Doing things differently:
A strategy for the
Gippsland region

Prepared by:

Dr Amanda Coles

Professor Peter Fairbrother

Dr Natalie Jovanovski

Dr Fiona Macdonald

Ms Val Prokopiv

Mr Dominik Safari

Ms Helen Scott

Professor Karel Williams

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Executive Summary

1. The report provides a strategy for immediate transition and long-term transformation in the Gippsland region, with particular attention on the Latrobe Valley sub-region. It is informed by an event titled 'Transition and Transformation Working Conference', held at Federation campus (Gippsland on 29th November 2016). This report is based on the conference discussion, which for many was also informed by the Regional Assembly Gippsland, 17 November 2016.

2. This strategy document can only be implemented by those within the region. It aims to:
    a. Identify the key assets that define the Gippsland economy
    b. Examine how these assets can be leveraged to benefit the Gippsland society
    c. Suggest selected examples for development that can be achieved in a practical way over specified time periods

3. The report will inform the Regional Partnership submission to the government for action in Gippsland and it will inform Gippsland end users who will be responsible for and involved in leveraging assets (natural and social), with a range of others, including state agencies, educational and research establishments, associations and active groups within the area.

4. The challenge is to develop a series of inter-linked steps in relation to both immediate transition and long-term transformation.

5. **Definition**:

    a. **Transition** refers to the immediate current and rapidly developing situation of mass closure to a circumstance where all involved, workers, households, retailers, related businesses and others, have their futures addressed in achievable ways
    b. **Transformation** refers to robust and sustainable long-term change and development.

6. **Governance: What we must do differently**

    Challenge: Many organisations and layers of government operate in Gippsland, each promoting their often sectional interests and with no appetite for more layers of governance.

    Action – capacity building: Promote ways of setting up community conversations to see how positions could be aligned and where they could begin to work. This could take place over a year in the first instance, with an agreed process and objective after twelve months. The follow up task would be to put these processes into practice over a period of time, keeping in mind the advantage of having the four year presence of the Latrobe Valley Authority, which brings together a series of department staff under one roof.

7. **Immediate Challenge of Transition**

    Place-based Services

    Challenge: Currently, the provision of services for displaced workers and their households is fragmented, often with limited peer involvement.

    Action: International evidence indicates that the response should be to lay the foundation for a 'one stop shop' with multiple points and places of entry, in its developed form a Workers' Action Centre supported by state services.

Workers' Action Centre

Challenge: Create a service that meets the immediate complex needs of displaced and vulnerable workers and their households so that it complements existing related services.

Action: Establish a Workers Action Centre to provide targeted, on-going support, assistance and engagement for workers and their households in the region.

8. **Processes of Transformation**

   Challenge: Single sector responses to transition are limited and increasingly short-term; a multi-sector approach offers a way forward.

   Action: Stimulate sectoral development in integrated and inclusive ways, involving a range of actors, in particular small to medium enterprises (SME's), which are key drivers in local economies.

9. **Procedure: Next steps**

   The report ends with a recommendation that key decision-makers within the region develop and implement a procedural framework for immediate (transition) and long-term (transformation) change. This procedure must be engaged, inclusive and reflexive; ways of proceeding in an interactive and on-going way are suggested. The final decisions are for those in the region, with support from others.

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REPORT

Doing things differently: A strategy for the Gippsland region

Introduction

The proposed strategy is for the Gippsland region as a whole (Bass Shire, Baw Baw Shire, East Gippsland Shire, Latrobe City, South Gippsland Shire, and Wellington Shire). Of necessity, particular attention is given to the Latrobe Valley sub-region, comprising three local government areas: Baw Baw Shire, Latrobe City and Wellington Shire. Key industries in the sub-region are currently identified as energy and mining, timber and paper, and agriculture. There is considerable interest in the future of the sub-region, as the transition from carbon-intensive forms of energy production to environmentally-sustainable alternatives signals a loss of jobs, and a range of potentially adverse economic effects to other key industries in the whole region. As such, this strategy document focuses on the shift from transition to transformation in the Gippsland region.

This report aims to:

1. Identify an approach to governance in relation to transition and transformation
2. Present a strategy to address transition
3. Present a strategy for transformation that will:
   a. Identify the key assets that define the Gippsland economy
   b. Examine how these assets can be leveraged to benefit the Gippsland society
   c. Suggest selected examples for development that can be achieved in a practical way over specified time periods

The report provides a strategy to leverage assets in both the foundational (embedded) and the competitive sections of the economy for the benefit of Gippsland as a whole. It is informed by the event titled 'Transition and Transformation Working Conference', held at Federation campus (Gippsland) on 29th November 2016 (for program and attendance, see Appendix One). Each part is underpinned by the conference discussion, which for many was informed by the Regional Assembly Gippsland consultative meeting, 17 November 2016.

The report is not:

1. A policy statement with identified infrastructure and related investment recommendations
2. A comprehensive road map or plan for the region
3. A complete statement on identifying and leveraging Gippsland assets and opportunities

Such themes have been addressed elsewhere, often in multiple ways and versions (see Appendix Five). The report is a strategy statement, which can be put into practice only by those within Gippsland, supported where appropriate by others. This step will require a careful consideration of both procedure and focus. The suggested transition strategy is informed by national and international experience (Appendix Two and Three). It identifies what works. The examples of possible development for a long-term transformation are suggestions, selected either because of current capacity or immediate potential (Appendix Three). Discussion and debate will identify other possibilities, for example advanced processing (food and fibre) and retail.

The report is for:

1. All who have an interest in and concern with social and economic development in the Gippsland region
2. Gippsland stakeholders and end-users who will be responsible for and involved in leveraging assets, with a range of others, including state agencies, educational and research establishments, associations and active groups within the area

The Report comprises three parts and an endnote.

Part A: Governance: What we must do differently

Challenge: Many organisations and layers of government operate in Gippsland, each promoting their often sectional interests with no appetite for more layers of governance.

