

REGIONAL BUSINESS DEVELOPMENT NETWORK INC.

(Reg. No. A0032828U)

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Ms. Fran Bailey, MP
Chair
Standing Committee on Primary Industries & Regional Services
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Ms. Bailey,

**SUBJECT: INQUIRY INTO INFRASTRUCTURE AND THE DEVELOPMENT OF
AUSTRALIA'S REGIONAL AREAS**

BACKGROUND TO OUR SUBMISSION

Congratulations on being involved in the establishment of this Inquiry, it is long overdue and much needed. Attached is a submission from the Regional Business Development Network Inc, which is a community driven economic development group. The Network uses an innovative and systematic approach to encourage self-reliance, entrepreneurial activities and empowerment of rural communities. We provide a base and structure for change to be delivered to rural people – it is all about managing change in a constructive way. In the past 3 years we have been responsible for establishing many new initiatives and organisations who are now working together to create new wealth and opportunities for themselves.

The Network is the outcome of a Rural Community Demonstration Project, which I facilitated for 10 months during 1995-96. This Project was funded by the Department of Primary Industries & Energy, Canberra, total grant being \$25,000. The Project was one of four pilot projects conducted throughout Australia during 1995-96 to develop community-based models for rural development.

During the Project I worked with communities in the Riverina of NSW and North East Victoria in putting together an integrated approach to economic development. No further funding was provided once the Project was completed, however, the communities wanted to continue on with the work. In March 1996 the Regional Business Development Network Inc was launched, funding is from membership subscriptions and out of our own pockets. Attached (Appendix 1) is a copy of our Profile and Networker newsletter. We have a very broad membership that is spread from Melbourne through to Dubbo, NSW. We receive no government funding or support and all our work is carried out in a voluntary capacity.

The Network has been successful in establishing industry groups who are now moving into value adding and processing in this region. As we are independent and committed to long term economic growth we have managed to attract not only new and emerging agricultural industries into our group but traditional industries such as beef and wool.

The restructure of Local Government in Victoria was one of the worst examples of how to cut Shire assets to the bone. This coupled with the extremely poor treatment of citizens in some Shires has resulted in enormous apathy and mistrust of government (Appendix 2). It is unfortunate that many of the Commissioners responsible for the demise of Shire assets etc were rewarded, after their terms were finished, with key positions on government water authorities, economic boards etc. (Appendix 3 – typical example). The placement of people on these authorities has very little to do with their competence, creditability or skill, several of these people have very questionable backgrounds including bankrupts.

It is very difficult to achieve good outcomes when there is a extremely powerful closed shop of 'mates' who try and control economic development and the funding for the region. An audit of economic groups and government funding bodies in the Albury Wodonga region would reveal that the same people appear constantly. The result of this is that the innovative, entrepreneurial people that make a difference in rural areas can't be bothered nominating for these boards/groups.

This type of trend coupled with the constant movement of Local and State government economic officers – average stay 12 months, has resulted in little or no growth being achieved. This movement of peoples being equally matched by people that I have been involved with in Federal Government Departments. The outcome of all this is a great mix/mess of economic activities, particularly in North East Victoria where Shires are trying to play a role in economic development. Some Shires tendered economic services out under 3 year contracts (most have been cancelled because of lack of outcomes), some Shires appointed their own officers, others are going around in circles and promoting industries and activities that produce little or no outcomes. There has also been a turnover of Shire Chief Executive Officers for example, in two adjoining Shires in the North East there have been 3 CEO's in three years in both Shires. The career path CEO leaves a lot to be desired, contracts are constantly being broken and nothing is being done about it.

All of the above has resulted in the establishment of community driven industry groups and our Network has been at the forefront of encouraging this. We believe that for things go grow and flourish a pro-active approach needs to be taken with the control being in the hands of the key stakeholders. This is the only way that we are going to have sustainable industries and infrastructure in regional Australia. It would be ideal if business, government and community could work hand in hand but the reality is something else.

