

TRANSCRIPT

ECONOMIC DEVELOPMENT AND INFRASTRUCTURE COMMITTEE

Inquiry into local economic development initiatives in Victoria

Melbourne — 6 December 2012

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Mr B. Luxford, Manager, Business Growth and Sustainability, Melton City Council (sworn).

The CHAIR — Brett, welcome to this public hearing of the joint-party Economic Development and Infrastructure Committee’s inquiry into local economic development initiatives in Victoria. The evidence you give today is protected by parliamentary privilege, but comments made outside the hearing will not attract that same privilege. The evidence you give today will become part of the public record. Please state your name, your position and whether you are appearing on behalf of an organisation.

Mr LUXFORD — My full name is Brett Christopher Luxford. I am the Manager of Business Growth and Sustainability with Melton City Council. I am appearing today to present a submission on behalf of Melton City Council.

The CHAIR — I invite you to make an oral presentation.

Overheads shown.

Mr LUXFORD — Thank you very much. I would just like to provide a bit of an introduction of myself. I am the Manager of Business Growth and Sustainability with Melton City Council. Essentially that covers the areas of economic development and tourism and the environment teams within Melton City Council. Prior to joining Melton City Council I was the Manager of Economic Development and Tourism with Hume City Council. Prior to that I was the Manager of Economic Development, Tourism and Arts at Macedon Ranges Shire Council. I have also worked in economic development at Maribyrnong City Council. I have been a member of the Economic Development Australia board, and previous to that the Economic Development Association of Victoria board, which then spun off to be Economic Development Australia.

The CHAIR — Any experience in economic development?

Mr LUXFORD — I hope so! You would hope you would learn a little bit over that period of time. I hope today to take you on a bit of a journey. I know Ralph was talking to you about the south-east and Hastings. I hope to take you across to the west and have a little bit of a look at the west. I will start by looking at some of the rapid population growth and what we have experienced out there — some of those growing pains and the impact that has on economic development, particularly employment — and then look at some of the things we are doing as a local government, including what we are doing in the west from an economic development perspective, and then some of the innovative solutions that we find we have to implement just to intervene in the market, because the market is not providing what we need in that situation.

I guess you all know where Melton city is. It is out to the west. Melton township is about 37 kilometres out to the west. The city of Melton actually encompasses the areas of Caroline Springs and Taylors Hill, which is our eastern growth corridor, which is only around 17 kilometres to 18 kilometres from the centre of Melbourne.

The CHAIR — Nardella territory.

Mr FOLEY — Yes, but the city of Melton is obviously much bigger than the seat of Melton.

The CHAIR — Yes, absolutely.

Mr LUXFORD — Yes, the city of Melton encompasses around 500 square kilometres.

The CHAIR — Massive, isn’t it?

Mr LUXFORD — You have Melton out to the left, which includes the developing suburb of Eynesbury, and then up to Diggers Rest in the north. Around 70 per cent of our municipality is still rural, but with the western growth plans, that will significantly change over the coming years.

The CHAIR — What percentage do think you will move to?

Mr LUXFORD — Around about 50-50, I would say. Probably only about 50-50.

The CHAIR — Do you think you will get a reaction to that?

Mr LUXFORD — No; probably the opposite. I think there has been speculation for a long period of time that that is what is going to happen — the growth is going to push out to the west. There has been a lot of

speculation on landownership — people buying up land in the hope that they may be able to develop it into the future.

The CHAIR — Are the local communities happy with that?

Mr LUXFORD — I think they are happy that there is infrastructure coming. Melton township itself still has that rural feel about it, and people are seeing that it is changing and growing significantly. Currently around about 55 000 people live in Melton township itself, so it still has a rural township feel, but people are happy that there are potential infrastructure improvements coming along with the growth.

The population is around about 116 000 to 117 000, which represents about a 5.6 per cent growth rate for the last year, which has been down on previous years — significantly down. Here is just a breakdown of our eastern growth corridor. We talked about the Caroline Springs and Taylors Hill area, which is 63 000 or 63 500. Melton township is 53 000. We have found that most of the development has been occurring in the eastern corridor. That is now changing as the urban growth boundary was a hard line there for a period of time, and the shift in the urban growth boundary at this stage has not resulted in other development yet as the precinct structure planning process goes through. We are seeing a number of different growth fronts happening around Melton. I will talk about those very shortly.

