

ANNUAL REPORT
09-10



DEPARTMENT OF INNOVATION, INDUSTRY AND REGIONAL DEVELOPMENT

DIIRD 2009-10 ANNUAL REPORT

This 2009-10 Annual Report covers the Department of Innovation, Industry and Regional Development as an individual entity.

Published by the Department of Innovation, Industry and Regional Development. September 2010.

Also published on diird.vic.gov.au

CONTENT COORDINATION

Strategic Communications Branch, Department of Innovation, Industry and Regional Development

DESIGN AND PRODUCTION

Designed and produced by Dialogue Visual Communication Pty Ltd

Printed by Impact Digital
32 Syme Street, Brunswick, Victoria

The cover of this document has been printed on Hanno Art Silk. The text pages of this document are printed on Impress Silk which has been manufactured and all fibre sourced according to the FSC Chain of Custody Standard SGS-COC-2262, promoting well-managed forests.



PHOTOGRAPHY

Front and back covers, AAMI Stadium, Melbourne.
Photo by Peter Glenane Photography / Luminova.
Internal Images courtesy of Visions of Victoria, Bio21 Institute, University of Melbourne, photographer Michael Silver and Regional Development Victoria.

If you would like to receive this publication in an accessible format, such as large print, please email strategiccommunications@diird.vic.gov.au

This document is also available in an accessible format on the internet at diird.vic.gov.au

© Copyright State of Victoria 2010. This publication is copyright. No part may be reproduced by any process except in accordance with the provisions of the *Copyright Act 1968*.

Authorised by the Victorian Government, Department of Innovation, Industry and Regional Development
121 Exhibition Street, Melbourne Vic 3000
Postal Address: PO Box 4509, Melbourne Vic 3001