An example of our work is the established of the Albury Wodonga Regional Tourism Forum Inc. which I co-founded two years ago because of the fragmentation that had occurred across the region. There were cross border problems with marketing, large turnover of tourism officers, expensive government funded campaigns that produced expensive brochures but no increase in business etc. To highlight this problem, Tourism Victoria has had a jigsaw campaign with each part of the State having a marketing slogan. In the North East it is called 'Legends, Wine & High Country', however, Towong Shire, which is part of this jigsaw now, has its own slogan which is 'Legends, Lakes & Valleys'. This slogan comes close to copying the jigsaw slogan for Gippsland, which is 'Lakes & Wilderness'. The Federal Government has put funding in producing Regional Tourism Development Plans, which no knows about, we are currently trying to secure the one for this region. Cost is \$45 each plus \$5 for postage and handling.

The Albury Wodonga Regional Tourism Forum Inc has produced a very cost-effective marketing strategy for its 110 members. For \$90 each member has had a web page built, been listed on the Regional tourism Guide (Appendix 4) and we have negotiated 12 months radio sponsorship (worth \$30,000) to promote the members businesses. The annual subscription of \$50 is also included in this \$90 package. We were fortunate enough to secure \$6,000 from the Department of Employment, Workplace Relations and Small Business for printing 35,000 copies of the guide. Apart from this the members carried out all other work in a voluntary capacity.

We wish you well in the Inquiry and hope that it is successful as far as putting into place a better system of accountability especially for funding that goes from Federal to State Governments. Unless this occurs we believe that the development of rural areas will be extremely slow, especially in areas that have a large part of their economy based on agricultural industries such as beef and wool. We also believe that the economic potential for this region is substantial but unless community consultation and support is provided at grassroots level then the outcomes will be small.

Attached are examples of how Federal monies have been used in several organisations in our region. We have offered positive input, suggested better ways of doing things etc but to little avail. As a result we decided to monitor these groups and strongly object to activities that we believe are not appropriate, we dislike seeing public money being wasted. What has been a great insight have been the processes that are put in place to secure funding and create a closed shop environment around it once it is secured. One group is in the process of changing their legal structure, which will certainly alter the power and control forever.

Very little if any community consultation is ever done, invitations are issued to a select few only, and press articles are only done after everything is sealed up for the select few. We could provide the same type of examples on how Local and State Government monies have been used.

We have also enclosed a list of recommendations for the Inquiry.

It is worth noting that 18 months ago a group of researchers were engaged by the Federal Government to look at what was happening to economic development in rural areas. We are pleased to see that our Network was named one of the top three economic groups in the region out of 15. The Network being the only one that didn't receive government funding. Since this time we have gone from strength to strength with our work which is now being duplicated in other regions. Three communities that I work with didn't even have an incorporated body to access funding through when I started working with them. We used our incorporation to assist them to secure funding to restore buildings etc, they are now all incorporated. There is very little infrastructure in these communities and yet they are in one of the best natural resource areas in Australia they just need support, encouragement and expertise to move ahead.

Yours faithfully,

Christine Stewart OAM
President
Regional Business Development Network Inc

Inquiry into Infrastructure and the Development of Australia's Regional Areas

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EXAMPLES OF HOW THINGS ARE DONE IN REGIONAL AREAS

Below are examples of what our organisation has witnessed and observed over the past few years. Through our work we have become extremely concerned about how big buckets of government funds are secured and used with too few outcomes being achieved.

As a result of our concern we have collected a significant amount of material on these groups. We believe that there needs to be an understanding of how the current 'system' operates. Once this is understood then we can proceed to build one that is more 'open, accountable and representative'. Unless this dialogue occurs then there is little opportunity for regional Australia to grow and move ahead and develop infrastructure etc.