You can see we are 116 000 or 117 000, but we are expected to double in the next 15 to 20 years. There is significant land available for that, and the growth will continue. What does that actually mean when we have 6000 people moving in each year? It is 42 new families each week, which is 42 new homes being developed each week that people are moving into. There are 42 new babies born in the municipality each week, which is two kindergarten classes. So the challenge to keep up with infrastructure is quite immense, but that in itself, from an economic development practitioner's point of view, creates jobs and creates opportunities for employment.

This one here is just an indication. The red line is building permits and the blue line is residential lots. That is from 2000. We have had consistent growth over the last decade, and we expect that to continue. As I say, the growth rate prior to this year was around 7.9 per cent; it has dropped to 5.6 per cent. As the market starts to improve a bit we will see development, residential development particularly, go up. That is the challenge that I wanted to talk to you about today. We are quite able to attract residential development; it is the jobs that do not come with it unfortunately that are the real challenge.

As I mentioned, the precinct structure plan process moves the land from the urban growth zone into land that can be developed. We currently have five precinct structure plans that have been approved. So we have Toolern, which is in Melton South. I am not sure whether you are familiar with where Tabcorp Park is, the harness racing venue out there; it is south of that. I will talk about that in a little bit. There is Taylors Hill West. Taylors Hill West has been approved and development is kicking off there; we have 2500 homes in that area. Melton North, which is around 1500 homes, is a smaller precinct structure plan that was approved. Rockbank North and Diggers Rest have just come online, and development has not started in those ones yet. We also have the Toolern town centre plan, which is a way to try to address the market in terms of creating opportunities. The Toolern township will be a principal activity centre. It is one that we are trying to encourage further development in other than just retail. We are trying to get some commercial development and other uses into that area.

Turning to our current growth fronts, as you can see, the purple line is where we are seeing development starting to occur now. The hard line on the right-hand side near Caroline Springs, near the purple line, was the previous urban growth boundary. The Taylors Hill West precinct structure plan is the one that has been approved. So development has leapfrogged the rural areas, for want of a better term, and has gone out to Melton. We have Toolern, which encompasses 22 000 new homes, with about 60 000 residents moving into that area over the next 15 to 20 years. Then we have Melton North, Arnolds Creek and Melton West, which has been developing for some time. You mentioned before, Neale, about the community being happy with that. Melton West has been developing for a number of years, so we have had development out to the west that is now starting to come back to the south of Melton.

You are probably very familiar with this slide, being Melbourne's growth corridors, so I will not labour on it. This shows where growth is occurring. The only thing to emphasise here is the significant amount of land in the

dark grey, which is the proposed future urban growth. That land has been brought inside the urban growth boundary. There is another slide coming up which shows that 44 per cent of future greenfield development will be in the cities of Melton and Wyndham, so there is a need for — —

The CHAIR — Just in those two?

Mr LUXFORD — Just in those two. Forty-four per cent of the land has been brought inside the urban growth boundaries is in the two cities of Melton and Wyndham. There are very few environmental constraints in that area. Here is the slide that talks about the amount of land. You can see in Melton there is around 9500 hectares of land that is developable. I think about 11 000 was brought in, but some of that is a little bit compromised. Wyndham is 6000 or 7000.

I congratulate the Government in moving the urban growth boundary and trying to redress the sprawl that has been happening down in the south-east. I grew up in Berwick — my mum still lives in Berwick — and I have a brother who lives in Pakenham. It is a quite a distance, a long way, from the city, and I live in Sunbury. Where mum lives in Berwick is the same distance out as Melton. It is really quite surprising to see the complete difference in the way the areas have developed over a period of time.

The CHAIR — Sure.

Mr LUXFORD — The west growth corridor plan is pleasing for me. You can see that here. It has recently been completed and approved and talks about a whole range of infrastructure that will go into the area — —

The CHAIR — Massive.

Mr LUXFORD — Yes. This is the Ballarat railway line. This is an existing station at Melton. This is a proposed station, which we are quite pleased about, at Toolern, which will complement and supplement the activity centre that is developing there. There is Rockbank — I think it is this one — and then there is the Caroline Springs station down here.

It also identifies a number of different activity centres or shopping centres. Probably an important piece of infrastructure is the outer metro ring transport corridor, which will help link Melbourne's north with Melbourne's west and hopefully the airports — the two international airports now I guess — Melbourne and Avalon.

Pleasingly for me, the yellow line on this slide identifies some land that has been earmarked for employment. That has been a challenge to date. A lot of land outside the urban growth boundary or within the urban growth boundary was identified for residential development. We are starting to address that, which is good, by starting to look at where our people will work. It is a real challenge for us. Growth comes with a lot of growing pains, not least of which is employment.

