

An aerial photograph of a long, multi-span wooden trestle bridge crossing a vast, green field. The bridge is supported by numerous wooden posts and extends from the bottom left towards the middle right of the frame. The sky is a clear, bright blue with some light, wispy clouds. The overall scene is bright and open.

Future of Orbost and District

**PROJECT TEAM
PROGRESS REPORT**



1. Preamble

In February 2021, the Latrobe Valley Authority (LVA) invited a team from the University of Melbourne and RMIT University to assist the Orbost and District Chamber of Commerce & Industry in a pilot project, using Smart Specialisation (S3) to develop a roadmap to guide the future development of Orbost, in the wake of the Victorian Government's decision to transition away from native forest harvesting by 2030.

The project team has provided support through close collaboration with the Orbost Project Manager and the Steering Committee, specifically through:

- a) Preparation of the Regional Context Analysis, which identified nine innovation opportunities.
- b) Supporting community engagement on the Regional Context Analysis for the purposes of validation of findings and selection of the Innovation Opportunities to be investigated in the Entrepreneurial Discovery Process.
- c) Conducting Entrepreneurial Discovery Process (EDP) workshops on five opportunities.

- d) Assisting with regular communication with the local community and key stakeholders, through Networking Nights, Conversation events and newspaper articles, and
- e) Preparation of this progress report and setting out the parameters of the emerging Roadmap.

This Report summarises the learning from these activities and foreshadows the Roadmap for next steps in 2022. The project has involved significant further learning about the relevance of Smart Specialisation for regional transition in Australia. While it drew heavily on the experience of the Gippsland Smart Specialisation Strategy (GS3) process which began in 2017, the focus on a district around a small town has contributed important new insights. Strikingly, the project revealed that, notwithstanding the absence of any large enterprise, major government presence, university or TAFE campus, innovation opportunities building on local expertise and on natural assets have emerged and can be crystallised through the establishment of Innovation Working Groups (IWGs) in the next phase of the project, starting in 2022.



2. Summary of The Regional Context Analysis

The first phase of the process was the research and analysis necessary to produce a Regional Context Analysis (RCA). This drew, as with the GS3 process, on a mix of planning and strategic documents focused on the town and East Gippsland Shire, statistical resources, and interviews. A significant number of previous plans, reviews, and strategies pertinent to Orbost existed already, either with a specific focus on Orbost itself, or more commonly, the East Gippsland Shire. On the other hand, it was very difficult to find any statistical information that related directly to the Orbost district. Therefore, REMPLAN was contracted to provide a specific dataset that proved very useful in documenting the basic structure of the district's economy and its social characteristics.

The appointment of the Future of Orbost Project Manager, Tim Cotter, was very important in enhancing the capacity for interviewing and engaging with a broad range of local stakeholders. These were drawn, with the assistance of the Orbost and District Chamber of Commerce & Industry, in accordance with S3 methodology, from a broad range of people in business across various sectors, education and research, local and state government agencies, and the local community. Where appropriate, stakeholders from further afield with expertise relevant to the Orbost district were also engaged in the process. Members of the academic project team visited Orbost on several occasions in the first three months of the project to participate in interviews. Altogether, by the end of April 2021, 60 people had been interviewed.

All of this data was analysed, and an overview outlined in the Regional Context Analysis. Valuable insights were also gained from the statistical analysis about the distribution of employment in the district.

In 2019, the three main sectors in which people were employed were agriculture and forestry; education and training; and health care and social services. However, a more detailed breakdown indicated that when agriculture and forestry were separated, education and training, health care services, and livestock grains and other agriculture were the main areas of employment.

The significance of agriculture and forestry became apparent when they were considered in light of the sectoral value-added contribution. On this criterion, the key sectors were property services; livestock, grains and other agriculture; forestry, fishing and hunting; education and training; and health care services. Not surprisingly, further analysis indicated that the 'key propulsive sectors' in the district economy were livestock, grains and other agriculture, followed by forestry, fishing and hunting.

While few community and policy reports have been produced specifically for Orbost, East Gippsland-related plans span topics from education to bushfire recovery and highlight strategic directions for Orbost and East Gippsland more broadly. The success of Orbost's economic, social and environmental activities is linked closely with the broader municipal context.

