



**Submission to the  
Senate Finance & Public Administration  
Reference Committee Enquiry  
Into The  
Regional Partnerships Program**

**JANUARY 2005**



**Melbourne Development Board is part of a National Network of Area Consultative Committees  
A Commonwealth Government Initiative**

**[MELBOURNE CENTRAL AND SOUTHERN AREA CONSULTATIVE COMMITTEE INC.]**

This submission addresses the following key issue as outlined in the Terms of Reference to the Senate Finance and Public Administration Reference Committee's Inquiry into the Regional Partnerships Program:

- **The administration of the Regional Partnerships Program, with particular reference to the process by which the projects are proposed, considered and approved for funding**

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## **Melbourne Development Board Overview**

Melbourne Development Board (MDB) is the Trading Name for the Melbourne Central and Southern Area Consultative Committee Inc. which is part of a network of 56 Area Consultative Committees (ACCs) established by the Federal Government in 1995 to develop local responses to regional employment needs.

ACCs are now funded by the Department of Transport and Regional Services (DOTARS), and in keeping with the most recent ACC Charter, MDB sees its role as fostering relationships between the Australian Government, business and local communities to maximise the competitive strengths of our region.

This has led to MDB taking on a broader community development role; one that is highlighted by an emphasis on the delivery of the Australian Government's Regional Partnerships Program in association with regional stakeholders.

There are fifteen volunteer members of the MDB Committee, drawn from the key business, community, education and government sectors represented across our region. Board Members are supported by some forty-four Sub-Committee Members who provide advice in the fields of Industry and Economic Development; and, Employment and Skills.

## **Melbourne Development Board's Region**

Melbourne Development Board's region covers the seven LGAs of Bayside, Glen Eira, Kingston, Melbourne, Monash, Port Phillip and Stonnington. The area covers some 330 square kilometres and at the 2001 Census recorded a resident population of almost 710,000 and a resident labour force of almost 370,000.

Both population (+6.08%) and workforce (+7%) numbers have increased since the 1996 Census, as the trend to inner city living remains strong. The City of Melbourne in particular has shown strong population growth.

Unemployment across the region fell between 1996 and 2001 and was characterised by increased labour force participation rates for men and women, rather than relying solely on population increase. At the same time, the part time employment rate increased, as did the numbers of people seeking part time employment. Youth unemployment in the 15 – 19 years age group stood at 14.7% in 2001 compared to the total working population, which had an unemployment rate of 5.7%. According to the Department of Employment and Workplace Relations, the most recent unemployment rate for our region (September quarter 2004) is 4.8%. As can be expected with any region, there are variances between Local Government Areas, ranging from 3.1% for Bayside to 7.2% for Melbourne.

Within our Region there are some 52,000 businesses spread across all industry sectors and a main feature is the predominance of Small and Medium sized Enterprises (SMEs).

The region contains the industrial precinct of Moorabbin, which has Australia's highest concentration of SMEs. Around 93% of all firms (47,000) employ 20 staff or less while over 71% of businesses (almost 36,000) are micro businesses employing 5 staff or less.

The community is well educated, has relatively low levels of unemployment and is well served by education and training facilities. Over the past ten years, strong economic growth has successfully reduced unemployment overall. There remain however, some LGAs that have relatively high levels of workers in occupations such as construction and manufacturing that are vulnerable to adverse economic conditions.

Youth unemployment remains high, particularly in the 15 – 19 years age group. As skill shortages start to impact on a variety of regional industry sectors, it is imperative that suitable programs/services are made available to enable these young people to undertake appropriate training and skills development.

The population is aging which presents its own unique set of issues. Unemployment remains a concern for those over fifty years and there is a need to provide suitable employment options for this group, in line with government policy. Service provision, especially in aged care, will be a focus as the proportion of elderly citizens increases up to 2030.

Newly arrived migrants make up a significant minority within the Region and the ethnic mix is far greater than in previous eras. These migrants may experience a range of difficulties in establishing themselves within the broader community. Government sponsored programs must ensure that they are equipped with the necessary language and cultural skills to access the job market effectively.

Whichever way the current policy debate over population projections and higher density is resolved, a major issue affecting the region in coming years will be the management of increased population and consequent demand for higher density residential development. Employment opportunities must be available to sustain the population, and infrastructure will need to be upgraded to cope with increased demand.

Despite our comparative strength as a region, there remain serious issues that need to be addressed. These include unacceptable levels of unemployment amongst some disadvantaged segments of our community, such as older workers and the young. These issues require *Whole of Governments* program and project responses that produce economic growth and employment opportunities, both for our local community and the broader population as a whole.

