James A Walsh</td>
<td>Deputy President, National University of Ireland, Maynooth (and Vice President for Innovation and Strategic Initiatives)</td>
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<tr>
<td>Prof Rob Kitchin</td>
<td>Director</td>
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<td>Dr A Jamie Saris</td>
<td>Deputy Director</td>
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<td>Mr Brendan Bartley</td>
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<td>Dr Chris van Egeraat</td>
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<td>Ms Valerie Robinson</td>
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<td>Ms Hilary Fox</td>
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<td>Mr Conall O’Connor</td>
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<td>Mr Philip Maher</td>
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<tr>
<td>Mr Dermot Nolan</td>
<td>Principal Officer and Head of National Development Plan Secretariat</td>
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<td>Mr Michael Kennedy TD</td>
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Office of the National Development Plan, Department of Finance

Joint Committee on Arts, Sport, Tourism, Community, Rural and Gaeltacht Affairs – Irish Parliament

Department of Community, Rural and Gaeltacht Affairs

Centre for Innovation and Structural Change, J.E Cairnes School of Business and Economics, College of Business, Public Policy and Law, National University of Ireland, Galway

Enterprise Ireland
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<tr>
<th>Dr Jenny Melia – Manager, Research and Technology Programmes</th>
<th>Border Midland and Western Regional Assembly</th>
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<td>Mr Gerry Finn – Director, Border Midland &amp; Western Regional Assembly</td>
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<td>Cllr Michael McGreal – Mayor County Roscommon Council</td>
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<td>Cllr Tom Crosby – Chairperson, Border Midland and Western Assembly</td>
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<td>Ms Kathleen Martin – Director, Community and Enterprise Section, County Roscommon Council</td>
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<td>Mr Frank Dawson – Roscommon County Manager</td>
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<td>Ms Martina Earley – Programme Manager, Roscommon Integrated Company (LEADER)</td>
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<th>04 May 2009</th>
<th>MELBOURNE – Public Hearing</th>
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<td>Mr Bruce Anson – Chief Executive Officer</td>
<td>Warrnambool City Council</td>
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<td>Mr Bill Millard – Director, City Growth</td>
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<tr>
<td>Cr Judy Verlin – Mayor (and Chair)</td>
<td>City of Ballarat (and Regional Cities Victoria)</td>
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<td>Mr Anthony Schinck – Chief Executive Officer (and Liaison Officer)</td>
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<td>Prof John Wiseman – Director</td>
<td>McCaughey Centre, University of Melbourne</td>
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<td>Mr Rob Hunt FAICD – Managing Director</td>
<td>Bendigo and Adelaide Bank</td>
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<td>Mr Col Brady – National Community Enterprise Manager</td>
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<tr>
<td>Ms Kaye Owen – Director, Research and Policy</td>
<td>Municipal Association of Victoria</td>
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<tr>
<td>Dr Apollo Nsubuga-Kyobe – Board Member</td>
<td>Ethnic Communities Council Victoria (and Shepparton Ethnic Communities Council)</td>
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Minority Report
INTRODUCTION

In undertaking this Inquiry, the Rural and Regional Committee held a series of public hearings and workshops and received over 60 written submissions.

We would like to thank the many people that participated in this Inquiry. Regional Victorians were represented well as a result of the commitment and effort of these people that are dedicated to the future development of our regions.

A broad range of issues were considered and the Committee was also informed by research publications. In addition, members of the Committee undertook an international investigation of four countries.

We do not believe that the report has adequately incorporated the information that was available to the Committee and we do not believe that the analysis by the Committee was robust enough to identify the best possible recommendations for the future development of regional Victoria.

We support the majority of recommendations because in-principle we are not opposed to these individual recommendations as they stand; however, we cannot support this report for the following reasons:

• we oppose recommendation one that proposes the establishment of Regional Development Commissions;

• the recommendations are inconsistent with the evidence provided to the Committee;
• the report fails to acknowledge existing policies, programs and initiatives as well as work that is currently underway that was provided in evidence and is of direct relevance to the report;

• the report includes inconsistencies between findings and between recommendations.