Action – capacity building: Promote ways of setting up community conversations to see how positions could be aligned and where they could begin to work. This could take place over a year in the first instance, with an agreed process and objective after twelve months. The follow up task would be to put these processes into practice over a period of time, keeping in mind the advantage of having the four year presence of the Latrobe Valley Authority, which brings together a series of department staff under one roof.

Gippsland has many organisations pressing their own and other sectoral interests, and no desire for more layers of governance. Numerous government entities, interest groups, coalitions and sectors exist in the Latrobe Valley and Gippsland more broadly, each with a particular agenda, geographical and sectoral focus. Pockets of cooperation have existed for some time; however there are also contentious areas of overlap and divergence.

The designation Latrobe Valley sub-region arises from referencing by the State of Victoria and Commonwealth of Australia has become significant although not obviously for any sound territorial or relational reason (see State Government of Victoria, 2012; Commonwealth Government, 2012a and 2012b). There is no formal institutional arrangement between the three councils, although informal relationships operate. Nonetheless, the six Gippsland councils cooperate formally through the Gippsland Local Government Network (GLGN). A seventh, Cardinia Shire, which sits in the SE corridor of the Greater Melbourne region, was formerly part of the Gippsland region, and is still sometimes considered so.

Overlaying these local government areas are the State of Victoria and the Commonwealth of Australia (including departments and related administrative and support services). While State and Commonwealth governments have acknowledged a degree of responsibility for regional development outcomes, the emphasis has been on fostering empowered local-level institutions. Several local institutions have thus emerged in Gippsland over the years, representing different voices in the region. No single entity, however, appears to have the support, legitimacy or authority to represent Gippsland, and to be the single voice for the economic and social development in the region.

Governance was discussed throughout the conference. It was seen by most as the single one challenge facing the region. Moreover, the presentation by Todd Williams (CEO, Hunter Regional Development, Australia) eloquently spoke to the barriers faced in the Hunter region when he first began, whereby a myriad of submissions were made by different interest groups, including separate councils. The outcome was limited success because they did not produce cohesive, integrated and inter-linked proposals. These matters have been kept in mind in relation to governance as well as the transition-transformation parts.

What is clear is that while there is the desire to speak with one voice and to work together, this is not occurring. Obstacles to this include:

- *Limited capacity and power of local government.* This level of government has a limited ability to influence and finance the scale of facilitation and transformation needed in the broader region, either within the Latrobe Valley or Gippsland as a whole. Traditionally, local governments must be seen to be working for the citizens within their boundary, which can limit true collaboration across boundaries. While the broad remit of local government should help to bring different perspectives to the table, the experience, skills and resources to do this

are not always available. It is challenging for the three core Latrobe Valley councils to address this current high-pressure and high-stakes environment.

- *Multiple interests.* Across Gippsland, multiple interests are evident, sectorally-based, well-organised and significant in size. This reinforces disparate voices, rather than forming a unified, single voice.
- *Coordination.* Pockets of coordination have existed for some time between interest groups; however there are also contentious areas of overlap and divergence.
- *Finance.* The large sum of money on the table for the region in light of the impending closure of a major employer heightens the sectoral lobbying and interest.
- *Elections.* Short electoral cycles contribute to a lack of decision-making on key issues, and the politicising of issues.

Conference participants were very clear on several key points relating to the governance or management of change in the region, yet there is a need for guidance on 'how' they can work together better. The linked processes of managing the immediate transition, and future transformation needs to be carefully designed – not a knee-jerk, *ad hoc* approach. It needs to be participatory, respectful and locally owned. Establishing such a process takes time and commitment, and needs to be managed objectively and professionally.

- Conference attendees were very supportive of developing a single voice, and unified approach. However, this was recognised as a long-held desire, and no vehicle or mechanism has yet been achieved.
- Most felt that establishing another layer of bureaucracy was not warranted, and that drawing existing organisations together to work collaboratively was the best approach.
- However, there was some dissent – recognising that "working collaboratively" has not necessarily occurred in the past, nor provided the single voice that is needed.
- Although the announced closure of Hazelwood Mine and Power Station has created a new imperative to work together, *how* the different industry, community and government groups can work together is not yet recognised nor understood.

Next steps

- Establish principles for regional decision-making that are inclusive, participatory, accountable and unified.
- Determine a single, coordinating entity that is an authoritative body speaking for Gippsland. This needs to be in place within 12 months. It will contribute to the creation of a unified voice and direction for the Valley and the broader Gippsland region, where authority needs to be vested in either one of the existing organisations, or in a coalition of these bodies.
- Establish a code of practice for the collaborative group and develop short-term, tangible, fundable projects to demonstrate action, and provide motivation.

One possibility: Promote a coalition of interests, supported by state agencies, with delegated responsibility to develop social and economic development strategies. It could comprise Committee for Gippsland, Gippsland Local Government Network, Gippsland Trades and Labour Council, supported by Latrobe Valley Authority, Regional Development Victoria, Gippsland and Regional Development Australia, Gippsland. Consideration could be given to the active involvement of specific councils, when directly impacted by mass closure (or like events), such as Latrobe City, Baw Baw, Wellington and South Gippsland in relation to the Hazelwood generator and mine closure. Provision should be made for input by particular interest groups, such as 'Voices of the Valley', 'Gippsland Climate Change Network', 'Agribusiness Gippsland' and 'Gippsland Employment Skills Training and so forth. The task is to draw on current capacities in inclusive and participative ways, supported by appropriate State and Commonwealth agencies.

Part B: The Immediate Challenge of Transition

The Latrobe Valley region faces a set of immediate challenges. Those in the region must prepare for further displacement, closure and economic reorganisation. The region's coal-fired power generation industry is closing. Other announcements on the power industry are expected as is likely to be the case with other industries, such as timber. All will be caught up in this process: workers, managers, direct and indirect workers, other industries, suppliers, distributors, utilities, retailers, real estate, households and so on.