The insights from government stakeholders, business operators, community representatives, and education/research institutions, gathered through interviews, were critical to the project team being able to explore a range of innovation opportunities. Without exception, people commented on the quality of the natural environment, particularly the rainfall, soils and climate, and the opportunities for more to be done, beyond dairy and beef farming. Vegetable growing was regarded widely as a sector with considerable potential for value-adding and experimenting with new ways of working. Others have specific expertise in breeding and could see opportunities for more specialised animal production. Interviewees also noted the potential value of coastal products such as beach bananas, samphire and seaweed. Some were keen to explore such opportunities in the context of promoting local provenance. However, finding labour was an existing challenge with training and retention all problematic to finding a stable workforce.

The Orbost district's long history with growing maize, sweet corn and popcorn was reflected in businesses focused on either plant breeding for these three products, or in the production of seeds for various global maize/corn production companies. The two key Orbost companies both have global connections, one being owned by a US-company, and the other owning a subsidiary in New Zealand. Both companies also have links with tertiary institutions: the University of Canberra in relation to breeding, and universities in France and the US in relation to seed production quality control. Both companies have sophisticated business models and logistics arrangements. Market growth is occurring with the shift in food patterns, in that corn is seen as a fruit, and as a luxury in Japan. There is competition amongst companies to produce new cultivars.

In contrast, visitor economy businesses suffer at this stage in the district's development. Because there are limited infrastructure and food and accommodation options, visitors do not have a lot of opportunity to spend when in the region. This might be addressed through action on the potential opportunities for track and trail development (both for mountain bike riding, but also family cycling, as between Orbost and Marlo, and Marlo and Cape Conran). A number of public infrastructure projects due to be completed over the next two years in the district may

provide further impetus locally in the development of nature based and innovative tourism product. These include the proposed multi-day iconic walking trails - Sea to Summit and Coastal Wilderness and the commitments to fund the Cape Conran cabins redevelopment, Cape Conran Boat ramp upgrade, Sailors Grave Dune Town development and the Snowy River Rail Bridge development.

Other businesses also faced issues in recruiting and retaining employees. This is a complex issue as it reflects not only a limited labour market locally, but also constraints in housing availability. The recent approval of a new 87-lot subdivision residential development in Marlo may go some way to providing options for returners and sea-changers who would like to establish themselves in the district.

The Department of Environment, Land, Water and Planning (DELWP) is about to commence the development of new forest management plans for Victoria, with a Gippsland section aiming to revitalise policy and use with respect to public land. The last East Gippsland plan was released in 1996. The new plan is being developed over the next 18 months and will provide guidance for public land and natural resource use. A public consultation phase will take place which will be critical for the Future of Orbost and district project to engage.

Forest management will be a central focus for the future. Government policy is that there will be no native forest logging after 2030, but the management of fuel accumulation will continue to be required as part of fire prevention and mitigation, as will access for fire control operations and forest recreation. The management of the forests in general and in particular for fire management will be a contested issue and will involve detailed planning to ensure that all aspects of good forest management are maintained in the absence of a traditional logging industry. East Gippsland Shire Council currently supports a hub in Orbost in conjunction with Bushfire Recovery Victoria and the Future of Orbost and District project. The future of the hub is unclear. In the district, the Shire offers a 12-month mentoring and advisory agribusiness development program and a triage support services officer is available in the field. They are keen to see agriculture and tourism succeed in the district.

They also have responsibility for the Community and Recovery and Transition Committee and are keen to see both initiatives aligned closely. Council has shown interest in other opportunities that have been uncovered during the regional context analysis in the district, related to topics such as the demand for succession planning, leadership development, e-business, grant and fundraising expertise and investor/investee training.

All education participants recognised the challenges associated with relatively low educational attainment in Orbost, including the implications for both personal opportunities and workforce capacity. They also pointed to existing initiatives for tackling these issues and improving the community's socioeconomic and educational status. Some initiatives are focused on the immediate term, in particular relating to transition into the workforce.