RECOMMENDATION ONE

We oppose Recommendation One that proposes the establishment of Regional Development Commissions, statutory authorities that will report to individual Boards in each region.

It is important to highlight that we opposed this Recommendation for a number of reasons that relate to the conduct and process of the Committee in considering this concept.

The recommendation is based on the Western Australian model of governance. We note that the Committee did not go to Western Australia; did not study the model; and did not even receive a submission or hear any evidence in support of this model.

There was inadequate consideration of this model by the Committee given it was first brought to the Committee’s attention in the final week of the Committee’s deliberations. There was no opportunity for the Committee to test the suitability of such a model in the Victorian context.

Given that is a significant recommendation, we believe the Committee should have received submissions, heard evidence and been given the opportunity to test the evidence received. We also believe it was imperative that there be proper debate and discussion at the committee and at a much earlier stage of the Committee deliberations. At the very least there should be rigour in arriving at such a recommendation.
The report includes no analysis of the pros and cons of the model and there is no acknowledgement of the appropriateness or otherwise of superimposing a model from another state that is completely different on geographic, structural and economic grounds.

The proposal for the Commissions to be statutory authorities imposes a whole new bureaucratic structure between the tiers of government. The Committee did not receive any evidence on the need for all the cost of operating a new bureaucratic structure.

However, the Committee did receive evidence that Regional Development Victoria (RDV) is well regarded by local government and regional development practitioners and this is acknowledged in the report. This recommendation is inconsistent with the positive evidence received in relation to RDV as it seeks to reduce or replace its role with an untested, ill-considered model.

In addition, the Victorian Government submission to the Inquiry outlined the structure and objectives of RDV. This information is completely lacking from this section of the report although it is, of direct relevance to this recommendation.

Further, this key recommendation arises at a time when the Government, in partnership with the Federal Government, have recently established Regional Development Australia Committees, as noted in the report. The memberships of the RDA Committees have been announced and the Committees are commencing their work across the state.

We believe the new RDA Committees should be provided the opportunity to meet and fulfill their obligations to:

• work with all levels of government, to develop a shared understanding at a regional level of regional development issues and priorities;

• provide independent advice to all levels of government on the efficacy of the delivery of their policies and programs;
• cooperate to improve the coordination and delivery of regional development initiatives;

• deliver strategic input into national programs and help co-ordinate development initiatives at the regional and local level;

• work with all levels of government as a key link organisation to empower communities in regional development activity; and

• participate, where appropriate, in Government place-based responses to economic downturn.

It is our view that to propose seven Regional Statutory Commissions will only increase duplication and create additional difficulties in identifying and developing key regional initiatives and ongoing planning.

We believe that there will be genuine concern in regional Victoria over this proposal as it will divert monies that would be otherwise allocated to regional projects and programs to propping up another structure against this backdrop.

Critically, as noted, there was no evidence to support this recommendation but there was evidence to the contrary. We strongly oppose this recommendation.

GAPS IN THE REPORT

Throughout the report, and in the recommendations, there is little acknowledgement of the range of programs, policies and initiatives already underway in regional Victoria.

We believe that there should have been a thorough overview of what has been done and what is the status quo. Only from this point can the Committee adequately identify what needs to be done and make considered recommendations. The approach of the Committee did not place any focus on understanding existing policies and programs.
As local Members of Parliament, we have had the opportunity to be involved with a broad range of programs across government portfolios that are of direct relevance to this Inquiry as they relate to the development of regional communities. In our regions we have seen first-hand the significant impact that initiatives can have on our local economies and communities. It is our view that the Committee largely ignored this experience in developing its recommendations.

For example, recommendation two proposes the Victorian Government conduct an ‘Opportunity Audit of regional centres in Victoria.’ The recommendation includes reference to the need to target funding for long-term development of regional Victoria. The recommendation also notes that the audit would assist regions to identify their strengths, provide a basis for planning for a region and assist the government to develop a visionary statewide plan which focuses on development of the state as a whole.