1. AUSTRALIAN ALPINE VALLEYS AGRIBUSINESS FORUM INC

Our Network opposed the approach that this organisation took in doing what they have done. We attended a meeting and put forward the suggestion that consultation needed to occur and that industry groups should be involved in the process. The Forum said they would be doing 'the big picture' we said that there would be no big picture if the small picture wasn't attended to.

This is the process that has been undertaken by the Forum;

- a) Secured the Federal funding for tobacco restructuring from the Alpine Shire and used this funding to get \$ for \$ matching from the Victorian State Government. It must be noted that during the restructure period several farmers restructured out of tobacco into vegetables but went back into tobacco when the levy system for tobacco improved. It would be interesting to see how many, if any have remained in vegetables?

Money has now gone back from the Forum to the tobacco industry in the Alpine Shire and given to a producer Tobacco Co-operative to build a cool room for vegetables. The cool room suppositively being used by farmers who restructured into vegetables? Our Network was assured by Mike Wilson from DPIE, Canberra that no Federal Government money was to be used for the building of a cool room. But a cool room has been built.

- b) Our Network was already doing activities that the Forum would be duplicating and we felt that it would be a waste of money duplicating our efforts. We protested strongly, (see Appendix 5). We also protested that as this Forum was setting itself to be the 'only recognised' economic development group in the region when in fact it isn't. Little to no community or industry consultation has occurred; most of it is invitation only. We have yet to see a public advertisement for a public meeting to discuss their activities.

The Forum is only interested in wine and forestry with the majority of Board members involved in these industries. It is worth noting that beef is the biggest employer of farm people in the region and there is no focus on helping this industry, which is in deep trouble

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It is worth noting that the Victorian Deputy Premier and Minister for Agriculture & Resources suggests that cash strapped beef and wool farmers lease their land to a Japanese forestry group (they want 20,000 hectares) for between \$80 to \$120 per hectare per annum for the next 15 years? What kind of return is that? Where is the help for beef and wool?

- c) DPIE, Canberra suggested that the Forum include our Network in any funding submission they did to them. To our dismay we were included in a submission without our permission and only found out about it accidentally. There was no consultation with us and when we saw the content of the submission we decided that we did not want to be part of an organisation that was very unprofessional in the way they were doing things.
- d) The Forum was told that they would have to do a business plan to get Federal funding, they could not get support or funding for this from Shires or industry groups (See Appendix 6 - letter from Indigo Shire CEO).

After two years they managed to get money from the Department of Employment, Education, Training & Youth Affairs that was meant for people who would be restructured out of the textile industry in Wangaratta. It is worth noting that the Chairman of the Forum is also Chairman of the Wangaratta economic development board, which is funded by Wangaratta Council, who secured the funding. Furthermore, this money was secured before the Federal Government had a change of heart in relation to the textile industry with longer restructure plans being put in place. However, the Forum got the money to do a business plan and part of the deal was that 300 jobs had to be created within 6 months in agriculture for the 'restructured textile workers'. We said that was impossible given the poor state of agriculture.

Two consultants were engaged to do the work, the outcome being a very flawed and untruthful business plan.

In the attachment to the business plan it states that the Australian Beef Producers Co-operative Ltd was consulted on the 9th February 1998 – I can assure you no meeting took place as my partner and myself had the contract to manage the Co-operative. We then telephoned other groups that were 'consulted' with and found similar problems. One group weren't consulted, a processor in Melbourne was. The main commercial producer in another group was put as an apology and yet they weren't told of the meeting. As a result the input from the 'hobby farmers' of this industry was not representative of what is happening in the marketplace etc.

Furthermore, throughout the plan are inaccurate industry figures including 5% pa growth in the emu industry, which has collapsed in the region? Also figures quoted for the venison industry in the region were incorrect. My partner is Chairman of the local Murray Deer Farmers Association Inc and Director of the Victorian Venison Producers Co-operative Ltd. The industry continues to grow and export venison, with regular kills taking place at Wodonga abattoirs. The business plan has it as a no growth industry!