The most promising longer-term initiative is the proposal for a P-12 campus, with the possibility of adding a 'Year 13' with introductory trade and technical training and access to supported tertiary studies. Having such an option available in Orbost itself would help both with retention of young people in the town, as well as linking them more closely with potential job opportunities. For students who go on to further education, transport and access is an issue. Federation University welcomes students from East Gippsland to their programs and have actively supported the Country Universities' Centre in Bairnsdale. However, distance clearly continues to be an issue for many potential students – commuting from Orbost is costly and time-consuming.

TAFE Gippsland recognise the challenges of providing for post-school formal learning in the Orbost district and see an important role in Orbost's future. This will be facilitated by more flexible forms of learning support, as they become available. They are working at present on developing training for guides, a project funded by Parks Victoria and DELWP.

Many participants in this process speak not only as business operators, government representatives or education providers, but as members of the community. The vast majority of participants clearly love living in the Orbost district and feel strongly about advancing its future prosperity. However, they also reflect the differences in circumstances of many residents: for example, there were many comments about contrasts in values and living standards in the town.

The Community and Recovery Transition Committee is an important focus of community action in response to the impact of the 2019-2020 bushfires. It has set up working parties on thematic areas that can lead the work to prepare business cases for funding applications – not an easy process.

Arising from all the data collection, the context analysis revealed a small number of distinct innovation opportunities that warranted scrutiny through an Entrepreneurial Discovery Process. There were also specific opportunities that could be pursued in conjunction with other Gippsland-wide GS3 innovation groups that are working under the auspices of Food and Fibre Gippsland (FFG), Gippsland Climate Change Network (GCCN) and Destination Gippsland (DG). Furthermore, the conversations with local stakeholders drew attention to significant local natural assets which could be the basis of innovation opportunities.

Nine topics were proposed as the focus of Entrepreneurial Discovery Process (EDP) workshops. They were:

- 1) The formation of a national seeds institute which draws on the breeding and production expertise currently held, or in development, by Gippsland Seed Services, Snowy River Seeds, Moogji Cooperative, VicForests and other local nurseries.
- 2) The development of a '13+' learning facility which provides for articulated education and training opportunities spanning Certificate 2-Bachelor programs relevant to emerging local enterprises. The facility would be supported by the Department of Education and Training (DET), TAFE Gippsland and Federation University, offering personal learning support for a mix of programs that would be available.
- 3) There are several examples of high value-add or specialist agricultural opportunities, including protected cropping, new products (samphire, black garlic, edible botanicals, insects, native grasses, seaweed), and a cooperative malting facility. The latter is already the subject of a Food and Fibre Gippsland (FFG) GS3 Innovation Group. Other relevant FFG activities might include vegetable waste processing, insect farming for protein, and seaweed harvesting. Some Orbost district stakeholders are involved in those activities already.

- 4) Native forests are an important environmental asset that will require careful management following the end of native timber logging. Promoting biodiversity, particularly supporting threatened species, has been a key part of the decision-making underpinning the Victorian Forestry Plan. Work in Europe on a similar agenda could be very useful in prompting innovation opportunities in forest management, research and protection activities, and use of forest resources.
- 5) The coastal parks along Orbost's nearby coastline are a stunning natural resource, accompanied by off-shore fishing, hunting and diving resources that attract international visitors. While current regulations and management arrangements limit access to these assets, they offer an opportunity for innovation if some of these constraints can be managed creatively.
- 6) The Snowy River flats are regarded as some of the most fertile agricultural land in the world, yet many stakeholders view them as being significantly underutilised. New initiatives with regenerative farming demonstrate unrealized potential. Current constraints include fragmented land ownership, limited water supply and problems with salination of the lower Snowy River. There is an opportunity for high value-adding agricultural development, possibly linked with the partnership being developed with the Netherlands by the LVA and FFG, if the land ownership constraint can be addressed.
- 7) Orbost Regional Health delivers home care support services in an agile and innovative way locally to keep aged residents in their homes and out of hospital and aged care facilities. With the ageing population, the importance of the workforce, limited access locally to specialist services, and an undersupply of aged care facilities, there is potential for innovative facilities and service models development.
- 8) Destination Gippsland (DG) have extensive work underway on tracks and trails with GS3 Innovation Groups focused on technologies that could enhance the visitor experience, and on setting up a social enterprise that could employ unemployed forest contractors and workers and disengaged young people in trail construction and forest management. There are also opportunities for research to suggest new markets. There might be a potential extension of these initiatives to the Orbost district.
- 9) Gippsland Climate Change Network (GCCN) provide oversight to several new energy initiatives. Orbost district communities are engaged already in some of this work, and there is considerable potential for further engagement, particularly around biomass.