This recommendation duplicates the extensive process that is underway throughout regional Victoria as part of the development of the Victorian Government’s regional blueprint. The report makes reference to this work and the discussion paper; however, a number of recommendations are in effect proposing work that is already underway.

Similarly, recommendation eight proposes the Government provide support for regional leadership development programs. The Government has made a significant commitment to the development of regional leaders. Since 2006, the Government has provided $1.56 million to a number of leadership programs. This includes $600,000 which was committed through the recent Moving Forward Update.

The Government currently supports a facilitator/coordinator for some programs; however, this may not be necessary for all programs. This recommendation fails to consider that the best use of resources for some programs is not necessarily in funding a program coordinator but may be better spent investing in training or other direct support. It is important that the administration of programs be considered in the context of actual program operation and in light of current practice and experience.
In addition, recommendation sixteen proposes the Victorian Government encourage clustering and support clusters in areas where an emerging competitive advantage has been identified.

The Victorian Government has actively encouraged and supported industry clusters through the $2.9 million Regional Innovation Clusters Program. This program was first introduced in 2004 and has supported the establishment of 20 regional clusters across 10 industry sectors.

These are just some of many examples throughout the report that demonstrate a lack of research, poor consideration of the evidence or incomplete analysis. This weakens the recommendations and highlights the concerns we have with the Committee’s process in finalising this report.

**INCONSISTENCIES WITHIN THE REPORT**

There are a number of areas of the report that conflict or are inconsistent, including recommendations. For example, recommendation seven indicates the government should provide funding to RDA Committees to develop and implement strategic plans for their regions. However, recommendation one proposes Regional Development Commissions be established with annual budgets to implement strategic projects. There is little demonstrated consideration of the relationship between the different recommendations.

Further, the analysis in Chapter Seven notes the Regional Infrastructure Development Fund is strongly supported. Through the RIDF, which was introduced by the current Government in 1999, the Government has committed over $490 million which has leveraged more than 275 capital works projects valued at over $1.3 billion - an incredible achievement.
As a result, this program has had a significant impact on regional Victoria and we believe is an example of an initiative that was not given consideration by the Committee to identify the best possible recommendations for the development of regional centres.

The Committee asks "Should the fund be more tailored to the needs of regional centres specifically rather than to regional Victoria more generally?" One of the key sub-programs of the RIDF is the Small Towns Development Fund (STDF). The STDF has delivered fantastic outcomes in small towns.

The suggestion that the RIDF be limited only to regional centres demonstrates a lack of understanding of regional development and the important relationship that regional centres have with the surrounding small towns. The proposal to differentiate support for regional centres and small towns appears to be inconsistent with the recommendation that regional planning occur on a statewide basis.

Recommendation 20 recommends the 79 LGAs be assessed and ranked in terms of liveability. There is an obvious complexity that would exist in devising a measure of liveability that would be comparable between all of these areas given the different 'lifestyle' factors and the subjective nature of such a measure.

The ranking of LGAs for this purpose would be inconsistent with the objectives noted in the report of encouraging and promoting our vibrant regions. The list could have the perverse effect of furthering the disadvantage, experienced in a particular area by discouraging tourism and morale.

CONCLUSION

Overall, we are disappointed that we cannot support the report resulting from this inquiry. We were overwhelmed by the dedication of regional Victorians and other organisations that actively contributed to the discussion on the future of our regional centres.
The above outlines only examples that we believe demonstrate a lack of rigour in the Committee’s approach to finalising this report. As a result it is our strong view that the recommendations have not been given adequate consideration, particularly recommendation one.

We remain committed to the ongoing development of our regional centres and believe the majority of recommendations can be seen as an endorsement of the work that is already underway or in place as part of the Brumby Government’s policies.

GAYLE TIERNEY MP
Member for Western Victoria

KAYE DARVENIZA MP
Member for Northern Victoria

KIRSTIE MARSHALL MP
Member for Forest Hill