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Protests were made to our local Federal Member about this business plan, he said that we could only complain about the errors in the business plan from the beef co-operative's point of view? We certainly take exception to this as we play an active role in the development of other industries mentioned in the plan and have strategic alliances with them!

My partner spent 12 very frustrating months on the Forum as a representative of the Indigo Shire, he resigned because of the lack of outcomes and the failure of the Forum to allow grassroots consultation to occur. He could also see the significant work being achieved through our Network with no government funding or support. Furthermore, he could see much of our time being used to provide free professional advice, as the paid economic officers did not have the background or knowledge to do. Most of these officers do not meet the job selection criteria of the positions that they secured, in time pressure is put on them to perform and then they move on elsewhere – this has happened right across the region.

There is a significant difference with the economic officers in NSW compared to Victoria. We have no problems with the quality of advice provided by NSW officers – in fact we have registered two producers co-operatives in NSW because of the professional back up and support is first class. It applies to agricultural extension officers, we go to NSW for support and advice.

The upshot of the Forum now is that if you want funding from the Victorian State Government you have to go via the Forum to make sure there is no duplication?

Finally, the Victorian Government has set up a Rural & Regional Strategies Forum, participants being selected by the local MP. After 6 months a completed Strategy was produced. We questioned one of the participants on why there had been no community consultation until the complete Strategy was released. He said they thought about it but didn't have time? They now want the community to adopt it – lots of luck! No input by the community relates to no acceptance by them. The top down approach is still alive. It is worth noting that the Chairman of this Rural & Regional Strategies Forum is the Chairman of the Australian Alpine Valleys Agribusiness Forum Inc.

Fortunately a couple of local councils are starting to express great concern at the above plus other activities and are considering withdrawing funding and support from the Forum. We have been approached to see if we would like to be the recipient of these councils funds and support, as they believe that our approach is the best and our outcomes significant. We will consider this offer only if it is in line with our work and philosophy of driving economic development from the grassroots up. Time will tell.

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EXAMPLES OF HOW THINGS ARE DONE IN REGIONAL AREAS

2. **HUME PROVINCE – REDO (OLD DEPARTMENT OF TRANSPORT & REGIONAL DEVELOPMENT)**

Another regional economic development organisation that was going to move mountains, closed its doors on 31 December 1997.

In summary, how can an organisation receive huge funding, achieve few outcomes, close their doors and then re-open as Hume Riverina Export Connect Inc with \$445,000 to spend?

Furthermore, how can 2 staff members go from the Albury Wodonga Development Corporation (AWDC) to Hume Province REDO back to AWDC and pop up as General Manager and Office Manager for Hume Riverina Export Connect? When were these positions advertised, it is public money after all? What outcomes have been achieved for the money spent so far?

See Appendix 7, which is a consultant brief for consultants who were interested in doing the business planning work. As you can see it is a mix of things other than business planning, why aren't the staff capable of doing the work? Note: the consultants have been engaged and held two meetings for 'invitation only businesses', if you are not in the club you don't get to go along and provide input.

3. **NATIONAL PROPERTY MANAGEMENT PROGRAM (OLD DEPARTMENT OF PRIMARY INDUSTRIES & ENERGY)**

In Victoria this program is called Farm\$mart, it came into place when I moved to the area from Sydney in 1994. My last position in Sydney being Manager, NSW Farmers' Financial Referral Service Pty Ltd. In this position I learnt much as I was responsible for providing financial benefits and services to 16,000 members. I could see what was happening in rural areas and it motivated me to move to the country to see what could be achieved.

I was very familiar with the Program in NSW before I came to live in North East Victoria. When I moved to Victoria I joined the Management Committee of the Tallangatta CEC who secured the contract to deliver Farm\$mart training. Over an 18 month period it had very few outcomes because of the structure of the program, poor facilitation, farmers not interested in the subject areas etc.

However, more money got allocated and the Department of Natural Resources and Environment brought it under their control. I met with the co-ordinator and I was assured that this time it would work and that they would work directly with producer groups we were involved with. This didn't occur, a program was put together that was not appropriate to our needs particularly to our beef producers requirements.