Workers are being, and will be, affected both directly and indirectly by these closures. Many at the conference expressed concern about social costs in relation to seeking employment outside of the Valley or interstate. These concerns are warranted. Further, as noted, there are currently no obvious transfers to comparable employment for most in the sub-region of the Latrobe Valley or the broader Gippsland region. Assisting displaced workers and boosting regional economic development in socially humane, environmentally-friendly ways will, thus, be needed through a variety of job creation interventions, social mitigation, and skills and development training initiatives.

The following sub-sections address some of the most important initiatives:

- Place-based Latrobe Valley Services
- A Workers' Action Centre

1. Place-based Services

Challenge: Currently, the provision of services for displaced workers and their households is fragmented, often with limited peer involvement.

Action: International evidence indicates that the response should be to lay the foundation for a 'one stop shop' with multiple points and places of entry, in its developed form a Workers Action Centre supported by state services.

Source: International and national experience dealing with mass closure. See 'Jobs and Skills Transition for the Latrobe Valley Phase 1: Benchmark occupations and skill sets', January 2012, pp. 121 – 126. http://mams.rmit.edu.au/2okf7hdwowk51.pdf

A process of addressing the travails of the Latrobe Valley sub-region is underway. The Latrobe Valley Authority (LVA) has been set up by the State government as the key service provider, which will link to key local organisations providing multiple entry points to a range of linked services to cater for the wide range of people affected by transition, for example, workers, families, local businesses and so on in a wide range of locations. The provision of multiple entry points to a range of linked services will allow for an extension of the reach of these services into other areas and sectors, should the need arise.

An initial step that was evolving at the time of the conference is a partnership between local worker organisations, GTLC and Power Industry Unions and the LVA. This was recognised by a partnership between the LVA and GTLC, signed on 14 December 2016. The purpose is for the GTLC to deliver a set of key services to displaced workers and their households. These steps could lead to the development and establishment of a fully-fledged Workers' Action Centre.

The primary steps in process to develop a comprehensive, accountable and engaged service delivery are:

Partnership-Based Service Provision

Action	Descriptions
Following announcements of mass closure the GTLC, as the voice of the workforce, together with and supported by the LVA develop materials and procedures to support the impacted workforce and their households	The signed agreement between the GTLC and the LVA lays the foundation for partnership work. The GTLC to identify appropriate peer support to register, advise and if necessary counsel courses of action.
Appoint and train peer advisers	Advisers to come either with suitable qualifications and experience or will trained in appropriate and sensitive methods of providing advice and guidance
Inform workers and their households of the service	Peer contact and invitation is critical so that workers and their households find guidance readily available, accessible and comfortable. The peer advisers to advise on the appropriate mix of guidance, case by case.
Work with relevant agencies, and in particular the LVA to provide suitable guidance and training provision for workers and their households	The establishment of the LVA for a four year period and the involvement in service provision of relevant agencies creates the capacity for integrated, relevant and supportive advice.
Review and assess procedures and outcomes at quarterly intervals	An agreed external team to evaluate, assess and advise on procedures and content. The parties to the service level agreement will benefit from on-going advice.

Such a sequence of steps will provide the first level of support for displaced workers and their households.

2. Workers Action Centre

Challenge: Create a service that meets the immediate complex needs of displaced and vulnerable workers and their households so that it complements existing related services.

Action: Establish a Workers Action Centre to provide targeted, on-going support, assistance and engagement for workers and their households in the region.

Source: Professor Wayne Lewchuk provided conference attendees with examples of such success internationally (see Appendix Two).

To address both the structural and economic problems arising from the closure of power plants, and facilitate a humane process of transition for employees, and on-going support for workers and their households. As presented at the conference by Professor Wayne Lewchuk, a Workers Action Centre should be established (Appendix Two). It will provide a locally-based and focused resource for counselling and training. Such a place-based centre is necessary in the long -term, given that many workers recognise that finding transferable occupations at a similar rate or pay are difficult in the short-term, and that the possibility of seeking employment outside of the Gippsland region or interstate is problematic in terms of social costs.

The objective is for displaced workers (and adult members of their households) to transition into meaningful, long-term work. International evidence suggests that a partnership based centre that builds on the current collaborative arrangements will engender a sense of local ownership and support among workers and, importantly offer peer support (Appendix Two). Specifically, there is evidence to suggest that centres focusing on helping workers and their families during times of transition play a positive role in facilitating and enabling transition to take place. Centres that promote re-training schemes for displaced workers can create the necessary skills and attributes for

meaningful, long-term employment (Appendix Two). A centre established for the Latrobe Valley could address the career aspirations and expectations of workers, and be sensitive to individual differences. It could have the remit of supporting both the displaced workers, and adult members of their households, providing counselling, up-skilling and job search support. For re-training schemes to work, eligibility for re-training, up-skilling and job search support should be extended to other adult members of the household (See Appendix Two).

A Workers Action Centre should also be able to advise displaced workers about job preparation, especially to those who find it difficult applying and being interviewed for advertised positions. The centre would also be useful to provide workers with professional assistance in resume writing, job applications and interviewing skills. A one-stop-shop Workers' Action Centre that provides expert advice and assistance to displaced workers would provide such support. Such a centre should use peer advisors. International evidence shows that a centre that is staffed only with professionals may not be as effective in attracting people, keeping them engaged and helping them through what will be a difficult time socially (Appendix Two).

The establishment of a Workers Action Centre is a step-by-step process, building on collaborative processes that involve peer activists and service providers. Good practice identifies the specific arrangements that should be taken to set up such centre.