You can see from this graph, which was recently updated to reflect the 2011 census data, that for every 3.6 workers in our municipality, we have one job in the blue-collar sector. For every 2.9 workers in our municipality, we have one job in the white-collar sector. That translates to around 18.2 per cent of people who live in the Melton municipality working in Melton. The other 82 per cent have to travel elsewhere to get to their jobs.

Mr FOLEY — That is 18.2 per cent of people who live — —

Mr LUXFORD — Who live in Melton — —

Mr FOLEY — Who work?

Mr LUXFORD — Yes, the active labour force. So a lot of people have to jump on our roads, jump on transport and get to work where they can. The other issue that we are facing is rising unemployment. We have a lot of people who moved to the area from an affordability perspective. They are employed in the blue-collar sector, which is significantly impacted by any shocks in the economy. As the dollar goes up and manufacturing goes down we have issues with unemployment going up, as reflected in that 8.9 per cent unemployment rate.

There are two statistical local areas. We have our eastern corridor, which picks up the Caroline Springs area, and that is just above the state average. But Melton has around 9 per cent to 10 per cent unemployment within the Melton SLA, which encompasses the lower socioeconomic area of Melton South as well.

Actually it was 18.4 per cent; I apologise.

This shows our journey to work data. You can see where our residents then go to work — 15 per cent go to Melton, 13 per cent to Brimbank, Hume, Wyndham and Maribyrnong. It is all over the place. But one of the things we can take heart from in this is that between Melton, Brimbank, Hume and Wyndham, around 50 per cent live and work in those western suburbs areas. So while we are exporting a huge amount of labour and some of these workers have to travel substantial distances, others travel to neighbouring municipalities for blue-collar jobs available in those areas.

That has an impact from a travel and environmental perspective, but it also has an impact from a social perspective — that people are spending their time travelling and not in the community. That it is one of the big issues — —

The CHAIR — Or money.

Mr LUXFORD — Or money. Yes, money is a big one. Jobs by industry — this is 2006 compared to 2011. They have not changed significantly. Jobs are in retail, trade, education, training and construction. Manufacturing has dropped significantly. It comprised 10 per cent of all jobs in the municipality; it is now only 7.2 per cent, reflecting where manufacturing is going or has been.

Here is one of the real challenges. I apologise for the clarity of this graph. There are two axes — the skills deficit axis, which is north–south — is that the X-axis or the Y-axis? I have to go back to maths — and then there is the jobs deficit axis, which is east–west. Unfortunately for us Melton has the highest skills deficit and a high jobs deficit, so the areas of education and training are really important. We are trying to work on that not only from an economic development perspective but from a lifelong learning perspective.

We talk in Melton about the need for a whole-of-council approach to economic development because we understand that by getting someone a job and ensuring someone gets a job we are actually solving some of those social issues that we also deal with at the local government level. It is quite interesting that even though our manufacturing jobs have dropped, manufacturing is our highest contributor to gross revenue, with value-add.

This slide looks at the figure for active ABNs. There are a total number of 20 000 businesses or ABNs registered in the municipality, of which we have about 8500 which are registered for GST and appear to be active in that GST space, so we have a lot of people who register businesses for the sake of registering businesses. Having said that, we do note that each quarter as we track the ABR data we find that there are increases in the number of businesses registered in the municipality, so people are actively looking for start-ups and getting things happening in that area.

For an economic development team, what do we have at Melton? There is myself, the Manager of Economic Development or the Manager of Business Growth and Sustainability; we have one coordinator, two full-time staff in that area and 1.3 full-time equivalents working in tourism, essentially looking after our visitor information centre at Melton. It is not a huge team but a huge range of activities are undertaken. As I mentioned, I also look after the environment team, which is about eight staff as well.

I think what is on the next slide is reflected in our submission, talking about what we are doing currently. This is sort of bread-and-butter economic development, I guess, from a local government perspective: contacting and dealing with businesses on a one-on-one basis; providing them with business facilitation support and business planning; running business networking events; and giving a whole range of recognition of business awards, which are really quite popular; the local businesses love them. I guess they are all designed first so that businesses interact with each other and there is that opportunity to buy local, but with the business awards specifically so that people actually stop and look at their business. Rather than working in their business, we get a chance to pull them out so that they work on their business and start to think, 'How is my business growing and developing, and how can I take it to the next step?' We will support them to look at those business plans.

The CHAIR — What would be the biggest impediment to economic development in your area, and what is the thing that you are doing that you think is most important for growing economic development?

Mr LUXFORD — I might come to that with the next couple of slides, if I could take that question on notice. I will not go through the other ones because they have probably been done to death, some of those activities that local government undertakes on a range of things.