Some of these opportunities would be driven by sophisticated technical knowledge. Others offer the opportunity for organisation or process innovation. Some will have specific economic benefits; others would also enhance social and environmental outcomes. Each contributes to the achievement of the United Nations' Sustainable Development Goals.



3. Key Outcomes from Five EDP Workshops

Following on from the Regional Context Analysis outlined in the previous section, the next phase of the Smart Specialisation Process is the Entrepreneurial Discovery Process (EDP). The EDP workshop essentially is a deep dive into the detail of a potential innovation opportunity identified in the context analysis, with the aim to truly explore if these opportunities indeed “have legs”. Are they worth pursuing in more detail or are they just too far off the track to make them realistic opportunities for further exploration and subsequent development and implementation?

The starting point for the EDP process is to build on existing strengths in the region as identified through the Regional Context Analysis. It is not about bringing in new industries. It is about strategically growing what already exists and building the capability from business, research, government and community to enable an innovation opportunity to be realised.

Five EDP workshops were conducted in November 2021 and March 2022 spanning a national seeds institute, agricultural innovation, forest management, an extended education/training/applied research facility beyond the current P-12 structure operating in the Orbost district and visitor economy initiatives related to the coastal and forest areas. Each EDP workshop brought together:

- Orbost district-focused business representatives,
- relevant government authorities,
- education/research representatives with necessary expertise, and
- community representatives who contribute local knowledge, collective wisdom and social license perspectives.

In total more than 90 people were involved in the five workshops, which in itself highlights the commitment from both the local community and government to the importance of charting a course for the future of the region. Detailed records have been made of the contributions made in the workshops and the specific propositions which were considered in exploring how each opportunity might evolve, what would be necessary to see it succeed, and how particular challenges might be addressed. The report from each workshop revisits:

- The **Basic Proposition:** what is the innovation opportunity?
- The **Key Assets:** what are the strengths of the Orbost district that provide the foundation for this innovation opportunity?

It then summarises the new learnings from the workshop:

- The **Strategic Competitive Advantage:** how can these assets be turned into an actual advantage?
- The **Key Challenges:** what are the obstacles that need to be dealt with to ensure that the opportunity is realized?
- The **Design Principles/Workshop Takeaways:** what are the particular issues which an Innovation Working Group should focus in taking the opportunity to the next stage?
- **Conclusion:** Is this a goer?

Basic Proposition:

East Gippsland is uniquely placed in terms of its expertise on seeds, corn in particular in its various varieties, and has a global footprint exporting to 40+ countries across the globe. This is a solid base to grow further, and the knowledge associated with this is unsurpassed in Australia. This is a niche market but with great potential for growth.

Key Assets:

An established industry structure with a global reach. While the industry is not necessarily widely understood and suffers from a lack of local and national awareness, there is little doubt that this is a stellar and unique strength for the region.

Strategic Competitive Advantage:

There is nothing like this anywhere else, making it a unique advantage both nationally and globally. It may not be the biggest of industries looking ahead, but here it clearly is quality over quantity.

Key Challenges:

Actually, not too many. It is an established industry, it definitely has growth potential. What is lacking to some extent is a regional education, training and research base. Much of the knowledge underpinning this industry is in fact tacit knowledge, not codified in any way across the tertiary sector in either the Orbost region, Victoria or Australia at large. There are strong international linkages with established international research programs, in particular

in the United States, but the Australian knowledge infrastructure from a structural and systemic perspective is weak.

Design Principles/Workshop Takeaways:

The most important outcome from the workshop was the opportunity to not only establish a national seeds institute in order to address the key challenges identified, but to actually establish a testing laboratory. As it currently stands, much of the testing of seeds is done outside the Orbost region. This obviously has cost/business implications. What was identified during the workshop however was how such an on-site testing facility could not only benefit the local seed industry but also have a much broader remit for the health sector. In essence such a laboratory could have a regional health imprint avoiding local people to have to go to Bairnsdale/Sale for medical testing. It would be a truly regional, cross-sectoral facility, as the laboratory infrastructure requirements and testing procedures could very easily be applied to a range of health issues/areas. Obviously, building a laboratory facility is one aspect in this innovation opportunity. Having the human resource capabilities to actually run this facility is the second requirement. This will be further discussed in the context of the workshop 4 outcomes.