Steps in establishing a Workers Action Centre

Actions	Descriptions
Establish committee, provide training for committee members and assign roles such as Secretary and Treasurer	The Workers Action Centre is formally established, including assignment of positions. Committee members receive training necessary to carry out the functions of the committee and action centre.
Inform workers of adjustment	Workers may be informed at the workplace if layoffs are known to be coming in the near future. When layoffs are not announced in advance informing workers of adjustment opportunities is more difficult.
Selection process for chairperson	The chairperson coordinates and facilitates committee meetings.
Selection process for co-ordinator position	The Coordinator acts as a resource to the committee and manages the employee action centre (see below).
Selection process for peer helpers	Peer helpers are drawn from employees in the company that is laying off employees.
Set up an action centre	An action centre is the physical location where employment supports are provided to laid off workers.
Determines worker needs either through surveys or formal needs assessments	To determine the most appropriate mix of programs and services to support workers.
Identifies appropriate service providers	Identify and contract with local employment services to provide relevant programs and services.
Conducts outreach and follow-up	Ongoing contact with workers to connect workers with adjustment activities.
Manages the adjustment process	Oversees the adjustment process, makes decisions and monitors outcomes.

Source: Adapted from Klassen, C. and Fraser, M. (2011) *Supporting Laid Off Workers in Hamilton – Final Report 10*, Social Planning and Research Council of Hamilton – May 2011, p. 10 [Reproduced in Appendix Two]

Next Steps

- Further embed and develop the relationships between the GTLC, the LVA, other agencies and services.
- To establish a place based Workers Action Centre in Gippsland that has the capacity to be expanded to respond to expected and unexpected future needs across a broad geographical region. Once a model is established it should be subject to on-going review and evaluation.

Part C: Processes of Transformation

Challenge: Single sector solutions to transition are limited and increasingly short-term; a multi-sector approach offers a way forward.

Action: Stimulate sectoral development in integrated and inclusive ways, involving a range of actors, in particular small to medium enterprises (SME's) which are key drivers in local economies.

Source: The focus on 'transformation' is informed by Professor Karel Williams (Manchester University). He introduced the conference attendees to a way of focusing on the regional economy that will lead to an informed and coherent way of proceeding and over time enabling the processes of transformation to take effect (see Appendix Three).

The Immediate Challenge

Coal is a contestable commodity. It is now well-documented that the process of burning coal to produce energy contributes to high levels of greenhouse gas emissions. As a result, important questions are being asked about how coal from the Latrobe Valley region will be utilised once coal-generated power companies close down. Currently, there are three possibilities for utilising coal:

- Leaving coal in the ground unused, rehabilitating the mined areas with varied degrees of sterilisation from future use (e.g., flooding all mines).
- Leaving the coal resource unused as coal generators are closed, but in a state that future use as a natural resource could be brought into place. This possibility would rely on a synergy between technology and the economy to reach a position that government and broader society can support, and lastly;
- Continuing to use coal with radically upgraded power stations or new technologically sophisticated plants, which become lower level pollutant plants.

None of these choices are easy, and impose some impact on the local community, and the world more generally. While most agree that the steps and direction of closures should be done in an orderly and phased way, governments must communicate with generator companies to plan, consult, and stagger closure.

It is equally important to focus on the natural and social resources on offer in Gippsland regarding the future of the region. Although coal is the main natural resource, another hugely neglected resource is the social base of household demand in the mundane economy; in other words, the demand for essential "foundational" goods and services (Appendix Three). Gippsland's existing immobile resource base is prefigured in the list of key industries discussed by KPMG (2016), which outline 7 sectors. These sectors are major employers, as they are currently utilising local physical resources like grassland or meeting social demands for education or construction. Although relationships between key industries are an important source of structural and economic stability, there is a tendency for some local sectors to press their own demands without drawing on other key sectors and their contributions. As household demand for health, care and education is guaranteed and fairly stable across time (i.e., depending on the population base of Gippsland), focusing on foundational goods and services should be important to discussions about re-structuring Gippsland.

Hence, the immediate challenge is to:

- Encourage the promotion of a phased closure of brown-coal mines and generators with the involvement of all levels of government the local community
- Recognise the significance of other natural and social resources in the Gippsland region.

The Approach

There are two possible visions for the future of Gippsland, which are not mutually exclusive. First, within a competitive frame, Gippsland could attract mobile resources (through inward investment and in-migration). Second, within a foundational frame Gippsland could learn to utilise relatively immobile resources (that is, making the most of what is). This focus requires extra human and financial capital. Each vision involves the use of resources, physical (grass, timber, water) and social (human capacities). And, there is a mutually beneficial relationship between such resources, constituting the richness and complexity of socio-economic life in Gippsland.

Gippsland does have some capacity to attract mobile resources. A green and pleasant rural region with cheap housing has the potential to attract diverse immigrants. It is a region where established energy and mining industries have created a relatively large and skilled workforce, with the capacity to transfer jobs, depending on the inward investment. There will be further possibilities with a university-based technological park. Without major incentives, the mobile investment in IT, bio tech and finance which comes to Australia, however, is unlikely to come to Gippsland in quantities which would generate volume employment.

A strategy based on utilising Gippsland's existing immobile resource base is altogether more credible. And, this is partly prefigured in lists of key industries, as in the KPMG (2015) list, which includes 7 sectors. Many of these major employers are currently utilising local physical resources like grassland or meeting social demands for education or construction.

This key industry approach has two major weaknesses:

(1) If it becomes the basis for prioritisation and grant application, then a host of industries see the advantage of obtaining key sector status, and the list of key sectors grows ever longer.

(2) The local practice of pressing own sector demands means that it is difficult to get any preliminary collective agreement on what gets onto the list. To illustrate, in the working conference 'Transition and Transformation', most spoke for their own sector. When prompted there was a reluctance to identify and prioritise key sectors.

It makes more sense, therefore, to regress back to regional resources, the base on which key sectors are built. This resource-based approach encounters one immediate problem. Brown coal, by any physical measure the largest local resource, is controversial because it is a resource where there is sharp disagreement on its exploitation. It is also a physical resource that is intertwined and reliant on extensive social resources, skilled workers, health facilities, transport arrangements, housing, education and retail, as well as a range of SMEs dependent upon and connected with the coal generating companies.