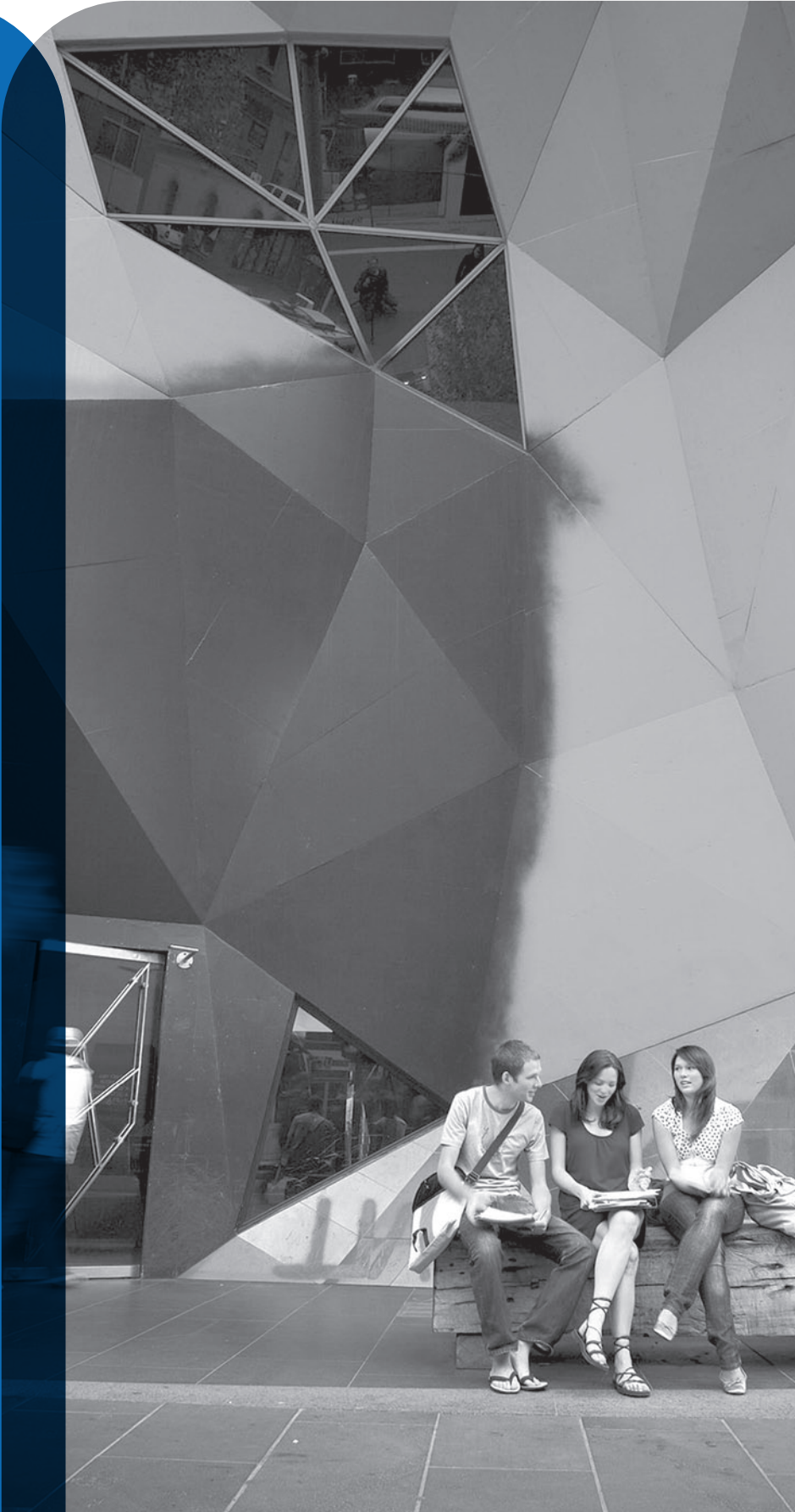
Tel: 03 9651 9999
Fax: 03 9651 9129

ISSN 1447-5014 (Print)
ISSN 1447-5022 (Online)

CONTENTS

01	Overview	3
	Secretary's foreword	4
	Our Ministers	6
	Organisational chart	8
	Governance arrangements	11
	DIIRD Corporate Plan 2009-12	12
02	Strategic Objectives	13
	Increase investment	14
	Increase exports	16
	Create and retain jobs	18
	Increase skills	20
	Regional growth	22
	Bushfire support	24
03	Financial Report	25
04	Appendices	103

01 OVERVIEW



SECRETARY'S FOREWORD

ECONOMIC CONTEXT

The Victorian economy has weathered the effects of the global economic crisis better than most developed economies. Victoria performed well over 2009-10 with growth in State final demand at 6.4 per cent to March 2010 – the highest of all the states. Employment also grew strongly over the first half of 2010.

Victoria's economic performance has received increasingly strong contributions from our high-value, knowledge-based sectors including education, financial services and advanced manufacturing.

These sectors are also important for our export performance, which has held up well in the face of slow global growth. Export performance was also helped by stronger growth in our regional trading partners including China, India and other east-Asian nations.

However, Victorian businesses compete in a global market place and good economic and export performance does not depend solely on regional growth – it relies on staying competitive.

Staying competitive in the global market place is a challenge under any circumstances but it is even more challenging when strong commodity exports keep the exchange rate high and reductions in import tariffs in 2010 expose the State to further structural adjustment in the textile, clothing and footwear, and automotive sectors.

Our competitiveness is determined by our ability to improve productivity. Productivity growth in Victoria has been strong compared to other Australian states over the past decade and this has underpinned our strong economic performance.

This growth is due in no small part to Victoria's skilled workforce, but supporting productivity growth also means maintaining a long-term commitment to regulatory reform, continuing to support research and development and investing in infrastructure that supports business.

Driving productivity growth remains at the core of the department's activities.

DEPARTMENTAL HIGHLIGHTS

During 2009-10, the department continued to focus on its core activities, as well as developing strategies and programs to assist recovery from the global economic downturn and to reposition Victoria for sustainable long-term economic growth.

The department also continued to address the challenges to longer-term competitiveness and sustainability of our industries, including climate change, an ageing workforce, international market and competitive pressures, and social and technological change.