***The administration of the Regional Partnerships Program, with particular reference to the process by which the projects are proposed, considered and approved for funding***

**Regional Partnerships Program in General**

The establishment of the Regional Partnerships Program by the Australian Government has provided a positive approach to regional economic and community development work. MDB supports the concept of establishing partnerships between communities, government and the private sector to develop self-reliant communities and regions.

However, because of the administrative processes surrounding the lodgement of project submissions, the program generally encourages proponents (and their local ACCs) to bring forward submissions based on (or within) the artificially defined regions covered by ACC boundaries. In fact, the Regional Partnerships Program actively discourages inter-regional cooperation via the establishment of Key Performance Indicators (KPIs) that do not promote the development of cross-regional projects. Instead the KPIs focus on further breaking down the already defined ACC regions into sub-regions. For example, KPI 1.2 encourages ACCs to ensure that each of their subregions has submitted a project application during the past 12 months. However, there is no support for the development of projects that benefit either the entire region, or those that transgress other regions. We believe that this restricts the program's effectiveness in two key areas; namely:

- It serves to detract from the scope, innovation and effectiveness of the projects being developed.

The majority of regions in Australia (as defined by the current ACC boundaries) tend not to have the diversity and level of interaction between industry/community sectors that our region is fortunate enough to enjoy. Because of this, projects that are developed exclusively within a single region may lack value-adding input from stakeholders or project partners not present within that region. Indeed, the absence of such input may often prevent much-needed projects from being submitted in the first place.

- It fails to recognise that, whatever the appropriateness of current ACC boundaries, regions do not operate, and cannot prosper, in isolation.

It is our view that true economic development occurs most effectively when the growth outcomes of more dynamic regions flow across regional boundaries to more isolated areas. In fact, it is generally acknowledged that economic development **relies** on the gap between imports and local product being realistically bridged (SGS Economics and Planning Pty Ltd, 2003).

This occurs best when industry sectors and/or community groups in these respective regions work collaboratively to identify respective strengths to address issues of mutual concern. For example, developing new supply chain networks that assist agricultural producers to develop niche markets in metropolitan locations, or better still, overseas (with the benefit of innovative packaging for example).

As a metropolitan based ACC, we acknowledge that the Regional Partnerships Program particularly targets the needs of regional and remote regions, especially those that are far more disadvantaged than our own. And this is as it should be.

However, as "cities are unique in their abilities to shape and reshape the economies of other settlements, including those far removed from them geographically" (Jacobs, 1984, pg. 32), we believe that the Regional Partnerships Program needs to be far more conducive to cross regional project submissions and that such a move would be in the best interests of those regions who are most disadvantaged.

## **Whole of Governments**

In recent years, significant emphasis has been placed on the "Whole of Government" concept, when developing projects and evaluating the service outcomes of Government Departments. Ideally, this concept is supported by initiatives that encourage closer working relationships between departments and agencies, and between the levels of government.

For our part, MDB seeks out and collaborates with Australian, State and Local Government agencies to ensure that we are aware of their initiatives, support them where we can, but more particularly, pursue Whole of Governments solutions to meet the needs of our regional community. We prefer the term "Whole of Governments" as opposed "Whole of Government" because the needs of regional communities are most often met when all three tiers of government work collaboratively together to address areas of disadvantage.

It must be said however that this is a difficult and frustrating task as MDB often encounters significant resistance by government departments to share information, provide project co-funding and generally lend support to projects, which although relevant to their departmental scope of interest, are not specifically owned by them. This reduces the effectiveness, strength and potential outcomes of the projects that can be developed by ACCs.

Unfortunately, there are times when cooperation and communication between Australian and State Government Departments is poor at best and at worst, non-existent. Disappointingly, there are also times when the level of cooperation between Australian Government agencies appears non-existent, particularly when we are working with project proponents to develop and present project submissions.

In part, the work of MDB (and probably, most other ACCs) is made more difficult because a number of Australian Government agencies are yet to understand or appreciate the "Whole of Government" role that we are seeking to play. There are two main consequences as a result, namely;

- The potential for ACCs to add value to their program/service delivery arrangements at the policy development stage is lost.
- That Regional Partnerships project proposals are hindered, less effective or less likely to be approved without the support or participation of such agencies.