If coal is bracketed, what are the local resources? The physical resources are the remaining natural resources of grass, timber, and water; the social resource is the household demand which sustains everything from construction to health and care. The question then is what can be built on these resources. While recognising that pressures on prices and margins make basic commodity production (as in paper and pulp) inherently precarious, the general aim should be to build a higher value added ecosystem on top of the resource. This step would sustain more processing and manufacturing, which in turn will enhance an infrastructure of services in construction and maintenance, including new technology, education and health care, and transport.

It is difficult to say where and how the value can be added without a detailed knowledge of local specifics about available technologies and costings. But, in general Gippsland needs to move up the value chain or capture processing advantage (eg., in dairy - dried milk powder) and be more mid-market (eg., dairy - cheese and in timber - new kinds of processing and engineering). This is likely to

require attention to building SMEs as capable firms, rather than relying on the good efforts of new giant firms. Achieving this goal will require cross sectoral work.

Generating Place-based Knowledge

Challenge: At present, the challenge facing decision-making is the lack of detailed knowledge about the inter-sectoral and related segments of the region. For example, there is a general but not a specific understanding of the skills profile and the labour market that makes up the power industry and the broader local economy.

Action: Hence, steps must be taken to generate that knowledge

The overall task is to set up a procedure for generating the detailed knowledge of multi-sectoral developments, which at present is absent. Hence:

Engaged and participative knowledge generation

Action	Descriptions
Work out how to shift from transition to transformation, to long-term solutions for the region; the complexity requires a detailed knowledge of the sectors, including their multi-sector relationships	Key local stakeholders and others, supported by state agencies, including local government, to clarify a series of transition-transformation multi-sectoral resources in the region. Investigate and generate a rich evidence base for policy development and implementation.
Develop projects of investigation and create embedded teams, supported by experts	Locally grounded 'research' teams to investigate selected and agreed inter-sector themes.
Undertake knowledge generation of specific problems and solutions	Teams to conduct structured, milestone determined information gathering, analysis and proposals.
Ensure feedback and community discussion, informed by the findings on each problem	Via locality-based fora stimulate feedback, comment and advice.
Evaluate outcomes and decide next steps	Incrementally each major inter-sectoral analysis to be reviewed, assessed, preferably by others (experts in the field of enquiry), with recommendations of next steps. This is a looping and incremental feedback process.

Next Steps

- Encourage the promotion of a phased closure of the brown-coal mines and generators with the involvement of the workforces, the community and all levels of government
- Recognise the significance of other natural and social resources in the Gippsland region

Possibilities

In relation to available regional resources, there are a number of possible areas of strategic development. These possibilities have been explored by Councils (eg., Latrobe City, Engineering Capital of Australia: https://www.youtube.com/watch?v=cGoZZXWgmjE) and by corporations (paper and timber). While a number of examples could be provided, only two detailed ones are presented here, 'food and fibre' and 'industrial arts and heritage'. The first possibility is one where there has been much preparation and the second, where there has not been such preparation. They are chosen for no other reason than as exemplary cases to indicate how to proceed. Other possibilities also need

elaboration and some indication is also given of some possible projects. These examples and others were addressed at the conference and elaborated with advice subsequently.

Example One: Food and Fibre

Challenge: Promote and develop the whole industry as coherent, linked and ready for deep development

Action: Develop informed and specific programs of action, which taken together seek to develop he industry as integrated and embedded

Source: Agribusiness Gippsland, Committee for Gippsland and the related reports

The food and fibre sector is an established exemplar. It is a foundation of the social and economic strength in Gippsland. Currently, the industry contributes $7 billion of Gippsland's $15 billion economic output. The food fibre sector is a complex supply and value chain, comprising over 2500 SME agribusinesses and 6500 farming families. Food and fibre is in a strong position to become a core economic driver in relation to tradeable goods, driving the future prosperity and vitality of Gippsland.
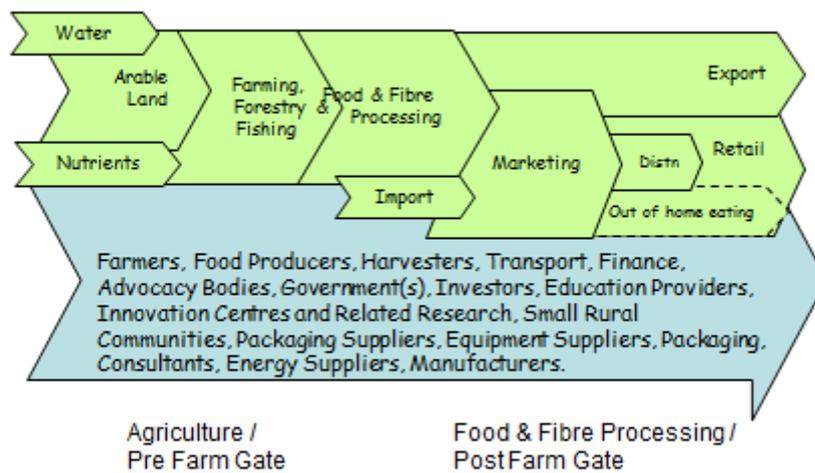
There are five key opportunities to develop and embed the food and fibre sector in relation to Gippsland's long term future.

First, a deeper integration of the "before farm gate" and "after farm gate" relationships within the supply chain (i.e. between food production, food retail, and food hospitality) could fast-track economic development and promote investment both locally and internationally.

Second, the future of the food and fibre sector requires a thriving workforce and SME sector. This entails clearly defined and heavily promoted career pathways and recruitment, underpinned by robust, engaged relationships between education and industry, especially so for agriculture and farming, which have experienced a decline in university enrolments over the last decade (KPMG, 2016). The food and fibre sector could become the means to attract,

retain and develop people, as farm workers, producers, suppliers, distributors, providers and consumers.