This slide is probably where we start to look at what we can do to intervene in the market, because we know that the market is not actually providing what we need. I guess the tyranny of distance, 37 kilometres out, is one of the issues that we face. However, there are things like developing strategic land use so that businesses can come, having land available so businesses can come and having a reason for businesses to come out there. Recently I was in Canberra talking to the people at the Suburban Jobs program — I will talk about that in a minute — and one of the questions was what are we doing to attract businesses. We do everything from meeting with businesses, promoting the shire and working with the State Government office of investment facilitation in the Department of Business and Innovation, trying to identify opportunities. But there needs to be a reason for businesses to come out there, and I think we are all competing for the same small piece of the pie.

Some of the things that we are trying to do include marketing ourselves a bit differently. The Toolern town centre is an example. We are trying to create a town centre there. Strategic land use, might I also say, is another tool in our armoury to provide that support or opportunity for businesses to come. Toolern is to have 60 000 people or 20 000 homes. In partnership with the Growth Areas Authority we are also trying to look at 22 000 jobs to complement that, so creating the jobs along with creating the residential element out there, with some of the things that have been identified out there — the higher order medical facilities and justice, civic and community facilities — with an investment up-front in those areas by all tiers of government, not least of which is local government, so that businesses have confidence to invest in that area.

I guess infrastructure is one of the key elements in terms of attracting businesses. We are quite blessed that Toolern has a railway line. It is a single railway line unfortunately; it is the Ballarat line and currently is V/Line to Melton. We are really keen for that to be developed into a dual line and electrified and to actually get a station at that location. One of the things we really do not want is people moving into the Toolern area from an affordability and sustainability perspective and then having to buy two cars, which we see on a regular basis, so that one of the workers can get to work. Ralph from the Port of Hastings Development Authority talked about the young families moving into the south-east. We have the same sort of thing: people move out there, have a family or start a family, one person will be working and they need to buy a second car because the only way to get to work is by car.

Optic fibre is being rolled out through Melton. We are hopeful that we will start to see interest in businesses moving out to that area because the fibre network is available. Toolern will be a focus for employment through the Toolern town centre and not just housing. I mentioned the stimulus required up-front because we know that does not happen.

Something that we were successful in obtaining from the federal government through the Suburban Jobs program was \$14.62 million for the development of a business accelerator or business incubator. Council has been working on the idea of a business incubator for some time. Those who are familiar with business incubators know that they probably require either this type of stimulus to get a centre up and running or an old building that you can start to lease at a peppercorn rate to get new businesses in and grow businesses. We really do understand that you can do a lot in trying to attract businesses but a lot of growth in businesses and jobs will come from existing businesses. If we can support them to move into a centre like a business accelerator, we can then start to move into the local area as well.

The centre will be broadband enabled. We have already had some interest in the incubator space from some of the people working in IT. Home-based businesses or smaller businesses would love to have access to the higher bandwidth and the high-speed internet to undertake some of their work. Some of the challenges we also face out there include attracting not-for-profit sector people because of the available space. I guess this centre will start to provide those sorts of spaces as well as training spaces. I mentioned before the skills gap that we have currently. We are working in partnership with the University of Ballarat, Victoria University and Kangan Institute to provide training out of this centre as well, so that people may be able to access education through classes from Ballarat, the Footscray campus or the St Albans campus and stay at Melton. That will be via

teleconferencing and that type of thing, so that we can start to up-skill our residents to take on employment. It will be \$21 million, of which the Australian Government is providing \$14.62 million; Melton City Council, \$2.7 million; and then some industry and education partners are involved as well.

Going back to the question about what is the biggest impediment, one of the biggest impediments is infrastructure. From Melton township we have a train to Melbourne every hour throughout the day, which does not provide much incentive for people to actually invest in that area. I think that road and rail infrastructure is something that is really vitally important. As I mentioned, I was at Hume City Council prior to going to Melton City Council. We have already seen the impact that the Western Ring Road had on the north of Melbourne and the opportunities that that created. Something like the outer metro ring transport corridor will hopefully provide that to areas in the west as well. That is a bit of a snapshot, I guess, of the west in Melton.

Mr FOLEY — They are the challenges of growth. I was particularly surprised by your X-Y axes and where Melton was in that, compared to even some of your neighbours.

Mr LUXFORD — Yes.

Mr FOLEY — Homing in on that, does the western BACE have a substantial training and skills development component? And whilst you said that infrastructure, in terms of hard infrastructure, was perhaps your biggest challenge, where do the skills and development work in there, and what are the challenges and obstacles?