SOME OF THE DEPARTMENT'S KEY ACHIEVEMENTS IN 2009-10

Despite difficult global economic conditions in 2009-10, the department attracted and facilitated \$2.11 billion of investment which is set to create 8,094 new jobs; the *Opening Doors to Exports* suite of programs supported more than 4,872 companies achieve \$1,328 million in new exports and imports replaced; and Victoria's principal regional exports also grew strongly.

Securing Jobs for Your Future – Skills for Victoria, the \$316 million package of reforms for the vocational training sector, continued to roll out over the course of the year, with the Victorian Training Guarantee coming into effect from 1 July 2009. Caps on training places have been removed, with the aim of creating an additional 172,000 training opportunities over four years.

Access to government-funded training places has been opened up to a much broader range of community and private training providers, with a view to stimulating competition and encouraging training providers to be responsive to the changing training requirements of industry.

The department has continued to engage with enterprises and regional economic development agencies to raise awareness of the benefits of the Guarantee and encourage engagement with training providers.

The department continued to work on a range of export and investment attraction opportunities, including the Air India initiative to commence daily direct flights between Delhi and Melbourne in the coming year, announced in June 2010.

The department also led Victoria's participation in the 2010 Shanghai World Expo, strengthening trade, investment and cultural links with China as the world's second largest and fastest-growing economy. Victoria Week had more than 75 companies promoting their capabilities, participating in business-matching and networking sessions, and making valuable connections.

The department's major projects division completed the Melbourne Rectangular Stadium in May 2010, with the inaugural match held on 7 May. The construction of the stadium provided work for more than 1,200 people, generating \$775 million in industry benefits. Work also proceeded on a range of important infrastructure projects, including the Biosciences Research Centre, the Melbourne Markets Relocation, the State Sports Facilities and the Melbourne Park redevelopment.

Over the past year, the department has continued to play an important role in the response to the 2009 bushfires. In collaboration with other areas of government, we have provided advice and support to affected businesses and communities, including administering funding support through a range of initiatives aimed at rebuilding local economies.

POLICY ACHIEVEMENTS

A number of important initiatives were launched during the year, including *Ready For Tomorrow: A Blueprint for Regional and Rural Development*, released in June 2010. Extensive consultation with regional councils, regional businesses and community groups from across Victoria, resulted in the development of the \$631 million blueprint designed to further drive economic growth in regional and rural areas.

Almost 24,000 regional Victorians have moved into work in the last 12 months – representing a four per cent increase. A key aim of the blueprint is to improve education and training opportunities for regional and rural young people so they have the option of staying in their communities and joining the regional workforce.

The department was also the lead agency in the development of the Government's \$175 million *Jobs for the Future Economy – Victoria's Action Plan for Green Jobs*, launched in May 2010. The plan outlines 18 priority actions to mitigate climate change and present new opportunities for industry and jobs.

In September 2009, the \$14 million *Thinking Global: Victoria's Action Plan for International Education* was released. This strategy maintains and builds on Victoria's leadership in international education with a range of initiatives to support and grow Victoria's international education sector, and to improve the experience, safety and wellbeing of overseas students living and studying in the State.

Approximately 50 per cent of Australia's funds and superannuation assets are managed from Melbourne, adding to the importance of the local Financial Services sector. The April 2009 strategic statement *A great place to do business: Growing Victoria's financial services sector*, positions Melbourne as a global centre of excellence in pension and funds management, and establishes Melbourne as a Carbon Market Hub for the Asia Pacific.

The \$178 million *Victorian Screen Industry Strategy 2009-2014: Our Vision on Screen*, sets the vision and overall direction for the Government's support for the industry over the next five years.

I would like to congratulate staff on the department's strong performance in 2009-10. I am confident they will apply the same skill and commitment that has characterised their services over the past 12 months to the challenges of the year ahead.