Third, research capacity in the sector will drive both innovation and sectoral growth, as well as serve as a foundation for the education/career pathway recruitment strategy. Paradoxically, farming practice is heavily informed by specific research practices (agri-bio), while other aspects, such as business modelling or people organisation and capacity-building is underdeveloped. This step could involve the agri-research units in Gippsland, at Ellinbank (National Centre for Dairy Research and Development) as well as Federation University.

Fourth, building on the above capacities, the industry is likely to generate new investment. Such steps could be reinforced with the support of the educational sector, in relation to business training (developing current outreach programs) and research expertise. SMEs within the food and fibre sector would benefit from these measures.

Fifth, and central to these opportunities, is the need for a carefully designed and well-resourced campaign to bolster the food and fibre sector of the region, and inspire future careers and opportunities in farming and agriculture. A Gippsland Provenance Story, for example, would bring together current food hubs, branding campaigns, relatively invisible pre-farm gate activity, and food retail and hospitality. Working alongside the 'Inspire Gippsland' tourism campaign, the food sector would be able to capitalise on its strengths by creating a distinctive Provenance Story, which in turn will stimulate investment across the food production and distribution supply chain.

Through such engagement, rural communities will be strengthened socially, culturally and economically.

The dairy industry is an exemplar of the food and fibre industry, contributing to $3 billion in economic output for the region. The strength of this sector could be utilised by promoting a dairy processing 'cluster'. The cluster concept is based on the East Gippsland Food Cluster, which is considered to demonstrate the way forward for the agriculture sector in Gippsland. This cluster has been successful in attracting and retaining food processors in the East Gippsland region, and in improving the connection between local farmers and these processors. The success is largely attributed to its collaborative approach and organisational structure. There is potential for a similar cluster in dairy or food production, given the proximity and concentration of primary producers across Gippsland.

Challenges to development include:

1. Water access and usage: Water is critical for the extension and 'intensification' of agriculture. It sets a limit to growth in primary production, in broad acre and dairy farming as well as in horticulture and cropping. At present, agriculture in the Latrobe Valley region is essentially at capacity in terms of what can be produced from the water available. The entire food and fibre sector requires sufficient water resources to prosper and grow.

2. Labour shortages: Agriculture faces on-going labour shortages in a range of areas including relief work, seasonal work and specialist technical staff. Low wages and casualization create a further challenge in the industry

3. Entry into the sector, particularly in relation to dairy and broad acre farming, is becoming more difficult due to increased capital costs (including land), declining profit margins and negative perceptions about farming as a career path.

4. Transport infrastructure: At present, food processors in the region are reliant on roads to transport their products for domestic consumption and export, with a major destination for companies being the Port of Melbourne. There appears to be a very mixed, overlapping and

inefficient set of arrangements in relation to supply and exit of products into and out of as well as across the region, particularly in dairy processing but also in other areas.

The task thus is to develop a cohesive and region-wide approach. The aim is to secure the active engagement of producers, processors and consumers in shaping the supply and value chain.

This aim will be addressed as follows:

1. Draw up a detailed map of the food and fibre industry, presenting the detail on pre-farm gate in alignment with post farm gate activity. This step would provide the data basis to develop integrated and cohesive activity in relation to the sector.
    a. Initially commission an integrated review and development of all food and fibre plans to date (with regional end-user involvement).
    b. Commission research to provide a social and economic demographic analysis of the industry (pre- and post-gate) to include ownership patterns, size, composition, distribution, connection with other sectors etc. Without such data, policy and practice is ill-informed.
2. Promote facilitated round tables to establish an active on-going network, comprising end-users and appropriate research and specialist experts. The task is to identify the challenges, opportunities and barriers. It could be done by:
    a. A sequence of roundtables with administrative and analytic support which develops steps to implement proposals.
    b. The network should be part of, and used to advise, the Gippsland Regional Partnership and the Latrobe Valley Authority.
3. Develop focused integrated programs for agricultural SMEs with the view of reinforcing and supporting SMEs in an on-going way. Attention should also be given to incorporate independents. Draw on the capacities of local educational institutions, including the Gippsland Technical School.
4. With specialist bodies, such as Tourism and Cultural groups, develop education and awareness programs to inform and profile the industry.
5. Facilitate discussion groups with financial and related industry specialists to provide an on-going and structured engagement with the industry.

Note: much of this work requires a skilled and industry-aware facilitator. Such a person should be accountable to industry network that will oversee the activity.

Sectoral policy development and implementation of this kind will be a long, hard slog. Indeed, it will need to be planned over years. Even so, the benefit will be the construction of a distinctive and attractive tradeable economic sector resting on the resource base of water and grass.

Example Two: Industrial Arts and Heritage in Gippsland

A different example of an inter-sectoral strategy is in relation to industrial arts and heritage. It is undeveloped and fragmented.

Challenge: A fragmented, non-regionally defined and limited multi-sectoral connections

Action: Layout and promote a plan to develop the industry in an integrated regional way

Source: Listed materials (Appendix Four)

Gippsland has a rich and multi-layered industrial history and heritage that can be foregrounded in anchoring the arts and cultural sector as a strategic arm of the region's foundational economy. It draws on a range of sectors, including mining and energy, arts and entertainment, agriculture and forestry, heritage, tourism and accommodation.

First, link the industrial arts and heritage activity across the region leveraging current facilities. These facilities begin with the Krowathunkooloong Cultural Museum in Bairnsdale (the official culture, history and heritage museum of the Gunaikurnai nation) and Bunurong (marking the local Aboriginal group that have lived in this area for thousands of years and have used the coast extensively for food gathering). They are complemented by the colonial and post-colonial centres of Walhalla (the gold mine and environs), Coal Creek at Korumburra, the State Coal Mine Heritage Area at Wonthaggi, as well as Gippstown Heritage Park, Moe and the Old Brown Coal Mine Museum in Yallourn North. Together these currently disaggregated and seemingly isolated centres could be structured to emphasise the cultural and natural history of the region for future generations.