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We protested strongly when we heard that \$500,000 was spent in this region in a 12 month period and only one small workshop for a handful of producers had been held. The budget for the following year being \$600,000 – to pay for an increase in staff (see Appendix 8).

We went public with our protest and found that there were concerns both in Victoria and NSW. All we wanted was funding to training beef producers about quality assurance including Cattlecare and marketing beyond the farm gate. This training could have been used throughout Australia.

We also found that NSW and Queensland used this Federal government funding differently.

We even had a visit from the National Co-ordinator of the program and discussed with him the problem of having beef producer shareholders situated on both sides of the Murray River. We weren't allowed to have NSW producers in Victorian classes and vice versus.

How can you get quality training for an industry group with this type of problem to deal with. There would have to be two different applications forms done, different tutors – NSW only wants their own accredited ones to tutor, Victoria does not have this criteria etc.

With the increase in staff we had a visit from two 'strategic facilitators' – new titles given to try and change the bad name and response that Farm\$mart had attracted. For two hours the facilitators (one being an ex pasture agricultural extension officer) could not explain to us how farm profitability would improve by doing their on farm program. The Farm\$mart program was not to be involved with marketing and beyond farm gate training activities. You might have the best-planned farm there is but without markets it is nothing.

It would be worth auditing the amount of National Property Management Planning money that has gone into training facilitators and the cost of their annual conferences and how much training has been delivered to farming families. I have been a guest speaker at a Farming for the Future meeting in NSW, Farm\$mart's Victorian equivalent. I also organised 3 bus loads of facilitators to visit farms we were involved with. The facilitators came from throughout Australia to this region for one of their conferences, other bus loads visiting wine areas etc. There was no funding for me to do this work, even though I was told that there would be a small payment made.

We are constantly told that there is no money to do the work we are doing? It seems that if you are a failure you get the support.

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EXAMPLE OF HOW THINGS ARE DONE IN REGIONAL AREAS

What concerns our Network is that we offer input into programs so that they do have some chance of success, unfortunately this input is not taken on board and the end result is wide spread failure. No wonder apathy is so high in rural areas!

The above examples are unfortunately becoming typical of how things are progressing in rural areas, with more and more government control. In Victoria we now have three levels of government playing with economic development which results in power struggles, incompetence, cross border issues etc.

We really have to question the role of government in regional economic development, if there is a role what is it?

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RECOMMENDATIONS

DEFICIENCIES IN INFRASTRUCTURE

- Government policy that takes infrastructure away – eg. restructure of Local Government in Victoria.
- Lack of understanding of what is required by governments for rural communities and industries. Small businesses have to pay extra to trade and survive in rural areas eg. businesses wishing to use the internet in Omeo pay \$7 per hour.
- Lack of community consultation which has led to the ownership being with others. No ownership = no support. As there is no knowledge, understanding or input into decisions then there is no reason, support or commitment for people in regional Australia to be part of the infrastructure process.

Infrastructure has now become someone else's responsibility ie private companies, government, economic boards, water catchment authorities. In recent times the selling off of water and power has led to decisions being made totally away from the community – with some decisions being made overseas with a profit linked focus.

FACTORS THAT WOULD ENHANCE DEVELOPMENT

- Accountability for government funding in regional areas.
- More women on government economic development boards. We have many women heading up new and emerging industries and are at the forefront of export. None of these women are interested in joining the 'mates only' boards that exist in the region. The women are too busy doing the real work that achieves good outcomes. We are actually in the process of setting up a world wide web site to market our products and services through our networks and personal contacts overseas.
- Federal government to closely monitor the number of boards that individuals sit on in any one region. There needs to be fresh blood. One gentleman in our region prides himself on being on 22 boards/committees.
- Value adding to be done in regional areas, at the moment too much is done in the cities and overseas eg. wool, cotton and meat.
- Create taxation incentives for Australian's to invest in their own industries. This could be done by allowing tax deductions to be made for investing in regional industries and via superannuation schemes.
- Government to provide incentives for businesses to locate and operate in rural areas – rate reduction, free land, \$ for \$ matching for research and business planning into relocating into regional Australia.