Howard Ronaldson

Secretary

OUR MINISTERS



01



02



03



04



05

06 Tim Pallas MP

Minister for Major Projects

07 Joe Helper MP

Minister for Small Business



06



07

01 The Hon Jacinta Allan MP

Minister for Industry and Trade
Minister for Regional and Rural Development

02 The Hon Martin Pakula MLC

Minister for Industrial Relations

03 John Lenders MLC

Minister for Information and Communication
Technology
Minister for Financial Services

04 Gavin Jennings MLC

Minister for Innovation

05 The Hon Tim Holding MP

Minister for Tourism and Major Events



08

08 The Hon Bronwyn Pike MP

Minister for Skills and Workforce
Participation



OUR PARLIAMENTARY SECRETARIES

09 Steve Herbert MP

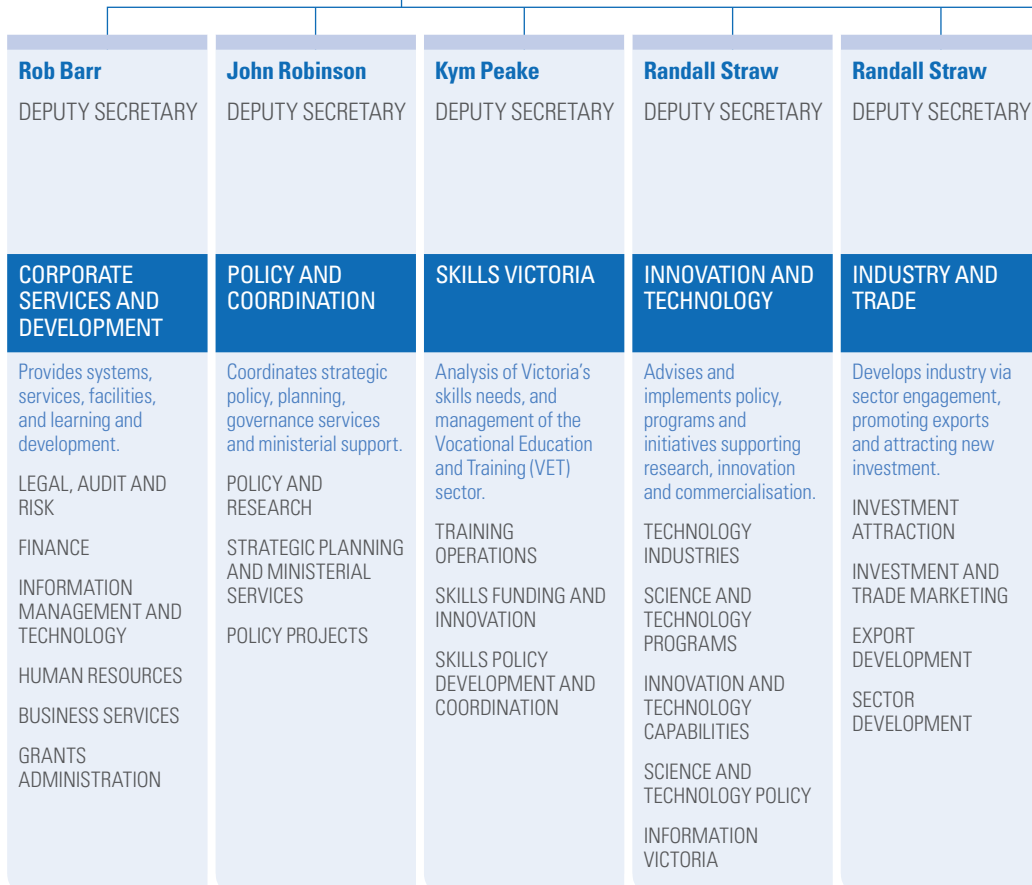
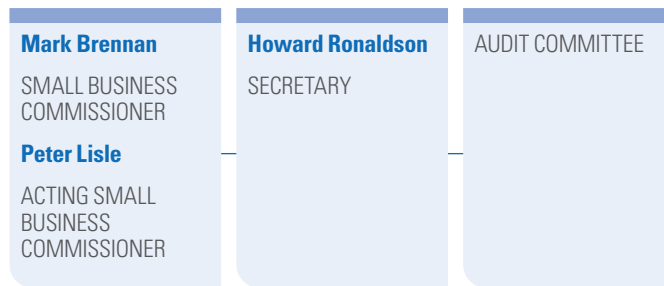
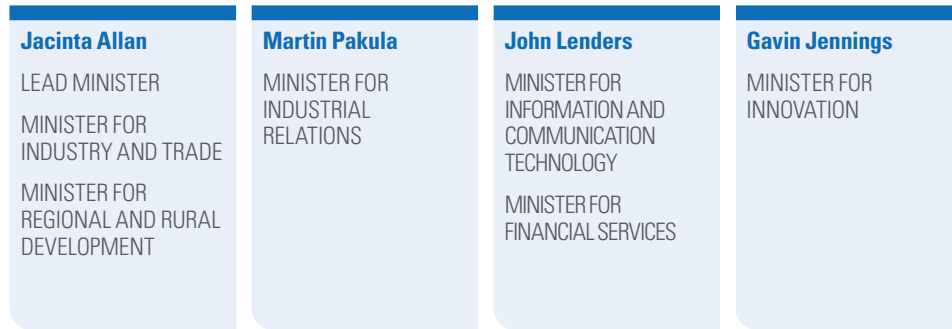
Parliamentary Secretary for Skills and Workforce Participation