## **Funding Decisions**

From our observations of Regional Partnerships funding decisions thus far, priorities are rightly weighted heavily towards the needs of disadvantaged regions, particularly those that are regional or isolated.

Because metropolitan regions are more diverse and dynamic however, the Regional Partnerships projects that are developed need to be more complex and innovative if they are to address regional needs. To illustrate the point, the provision of \$150,000 under Regional Partnerships to build a community centre in a small town is a relatively straightforward project that would make a significant difference to the residents of that community. For a metropolitan region, it is unlikely that the centre could be built for that price, and even if it were, that it would have the same beneficial impact.

MDB has often made the point that in order to meet the business and community growth needs of our region, project submissions are often complex by nature, and this in itself works against the creation of a steady flow of submissions in the first instance and prompt/favourable assessments in the second.

Whilst it is understandable that disadvantaged regions are given funding preference, it should be recognised that growth and greater sophistication of business, industry and community in stronger economic regions are able to provide opportunities for less fortunate regions.

For example, MDB is currently supporting an application by the City of Monash for \$300,000 aimed at identifying SME's in the southeast region of Melbourne that have the potential/capacity to benefit from the technologies that become possible through the development of Australia's first Synchrotron. (In keeping with our comments above, MDB has obtained the support from two neighbouring ACCs for this initiative as it involves eleven LGAs across Melbourne's South Eastern suburbs.)

By way of explanation, synchrotron light is advancing research and development in a number of scientific fields, including medicine, agriculture, forensics and engineering. As such, its unique properties can allow businesses to develop new and improved products for the domestic and international markets.

MDB strongly supports this application because of the potential of synchrotron technologies to further business growth in both metropolitan and adjoining regions. Furthermore, if businesses respond quickly to the technologies that the new Synchrotron will offer, then the significant developments in those industry sectors will provide benefits for all Australians, whether metropolitan or rural.

Without going into all the details, DOTARS personnel appeared to have had great difficulty understanding the potential benefits of such a project, and in our view, have not given appropriate weighting to the support for the project by a Victorian Government Department (DIIRD), the eleven Local Councils or a private sector consultant. They have been slow to put their concerns in writing, and even then, unwilling to share those concerns with the project proponent. After some twelve months, this proposal is still awaiting a decision. While it may be a one-off situation, this does nothing to advance the reputation of the Regional Partnerships program as a responsive tool for promoting regional economic development.

## **Funding for Effective Evaluation**

Further to the subject of funding, the RP Programme requires project proponents to provide evidence of satisfactory performance and achievement of outcomes at the completion of the project. MDB argues that it is impractical and unreasonable to expect the evaluation of some projects at the end of a twelve-month project timeline.

As stated previously, metropolitan ACCs like MDB must develop projects that are more complex and innovative if they are to meet their vast and varied regional needs. In light of this, the outcomes of many of the projects developed by MDB are not immediately tangible and therefore measurable within such short timeframes. Frequently our projects will have long-term benefits that will only be obvious once the project has been implemented and in practice over a number of years.



For example, MDB's most recently RP funded project on the Marine Industry, requires the identification and development of Marine Industry clusters to improve the potential export, product development and uptake of new technologies of the businesses in this industry. The essence of this project is to work with businesses in the industry to enlighten them in regard to benefits of forming industry clusters and teaching them to best maximise their particular skills as part of an overall industry skills set. While the project timeline spreads over twelve months, the end results will only be obvious after the clusters have been established and working together for some time (perhaps two to three years) after the conclusion of the project.

MDB therefore advocates the need for an RP funding component specifically earmarked for project evaluation. Such evaluation would be expected to occur within a realistic timeframe after the completion of the project, and this timeframe could be varied according to the nature of the project and likely length of time required for outcomes to be reasonably expected. Funding for evaluation would ensure that projects were evaluated at a time when outcomes could be credibly measured and would also guarantee that the outcomes were more accurate for Departmental reporting purposes.

## **Conclusion**

Melbourne Development Board supports the Regional Partnerships Program and sees it as a valuable tool for supporting business growth, economic development and community capacity building.

The RP Program is not without its flaws however, and we believe its ability to add value would be enhanced if the issues outlined above were addressed.

We are grateful to the Australian Senate's Finance and Public Administration Reference Committee for the opportunity to provide these comments.

## **References**

Jacobs, J. (1984). *Cities and the Wealth of Nations – Principles of Economic Life*, Penguin, Harmondsworth, England.

SGS Economics and Planning P/L. (2003). *Urbecon Bulletin*, June 2003, pg. 7.