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RECOMMENDATIONS

- Training and education in rural areas to create an ‘export cultural’ at grassroots level.

For example take farm people to the meat and leather processing facilities so that they can see why they need to do the on farm Cattlecare QA program. Provide an incentive for farmers to travel overseas and see the retail end of their product so that they understand what the end customer needs.

Eliminate the mystery that occurs beyond the farm gate on what happens to the produce. There are too many people involved in the selling chain, which has resulted in the farmer doing the most work and receiving the least for it. Encourage farmers to work ‘co-operatively’ together.

- Support grassroots economic development groups such as ours, we don’t need a lot of money as we are committed to what we are involved in.
- Get rid of one tier of government and create regional governments that will be directly linked to the common economic vision for the geographic region.

POTENTIAL FOR DEVELOPMENT IN REGIONAL AREAS

- Potential is huge particularly for agricultural industries. However, there needs to be industry benchmarks established so that people understand how much they will need to produce and to breakeven. Labour has to be built into these figures.
- Proper market research needs to be done on what industries should be supported and encouraged. There must be a market at the end for the product and a great deal of work is needed in this area. We have one State government supporting the production of Asian vegetables and another not as they feel the markets are not there.
- There needs to be a co-ordinated approach adopted by government departments so that there is no duplication of services – there are 15 economic groups just in our region alone. Many don’t speak to each other, let alone share information, many pursue projects that will never result in any outcomes.

Add a State border in the middle of a region and you have a whole host of new problems especially if you are trying to develop an industry that will cross two borders. Complying to red tape of two different State Governments and two different Councils.

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RECOMMENDATIONS

EXTENT TO WHICH INFRASTRUCTURE DEVELOPMENT WOULD GENERATE EMPLOYMENT IN REGIONAL AUSTRALIA

- Infrastructure development would generate employment by value adding of traditional farm commodities for the first time in regional areas. This coupled with support for new and emerging industries would generate new jobs.
- Shortly we will be doing a profile on agricultural industries in this region from this study we are going to select three industries that we wish to value add in our region. We will be developing a model on each industry that can be used throughout Australia. We want to bring back to Australia the overseas technology that is currently being used to value add our products. This will give us the opportunity of creating employment in our region as well as specialising in food technology. Training for this could be done in local educational institutions. We want to be the best at food processing, we have a very diverse range of agricultural industries – 41 in North East Victoria alone.
- Investors want to see infrastructure, they must see a return on their investment. If it is going to cost more to do business in a regional area then they won't do it. Therefore the opportunity to create employment will not be there if the infrastructure isn't.

ROLE OF DIFFERENT LEVELS OF GOVERNMENT AND THE PRIVATE SECTOR IN PROVIDING INFRASTRUCTURE IN REGIONAL AREAS

- Federal government to deal directly with regional Australia and provide support direct to industry groups/people who wish to help themselves. This will help to eliminate the way that State and Local Government uses/misusers Federal funds. It will also allow the Federal Government to receive direct feedback and cuts out the 'middleman' who has a yes Minister approach to protect their own position. At the same time there must be strict accountability for good outcomes for any funding used.
- It is pointless putting on economic development officers in areas that are devoid of infrastructure. We would rather see infrastructure go in instead of wages and overheads of officers. It has reached a stage where these officers should be qualified in what they do just like the accounting and legal profession is.
- Federal government to provide more funding if an Australian owned and operated business wishes to establish in regional areas. At the moment too much of the food processing industry is owned by overseas interests. These companies have the ability to use their worldwide expertise and knowledge to eliminate smaller Australian businesses, they also have the ability to buy professional expertise to move profits offshore quite legally.