10 Jaala Pulford MLC

Parliamentary Secretary for Industry and Trade
Parliamentary Secretary for Regional and Rural Development

ORGANISATIONAL CHART

The Department of Innovation, Industry and Regional Development (DIIRD) has 11 organisational divisions and one associated body, with wide-ranging responsibilities. DIIRD works closely with business, other government agencies and the community to achieve the Government's major economic development goals of increased investment, exports and high-quality jobs.



<p>Tim Holding MINISTER FOR TOURISM AND MAJOR EVENTS</p>	<p>Tim Pallas MINISTER FOR MAJOR PROJECTS</p>	<p>Joe Helper MINISTER FOR SMALL BUSINESS</p>	<p>Bronwyn Pike MINISTER FOR SKILLS AND WORKFORCE PARTICIPATION</p>
---	--	--	--

<p>Jaala Pulford PARLIAMENTARY SECRETARY FOR INDUSTRY AND TRADE PARLIAMENTARY SECRETARY FOR REGIONAL AND RURAL DEVELOPMENT</p>	<p>Steve Herbert PARLIAMENTARY SECRETARY FOR SKILLS AND WORKFORCE PARTICIPATION</p>
--	--

<p>David Hanna DEPUTY SECRETARY Marion van Rooden ACTING DEPUTY SECRETARY</p>	<p>Justin Hanney CE/DEPUTY SECRETARY</p>	<p>Gregory Hywood CE/DEPUTY SECRETARY</p>	<p>Matt O'Connor DEPUTY SECRETARY</p>	<p>Alf Smith DEPUTY SECRETARY</p>	<p>John Robinson DEPUTY SECRETARY</p>
INTERNATIONAL COORDINATION	REGIONAL DEVELOPMENT VICTORIA	TOURISM, AVIATION AND COMMUNICATIONS	WORKFORCE VICTORIA	INVESTMENT AND MAJOR PROJECTS	ECONOMIC INFRASTRUCTURE
<p>Manages Victorian Government framework guiding overseas relationships.</p> <p>INTERNATIONAL COORDINATION OFFICE</p> <p>VGBO COMMISSIONERS</p> <p>INTERNATIONAL EDUCATION</p> <p>DEFENCE INDUSTRIES</p> <p>ECONOMIC PROJECTS</p>	<p>Facilitates economic and community development in regional and rural Victoria.</p> <p>DELIVERY</p> <p>REGIONAL STRATEGIC PLANNING</p> <p>INDUSTRY INVESTMENT</p> <p>INFRASTRUCTURE DEVELOPMENT</p> <p>FOOD AND BEVERAGE</p> <p>SMALL BUSINESS VICTORIA</p>	<p>Promotes Victoria as a great place to live, work, invest and visit.</p> <p>TOURISM VICTORIA:</p> <ul style="list-style-type: none"> MARKETING STRATEGY AND POLICY AVIATION SERVICES INVESTMENT ATTRACTION <p>STRATEGIC COMMUNICATIONS</p>	<p>Works to build fair and productive workplaces.</p> <p>PRIVATE SECTOR INDUSTRIAL RELATIONS</p> <p>PUBLIC SECTOR AND LEGAL</p> <p>WORKFORCE PARTICIPATION</p>	<p>Attracts and facilitates investment; delivers major projects.</p> <p>MAJOR PROJECTS VICTORIA</p> <p>INVEST ASSIST</p>	<p>Advises on major developments including planning, investment and regulation.</p> <p>INFRASTRUCTURE AND ENERGY</p> <p>REGULATION REFORM</p>