Conclusion:

This is a viable opportunity that could be realised in the relative short term.

Basic Proposition:

There are several examples of specialist agricultural opportunities, including protected cropping, new products (samsphire, insects, black garlic, edible botanicals, native grasses, seaweed), on the one hand, and high value-add possibilities, such as the already developed cooperative malting facility proposal, on the other, that could prompt innovation. The latter is already the subject of a Food and Fibre Gippsland (FFG) GS3 Innovation Group. Other relevant FFG activities might include vegetable waste processing, insect farming for protein, and seaweed harvesting. Some Orbost district stakeholders are involved in those activities already.

Key Assets:

The East Gippsland climate is particularly conducive to deal with the oncoming challenges of climate change. Projections suggest that the region will be less affected by extreme weather events, such as droughts of increasing frequency and severity, than the rest of the country. There already exists a modest agricultural innovation industry that could provide the basis for further growth and expansion. Importantly, there exists a culture of collaboration, knowledge-sharing and strong community engagement.

Strategic Competitive Advantage:

Agricultural innovation as a driving force for sustainable and inclusive development has been widely recognised as a key source of regional, national and international competitive advantage. The Orbost district is well-positioned to further develop this potential. Given the geographic advantages of the region and rapidly growing demand for more sustainable, 'carbon-neutral' agricultural production, there was considerable enthusiasm for exploring the potential for localised carbon benchmarking and certification.

Key Challenges:

The region, however, is not without its challenges. The actual usable area of land (see also workshop 3) is limited and effective land management and property is a clear issue. Farm ownership in part is problematic as is the issue of economies of scale and scope. Much of what currently exists is of modest scale. Effective water management is a key concern.

Design Principles/Workshop Takeaways:

There is no doubt about the appetite for agricultural innovation and the Orbost region already can showcase some innovative products and processes. Yet much of this appears to be driven by individual entrepreneurship and does not have a systemic base. From a regional growth and innovation perspective this raises some key questions. Land management and ownership is one. But what came out of the workshop as the most important issue is water management. This needs to be addressed from a regional systemic perspective as it is foundational to the further development of agricultural innovation. Initiatives have started in this area, but require stimulation and capability development (See workshop 4).

Conclusion:

A definite opportunity, and one where more specific opportunities for innovation might emerge around process challenges such as water management and carbon neutrality and certification. However, further careful groundwork will be necessary to assess the most fruitful point of leverage in relation to the diverse activities currently underway.

Basic Proposition:

Native forests are an important environmental asset and carbon sink that will require careful management following the end of native timber logging. Promoting biodiversity, particularly supporting threatened species, has been a key part of the decision-making underpinning the Forestry Plan. Access into the forests will have to be maintained whether for fire management and suppression works, other works such as pest weed and animal control and for an increasing use by visitors.

Work in Europe on a similar agenda could be very useful in prompting innovation opportunities in forest management, research and protection activities, and use of forest resources.

Key Assets:

There is no question that native forests are a key asset to the Orbost district, given that some 88 per cent of the land base in the region is government owned public land. Therefore, in principle, this also provides the region with a potential strong competitive advantage.

Key Challenges:

The challenges of successfully navigating forestry transition are of course significant, and in fact the driving factor behind the S3 process in the district. Fire, which has always been part of Australian bush experience, is projected to increase in severity and frequency due to climate change and the increasing fuel loads in the forest. Equally obviously, we all have seen the impact of the massive bushfires that hit the region two years ago. This has brought to the fore the importance of understanding that good forest management practices need to recognise the importance of managing the fuel loads in the forest. Uncontrolled wildfire is the greatest threat to the native

forests of East Gippsland as has been the experience of the fires of 2019/20. Uncontrolled and intense mega fires destroy habitat, lead to severe erosion events and siltation of waterways and are the greatest threat to the ecosystem. Future management regimes must use fire wisely to reduce the frequency and intensity of the inevitable wildfires. Hence, one clear challenge is to clarify with all stakeholders the appropriate policy settings in relation to acceptable bushfire mitigation approaches. Another is to understand and integrate Indigenous land management practices.