Such a strategy could be put together and promoted relatively quickly. It would bring together a series of disparate regional development proposals and focus them in an integrated and focus way. It should be presented as moving from the immediate to the long-term, leveraging the closure announcement(s) as a step towards recovering and remembering the heritage of the region. The advantage of this strategy is that funding is available, and with appropriate business cases it should be possible to secure and establish the steps towards a long-term development in the region.

Second, formulate and focus on an heritage and development strategy that will capitalise on the current political interest in and support for regional arts and culture, reflected in large part through Creative State, Victoria's first creative industries strategy announced in 2016. Action item 24 of Creative State specifically references the development of the Latrobe Creative Precinct, which will include the redevelopment of the Traralgon Performing Arts Centre, a training facility and capacity for outdoor festivals and events with the goal to 'increase access to, and participation in, creative activity for local communities and build career pathways into the creative industries for the next generations of residents.'

Leveraging the region's industrial heritage and creative/artistic assets offers significant potential to foreground the ongoing contributions of various sites of industrial activity (food and fibre; energy; care, etc) to the ongoing social, cultural and community life. This strategy would also provide the region with a unique, place-based marketing and promotional framework from which to focus local and professional artistic activity, as well as develop new, distinctive arts and cultural programming. A regional industrial arts and heritage suite of programming would include the active participation of professional artists and cultural workers, industrial workforces and unions, employers, education and training organisations, school groups, community service organisations and leading arts institutions. Regional stories could be told via a rich matrix of arts and cultural activities, including live and performing arts, music, visual arts and crafts, and heritage preservation. In so doing, the focus of the arts and heritage development remains anchored in the region.

Opportunities include:

1. Map industrial arts and heritage, by artists and cultural workers, artefacts and resources, suppliers, galleries and related centres, and financial arrangements.
2. Develop a business plan for the development of industrial arts and heritage in and across the region.
3. Round table series: Involve key industrial, workforce, artistic, and community partners in the strategic planning and development of a step-by-step approach to an Industrial Arts and Heritage Strategy for Gippsland. Identify key facilities and places as sites of important stories that are key to the region's history and future. This is a foundational growth area for the region and also stimulates inward investment and tourism.
4. Explore via tertiary educational institutions pathway development courses to underwrite such activity, particularly in relation to curating exhibitions, entrepreneurship and event management.'

5. Establish Industrial Arts and Heritage workshops, facilitated by an experienced industrial arts and heritage practitioner, to develop, promote and brand Gippsland's industrial arts and heritage sector.

Potential areas for development:

1. NAIDOC (National Aborigines and Islanders Day Observance Committee). While a region (and Australia wide) event in the second week of July each year, it could be promoted as regional linked activity. At present different sub-regions promote NAIDOC, such as the Bairnsdale NAIDOC Week Committee presenting key events to celebrate NAIDOC Week each year. The aim would be to capture the regional-wide dimension of indigenous history and activity.

2. PowerWorks: - Legacies for the future

   PowerWorks is an existing industrial cultural heritage site focusing on energy history, with a rich collection of artefacts, educational programmes, often in close collaboration with community groups and educational bodies. PowerWorks is currently run by volunteers but it lacks organisational capacity. Reinventing PowerWorks as key site for development under the Industrial Arts and Heritage strategy would foster a distinctive cultural institution in Australia and contribute economic, cultural and social benefits to the region.

3. Steampunk Festival – tourism and artistic innovation

   Currently, festivals and events in the Latrobe City generate an estimated attendance of 50,000 people every year (Latrobe City, 2016), and serve as a driving force behind transformational change in other regional areas, such as Wangaratta and Tamworth (Gibson and Davidson, 2004; Curtis, 2011; Clare, 1999). Building on the local history, natural environment and arts scene, as well as the locally sourced gourmet produce, would contribute to the growing creative sector in the region. Additionally, capitalising on the unique heritage that differentiates the region from other areas in Victoria, the Valley could introduce a Steampunk Festival, which plays with industrial heritage themes and has, thus far, contributed to a growth of the cultural industries with the establishment of Steampunk Melbourne and the Adelaide Steampunk festival.

Other Possibilities

A further feature of the regional economy is the **social** base of household demand in the mundane economy for essential 'foundational' goods and services. It is thus important to note that the demand linkages from big business and the damaging effects of major closures are disruptive and traumatic, much of the household demand (e.g., for health and education) is fairly stable, as long as Gippsland retains its population base. Thus, attention should be given in the foundational economy to care, culture and university provision as explicit objects of policy and intervention.

(1) Health, Aged Care and Community Services

a. The industry is complex. Health, aged care and community services are not integrated, although they complement each other. Of note, with an ageing adult population there is a need for such integration so that chronic conditions are managed appropriately and services are effective. Demand in this sector is guaranteed, so it is a question of organising experiments and finding a cadre of providers prepared to innovate. Together these sub-sectors employ around 6% of the workforce. The following, however, is not clear: patterns of

facility ownership across the sector, the size and composition of facilities, and the implications for these arrangements with changes in service delivery and provision.

b. Changes in service delivery (settings and ways of delivering services). This sector is changing, with shifts towards person-centred models (for example NDIS) and increasing focus on primary and preventive health, in a community setting. Both clients and carers have limited awareness of the possible impacts of these changes.

c. Wages and work conditions: Issues such as low wages and difficult working conditions tend to show up frequently in the social services sector.

Note: The NDIS will become available in the Inner Gippsland area from 1 October 2017 although provision has been made for an earlier involvement. The Inner Gippsland area covers the local government areas of Bass Coast; Baw Baw; Latrobe; and South Gippsland.

Opportunities include:

a. Pathways to accreditation: Educational institutions should develop the business plans to extend provision of allied health training and accreditation and improvements to the quality and efficiency of VET-qualified workers.

b. Shortages: Via workshops develop a co-ordinated approach between industry stakeholders to come up with a strategy for attracting, training and retaining workers. Worker shortages could compromise the goals of policies such as the NDIS, which seeks to address unmet need.

c. Service and delivery needs: Via facilitated workshops between providers and clients develop good practice models.