GOVERNANCE ARRANGEMENTS

Governance is the system by which organisations are directed and controlled, providing the foundations for sound decision-making and accountability.

DIIRD's governance:

- > has established processes for developing organisational strategy and direction
- > ensures compliance and accountability
- > contains clearly defined structures and relationships
- > maintains performance monitoring and review processes

The Secretary, as head of the department, is accountable to the eight DIIRD Ministers for governance of the department. The Secretary chairs the Strategy and Management Team (SMT), the strategically focused leadership team for the department and provides an integrated approach for operations, emphasising accountability, prioritisation and coordination of critical whole of department issues.

The SMT consists of the Secretary and Deputy Secretaries. It meets weekly and is responsible for:

- > determining the department's strategic direction, consistent with government policy
- > appropriately resourcing the department's activities
- > building a high-performance culture
- > actively managing relationships with stakeholders

The Secretary is assisted in the governance responsibilities by key committees, including the:

Planning Committee: chaired by the Secretary, provides long-term strategic leadership for the department and its portfolio agencies on whole of portfolio priorities and challenges, standards for corporate and business planning and priorities for the budget cycle.

Policy Committee: chaired by the Deputy Secretary Policy and Coordination, coordinates the development of major policy and strategy projects across the department.

Information Management and Technology

Strategy Board: chaired by the Deputy Secretary International Coordination, responsible for developing strategies for information management initiatives and significant new business systems to support the department's business objectives, endorsing investment decisions for these strategies and systems, and establishing the appropriate governance arrangements for project initiatives.

Information Security Committee: chaired by the Deputy Secretary Tourism, Aviation and Communications, responsible for ensuring information security practices, including policies, systems and staff awareness, are effective in maintaining the integrity of departmental information and compliance with relevant legislation and standards.

Accredited Purchasing Unit: chaired by the Deputy Secretary Corporate Services and Development, responsible for overseeing the department's procurement and contracting processes through delegated powers assigned by the Victorian Government Purchasing Board.

RISK AND AUDIT COMMITTEE

The Risk and Audit Committee is an independent body established in accordance with the *Financial Management Act 1994*. Its main responsibilities are to oversee the regular review of risk-management activity and key systems of internal control, including internal and external audit.

The committee operates under an approved charter and comprises an independent chair and four independent members. Members of the 2009-10 DIIRD Risk and Audit Committee were:

- > Stewart Leslie Independent chair
- > Fiona Bennett Independent member
- > Merran Kelsall Independent member
- > Peter Lewinski Independent member
- > Michael Perry Independent member

DIIRD CORPORATE PLAN 2009-12

As Victoria's lead economic development agency, the department plays a major role in shaping and implementing policy that maximises investment, employment and export opportunities for Victorian industry, as well as skills development and regional growth.

The role of the department is to assist delivery of the following key goals in the Government's 10 Year Plan – *Growing Victoria Together* (2001-2010):

- > more jobs and thriving innovative industries across Victoria
- > growing and linking all of Victoria
- > high-quality education and training for lifelong learning

CORE OBJECTIVES AS OUTLINED IN THE DIIRD CORPORATE PLAN INCLUDE:

Increase investment

Facilitate \$8 billion in investment and infrastructure by 2011.

Increase exports

Increase exports to \$35 billion by 2015.

Create and retain jobs

Create 150,000 new jobs by 2010.

Increase skills

Increase the proportion of 15-64 year-olds in full or part-time study.

Regional growth

Facilitate 30 per cent regional share of investment, exports and jobs by 2011.