Design Principles/Workshop Takeaways:

The key takeaways from the workshop have been the emphasis on forest management in the context of bushfire mitigation and the notion of forest management as an ecological and visitor economy resource. From a fire mitigation perspective one discussion centered around the notion of “thinning the bush” particularly close to assets and using those thinned trees for commercial purposes such as creating ecologically sustainable bricks for the building industry. With large areas of native forest across East Gippsland this could well have the potential of generating an alternative industry for the traditional logging industry that will be phased out. Other discussion centred around the need for broad scale reduction of fuel quantities in the bush by a more extensive fuel reduction burning program.

Interestingly, unlike for some of the other areas identified as innovation opportunities, forest management does have a good education and support infrastructure through Gippsland TAFE, which can be brought to bear on developing a high capability workforce.

Conclusion:

A strong area for further investigation given the potential alternatives to traditional logging and the importance of forest and fire management, combining sustainability, ecological diversity, carbon sequestration and the visitor economy perspective.

Basic Proposition:

The development of a '13+' learning facility which provides for articulated education and training opportunities spanning Certificate 2-Bachelor programs relevant to emerging local enterprises. The proposed facility would need to be supported initially by DET, TAFE Gippsland and a tertiary education provider such as Federation University, offering personal learning support for a mix of programs.

Assets and Challenges:

Unlike the other three, this workshop much more focused on the absolute necessity of having a local post-school facility to provide for the training and research needs underpinning the Future of Orbost project. Unless local workforce development is aligned with the future growth of the industry opportunities identified through the EDP, there will be little to no grounding of these opportunities for the mid to long term in the Orbost region.

It was clearly identified that this extended educational infrastructure would extend beyond formal schooling, would entail a combination of face-to-face and online learning, would include adult education in its variety of forms, and would build on some of the initiatives already ongoing and being developed in the Orbost region.

Design Principles/Workshop Takeaways:

The planned merger of existing schools in Orbost, envisioned to commence in 2023, could provide a physical infrastructure for the new-to-be-established facility. Already initiatives are in place – and are planned to be further developed – to link education programs to the future world of work. Linking this up with activities across wider Gippsland, such as the Tech School in Morwell, could provide some further 'quick start' opportunities for the enhanced local training facility.

The district's largest employer, Orbost Regional Health, is committed to finding innovative ways to recruit and retain talent in the health sector as the links between education, training and workforce participation are critical. Partnerships with the new proposed P-12 will be integral to meeting future workforce needs and an active role with the proposed 13+ learning facility is required to further develop staff and remain innovative and competitive in a fast moving sector that competes locally for talent with agriculture, education, government and entrepreneurial opportunities.

With the support of TAFE Gippsland and a tertiary education provider such as Federation University, it could also be the basis for the further development of applied research capabilities across the innovation domains identified through the other EDP workshops. Facilities could exist to support visiting researchers and graduate students working with local entrepreneurs.

As with the other potential innovation initiatives, this will take time. However, given that there are already quite some activities underway to enhance the level of educational attainment, formal and informal, across the Orbost region, there appears to be a solid foundation from which to work. Again, collaboration across the range of educational providers is key to this, and this extends beyond Orbost into Gippsland, Victoria, nationally and even globally.

Conclusion:

An extended education facility is not an "IF" it is a "MUST" as a cornerstone for the success and sustainability of the innovation opportunities already identified for the Orbost region and others that ultimately will flow from this. It will be a critical enabler of the developing Orbost district innovation system.

Basic Proposition:

Destination Gippsland (DG) have extensive work underway on tracks and trails with Innovation Groups focused on technologies that could enhance the visitor experience, and on setting up a social enterprise that could employ unemployed forest contractors and workers and disengaged young people in trail construction and forest management.

Key Assets:

The forests and coastal parks in and around the Orbost district offer remarkable opportunities for trail development. Already, the East Gippsland Rail Trail has become an important part of cycling holidays between Sydney and Melbourne, and this will be enhanced with the restoration of the Snowy River Rail Bridge. The Sea to Summit Trail is one major investment which already is being investigated as an option to add to the opportunities in the Orbost district.