(2) **Higher Education**

The University (Federation University, formerly Monash University Gippsland) has a significant presence in Gippsland, particularly in relation to pathway development, and teaching provision. Nonetheless, the university has not been developed as a regional centre covering teaching and learning on the one hand and research on the other. The acquisition of Monash University Gippsland by Federation University has strengthened this capacity and, subject to resources, it can be expected that these capacities will be strengthened in the coming years. There is still the possibility of developing it as regional hub (a) for Gippsland students and (b) for research and technical services relevant to agriculture and timber. It will be important that pathways and mutual support is developed over time between Federation University and federation training, as well as appropriate other Registered Training Organisations and educational bodies. With this foundation, the University will be attractive domestic and foreign students. It is also likely to attract research investment, as the University is seen as a regional educational hub. Indeed, the University is already playing an active role within the region, in relation to the establishment of the Technical School, the announcement of the Hi-Tech Precinct in the region, as well as supportive steps in relation to SME mentoring and the exploration of major corporate developmental proposals (e.g., from Australian Paper and others).

Opportunities include:

a. Forging a regional development strategy for the University with key regional end-users and the State/Commonwealth governments. Such a step will involve investment and financial considerations, from major corporations in the region.
b. Developing a tailored pathway and mentoring relations for students (post-school and mature) in conjunction with regional end-users and other educational providers.

c.   Focusing research initiatives in targeted ways, on agriculture (with the State supported research units); energy (with University expertise from Monash); social and economic development strategies (with other universities); and cultural activities and learning (in conjunction with regional galleries).

The challenge is to further enhance Federation University, Gippsland as a regional university (as in other regions and countries) with the necessary support to achieve these objectives.

Final Comment

When considering the transformation of a region such as Gippsland it is necessary to take into account the specific features of the economy, and identify the major clusters of resources. Presenting the resource sectors in relation to the 'competitive' and the 'foundational' enables a more detailed investigation of the opportunities and challenges specific to each sector. On this basis, it will be possible to develop targeted and detailed analyses of inter-sector change and development.

INITIAL STEPS FOR A FUTURE

The report is presented on the basis of two distinctions, (a) the immediate (transition) and the long-term (transformation) and (b) the competitive and foundational bases to the economy. These paired distinctions are not mutually exclusive, both within and between the pairs. They inform the strategy presented by drawing attention to the sunk assets within the region and thereby provide the foundation for a dynamic and developing economy. The challenge is to keep them at the forefront when working up strategies for change.

Procedure

To proceed with the tasks of developing and implementing a programme of change, the following procedural framework (Logical Framework Approach) is suggested.

1. Stakeholder analysis: Identify the issue; identify who has an interest;
2. Problem analysis: identify the causes and effects;
3. Solution analysis
4. Strategy analysis
5. Mid-way review and reflection: Is the experimentation working?
6. Activity scheduling
7. Resource scheduling
8. Monitoring and Evaluation

Keep following this procedure for each set of solutions to make the activity live and developmental.

See:

European Commission (2004) Aid Delivery Methods, Volume 1 Project Cycle Management Guideline. http://ec.europa.eu/europeaid/infopoint/publications/europeaid/49a_en.htm

Jensen, G (2012) The logical framework approach- How To guide. http://www.bond.org.uk/data/files/The_logical_framework_approach_How_To_guide_January_201 2.pdf

Governance

A condition for success is that some arrangement is made whereby regional decision-making.

Next steps are:

- To establish principles for regional decision-making that are inclusive, participatory, accountable and unified.

- To determine a single, coordinating entity that is an authoritative body speaking for Gippsland. This needs to be in place in 12 months' time. This will contribute to the creation of a unified voice and direction for the Valley and the broader Gippsland region, where authority needs to be vested in either one of the existing organisations, or in a coalition of these bodies.

- To establish a code of practice for the collaborative group and develop short-term, tangible, fundable projects to demonstrate action, and provide motivation.

This provides the basis for an on-going strategy that will be short-term and long-term as well as address the complexity of the economy.

Immediate (transition)

The focus on the immediate sets the scene for a range of challenges. Recent closures and lay-offs and current announcements set a troubling scene for the future of the Latrobe Valley. The impacts are widespread involving direct workers, indirect works, suppliers, services, retailers and many across the community. It is a Gippsland concern.

Steps will be taken to address these developments but they must be both immediate and long-term.

Next steps are:

- To establish a Workers Action Centre in Gippsland.
- To encourage the promotion of a phased closure of brown-coal mines.
- To recognise the significance of other natural and social resources in the Gippsland region.

Long-term (Transformational)

The future of Gippsland rests two visions: attracting inward investment and in-migration or exploiting relatively immobile resources (making the most of what is). While not mutually exclusive it is important to draw up achievable steps to the long term goals and aspirations of the region.

Of critical importance is the focus on possible areas of strategic development. There are many prospects, identified in past reports and involving current employers in industries such as paper, aero and defence. However, to date these are not the result of widespread community engagement and involvement. The task is to ensure such engagement in the development of regional development strategies, otherwise development rests on the beneficence of externally based corporations or state policy. Hence, the task is to promote a procedure with actively engaged and experienced stakeholders, who have the courage to experiment and try plausible actions, and are prepared to fail and rectify.

Next Steps

- Focus on 'food and fibre' and 'arts and industrial heritage' immediately as inter-sectoral possibilities that are in place and ready to develop in a step by step way.
- Develop the detailed analysis that will allow the other two areas of activity to be addressed. Follow through with developmental plans.
- Identify in a rigorous focused way, other inter-sectoral initiatives for investigation and planned development.

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Appendix One: Conference Program and Attendees

Appendix Two: Workers Action Centre

    a. Report on Workers Action Centre example
    b. Learning Brochure

Appendix Three: Conference Presentation – Karel Williams

Appendix Four: Arts and Heritage Examples

Appendix Five: Policy Background