Mr LUXFORD — Yes. I think that skills challenge is slowly — well, there is the element of an unskilled community in some of our areas. I think our eastern growth corridor has seen a significant shift over the past 10 to 12 years as to the education level of the residents moving into the area, and we have seen a marked shift in the type of demographics. I think the challenge has been — I mean, Victoria University currently has a campus operating out of Melton; however, they are not really running very much out of it. It was more demand driven, I guess. The opportunities for education and providing education are quite large. We are working with Victoria University, and we see that the western BACE is providing not necessarily an alternative campus to the Melton campus — because I think Victoria University is still in the midst of deciding what to do with their Melton campus; they are currently running some trade training out of there — but I think the western BACE will actually complement that rather than supplement, rather than provide — —

Mr FOLEY — So there is some question over VU continuing the Melton campus?

Mr LUXFORD — They are going to continue the Melton campus. They are not providing, currently, higher education out of the Melton campus; they are doing more trades-related education, vocational education out of the Melton campus. And I think they are currently deciding what is the best way to go with that campus, as they are with a number of other campuses, including their Werribee and Sunbury campuses, I think, where they are trying to consolidate back to a smaller number of campuses, from a purely administrative/cost structure point of view, I think. As people access education in a different way we see the role of the BACE potentially providing that space as well. With our library we have just completed, or are just about to complete, a \$17 million or \$18 million library in the Melton township itself, which will again be connected to infrastructure, to the NBN rollout and will have its own training spaces in there particularly focused on the community.

We currently have a community learning board, which is made up of education providers and RTOs within the city of Melton, all trying to work towards promoting that lifelong education-type message throughout the city. So there are challenges, but I do not see the BAE as being the panacea for that; I think the BACE will actually provide more of a focus on business, trying to nurture and grow and develop businesses and trying to grow innovation in those businesses. I think the community education will continue to come through our education partners and through, potentially, our library more than the BACE itself.

Mr CARROLL — Brett, you mentioned earlier in your presentation that jobs were not coming with the economic development. So Melton is going through a massive growth in population and in housing and construction. Does Melton City Council have a strategy to make sure that with that construction the carpenters and the plumbers are part of the housing boom so that it is locals and local builders that are feeding the pipeline, so to speak, rather than Moonee Valley City Council, Melbourne City Council or Whittlesea City Council?

Mr LUXFORD — Yes, just picking up on that point, we did run a program last year called the Building Melton Together project, which fed into the western BACE.

Mr CARROLL — Yes, good.

Mr LUXFORD — The Building Melton Together project identified that that was a real issue, that there was a large number of people working in the construction industry but they were not necessarily getting the local jobs, that people from your eastern suburbs and areas were travelling right across to the west to work and then go back. One of the programs we ran was trying to up-skill local businesses. We worked with Burbank to identify what construction businesses needed to do to get onto the volume builder register, which is always a challenge for some local businesses.

What it also highlighted was that within the building and construction industry there is a trend across the whole range of trades that once a young person gets into a trade and finishes their trade they are at a point where they are then told to go off and become a subcontractor, because they do not want to employ them anymore; they will employ them as a subcontractor due to the fluctuations. So there is a real gap that BACE is going to try to play in terms of a young person going through a plumbing trade who gets to the age of 22, where he has finished his apprenticeship and then gets told he has to start his own business as a subcontractor. Then they do not actually grow and develop as a business, so the BACE will play a role in supporting some of those ones to put programs into place to up-skill tradesmen to actually run business as well. We are hopeful that that will then feed into them picking up some of that work within the volume builders that are happening, that are active in the area.

Mr SHAW — Because that is the life of contractors.

Mr LUXFORD — It is.

Mr SHAW — Apprentices all go on into the workforce predominantly not as employees but as contractors.

Mr LUXFORD — Yes.

Mr SHAW — That is because of all the regulation with WorkCover and super and all that that surrounds it, all the on-costs.

Mr LUXFORD — That is exactly right. They learn their trade as their apprentice but they do not necessarily learn the business skills that go along with that, too. We think there is a real role for places like the western BACE to actually take some of those young people under the wing to learn those business skills so they become better businesspeople and they then start to employ local people as well. It is a real challenge for some of these young people.

The CHAIR — Thanks very much, Brett. We really appreciate your attendance and your presentation.

Mr LUXFORD — Thank you very much.

The CHAIR — You will receive a copy of the transcript of today's proceedings. Feel free to point out or make changes to any typographical or grammatical errors, but nothing to the substance of the document.

Mr LUXFORD — Okay. Thank you very much.

Witness withdrew.