Strategic Competitive Advantage:

The Orbost district will offer the Visitor Economy part of the GS3 project additional opportunities for developing a social enterprise that can build the expertise for trail design and construction, as well as the ongoing need for trail maintenance. The new mountain bike (MTB) facility at Omeo will attract other MTB riders to East Gippsland, and the scale of the forests offers extensive capacity for new MTB and walking trails to be developed.

Key Challenges:

One key issue is developing the expertise necessary to undertake sophisticated trail design and construction in Gippsland. Another is generating arrangements that respect the environmental values of the natural environment while facilitating greater access. The GS3 Visitor Economy project has been addressing both the challenge of establishing a community-owned social enterprise to build this expertise, as well as providing employment pathways for unemployed young people, and potentially unemployed foresters.

District Feedback

Feedback from a community forum focused on visitor economy outcomes rather than sustainable employment opportunities related to tracks and trail development. There is a desire for more tourism infrastructure, but limited ideas about innovation. Other specific comments included:

- Need to develop cultural spaces and heritage experience that can be packaged and marketed.
- Work on trail construction and maintenance offers an opportunity for timber workers to find employment.
- Trail construction and maintenance requires year round resources rather than only seasonal attention.
- Trail construction and maintenance needs to be able to provide access for Emergency Management in case people need to be rescued.
- There is considerable scope to build wilderness lodges, foster education around tracks and trails, and focus on bush foods.



Design Principles/Workshop Takeaways:

The EDP workshop began Destination Gippsland providing an overview of current work being undertaken as part of the GS3 Visitor Economy work, and of its potential relevance in the Orbost district. It focused particularly on the proposed social enterprise to Design, Construct and Maintain (DCM) tracks and trails, and its relevance to the tracks and trails in and around the Orbost district. Destination Gippsland also detailed the work on technologies fusion and the development of the Wayfairer Coop, a new accommodation booking service which would share profits with local community projects. These initiatives were received positively and welcomed as part of the development of Visitor Economy in the district. The critical issue was seen to be revenue for DCM: how could this be generated on a scale that would be sufficient to provide for effective track and trail maintenance. Recognition of the scale of the challenge by Government agencies is a critical challenge, as well as continuing to explore forms of user pays revenue. The workshop explored scenarios for the future development of tracks and trails in the district, the kinds of resources that would enhance the likelihood of successful innovation, and the barriers which would need to be addressed.

Conclusion:

There was broad agreement about the significant scope for development of visitor economy offerings, including packaged day trips, better promotion of the existing assets and their accessibility, great prominence of the Snowy River in promoting the district, and the diversity of possible experiences, including not least hunting, bird watching, kayaking and diving as well as walking, cycling, and fishing. Sailors Grave will provide an attractive destination experience, but other fine dining and accommodation experiences will be important to the future of the sector in this district. Careful and regular track and trail maintenance will be crucial to the attractiveness of the district, and DCM could be a key part of that process.

In the medium term, the development of Visitor Economy innovation will link closely with the other innovation opportunities. There is already significant funding coming to the area for specific projects such as the Snowy rail bridge, Cape Conran cabin rebuild and upgrade, West Cape boat ramp upgrade and the Marlo-Conran path. Other initiatives such as the Seeds Institute, agricultural innovation and the P-13 educational facility will attract increased travel, accommodation and dining initiatives and help to foster greater collaboration amongst various stakeholders, including government, business, education and community. This in turn will generate demand for additional targeted attractions





4. A District Systemic Perspective

Following the EDP workshops, the positive support for each of the propositions confirms that Innovation Working Groups (IWGs) should be established as the cornerstone of the next stage of the emerging Roadmap. The IWGs will be formed with representatives of business, education/research, government and community. Their initial task will be to consolidate all the evidence related to the proposed innovation opportunity(ies), to confirm feasibility as best judged on that evidence, and then, if appropriate, to develop the business case and possible prospectus to attract private and public investment. Depending on priorities and the resources available, it is anticipated that a decision on seeking any necessary regulatory permission and investment might be possible by the second half of 2022.

However, the EDP workshops have demonstrated that there are a number of cross-cutting processes that will be important to consider as the IWGs start and continue their work. While support for learning is an obvious example, the prospect of incorporating a new testing laboratory in the seeds institute has immense potential to support agricultural innovation and health services. Logistics and

connectivity arrangements will be integral to all of the innovation opportunities. Synergies could well emerge around these themes which will lead to new innovation opportunities emerging. This will need to be monitored and nurtured carefully, as the work in 2021 has just begun the Future of Orbost District project.

Furthermore, the workshops have indicated that taken together, the IWGs will be contributing to the implementation of a more cohesive and dynamic district innovation system which will be a crucial resource for enabling ready identification of new opportunities and supporting their implementation. The graphic below points to the interrelationships in the emerging district innovation system. At its heart, this points to the importance of supporting a dynamic relationship amongst different kinds of stakeholders: if innovation is going to work, business and industry need timely engagement with key expertise to solve problems as they arise; government regulators need to understand how their decisions enhance or undermine new opportunities; community need dynamic businesses to offer employment and bring vitality to their district. That's the longer-term goal of the Smart Specialisation process.



To be successful for the longer term, the district innovation system will support a comprehensive range of new initiatives, supporting not only economic but also social, cultural and environmental outcomes for residents and visitors. The United Nation's Sustainable Development Goals provide a comprehensive agenda for guiding decision-making about the kinds of balanced initiatives and investments that can support a comprehensive set of outcomes. While the Goals themselves can seem rather daunting, they provide a valuable language for exploring possibilities. Practically, they bring a sharper focus to thinking about the kinds of universal services to which all citizens are entitled, to seeing how private businesses and public organisations can be both successful and also socially responsible. The SDGs remind us that everything we do now must recognise the imperative of climate-sensitive action and of reconciliatory ways of thinking about private and public relationships.

It will be apparent from the preceding discussion that Smart Specialisation is not a quick fix for the Orbost district, or any district's, challenges. It is about a mid to long term agenda for sustainable development based on the principles outlined previously: starting with strong evidence about the district's assets; a focus on opportunities for innovation based on these assets; a commitment to cross-sectoral collaboration as the necessary ingredient to realise innovation; a priority on close assessment of competitive advantage in order to realise the economic vitality required to support comprehensive social, cultural and environmental objectives.

To operationalise and implement the ideas in this report will require time. However, the work that preceded the EDP workshops and the experience of the workshops themselves, gives confidence that there is a significant foundation on which to build the future development of the Orbost district.

In 2022 the Future of Orbost and district project will move to create an "Innovation Network" amongst participants from the quadruple helix, building on the work with interview and workshop participants and networking night attendees. This will also encompass the Innovation Working Group members, new community members that may not yet have engaged and others with a stake in the future of the district. This network will provide an important outreach opportunity for the project and act as a sounding board for new opportunities and challenges. The network should ideally incorporate the Orbost and District Community Recovery and Transition Community, East Gippsland Place Manager, Orbost and District Chamber of Commerce & Industry and other critical local groups. The network will provide a key learning forum for the innovation and entrepreneurial ambitions of the district.



5. Governance and Leadership

An important learning from three decades of research on supporting the development of place-based innovation systems is the importance of sound governance of the strategic process. Clear governance is necessary to provide a transparent framework for supporting the collaboration that is necessary amongst business, government, education/research and community. It also provides the credibility for stakeholders, access to expertise and the legitimacy required for clear decisions to be made (and accepted) about the direction of activity, and ultimately, clear advice on investment proposals.

As the principal funder now of the Future of Orbost project, Forestry, Resources and Climate Change (FRCC) Group of the Department of Jobs Precincts and Regions (DJPR) is the appropriate auspice to determine an appropriate governance mechanism for the next phase of the Future of

Orbost project. It will need to work closely with the Orbost and District Chamber of Commerce & Industry in the first instance, but also East Gippsland Shire, education and research providers and community organisations to set up appropriate structures and representation. In the first instance, a new governance framework will act on the substance of this report, give oversight to the work of the IWGs, and to authorise the ongoing implementation of proposals and business cases.

The governance mechanism will be most effective in developing the district innovation system if it does include key representatives of the quadruple helix: industry/business, research/education, different levels of government, and community/civil society, drawn from beyond the Orbost district where appropriate.