

TRANSCRIPT

ECONOMIC DEVELOPMENT AND INFRASTRUCTURE COMMITTEE

Inquiry into local economic development initiatives in Victoria

Melbourne — 6 December 2012

Members

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Witnesses

Mr P. Brown, Chief Executive Officer (sworn), and
Ms K. Coster, Director, Planning and Economic Development (sworn), Moreland City Council.

The CHAIR — Welcome. Any evidence you give today is protected by parliamentary privilege, but any comments you make outside the room do not hold the same protection. Could you each state your name, the position you hold and whether you are appearing on behalf of an organisation, please.

Mr BROWN — My name is Peter Brown. I am the Chief Executive Officer of Moreland City Council, and I am appearing on behalf of the Council.

Ms COSTER — My name is Kirsten Coster. I am the Director of Planning and Economic Development at Moreland and also appearing on behalf of the Council.

The CHAIR — Any evidence you give today will become a matter of public record. Can I invite you to make an oral presentation, please.

Overheads shown.

Mr BROWN — First of all, thank you for the opportunity to present our submission to you on behalf of Moreland City Council. What we thought we would do is present in effectively two parts: I will run through a broader side of our economic development issues at Moreland and how we are operating, and then Kirsten will look at some more definitive examples.

You have obviously seen our submission. What I really want to do is talk about how we are operating at three levels. Firstly, we operate at a regional level; secondly, we obviously operate at a municipal level; and thirdly, we operate with individual businesses and so forth. To give a little bit of history, we had an economic development branch at council a number of years ago. With myself as the CEO and through our best value review we found we were not getting what we call best value in the outcomes in terms of the amount of money we were investing. We then did away with the branch and put our effort into structure planning exercises throughout the city.

As you are probably well aware, Moreland is a middle-ring council. It had a quite strong industrial base over a number of years. It also had Pentridge jail for a number of years. As much as from a city point of view we were not unhappy to see the jail close, it also employed 1500 people as well as obviously having the inmates and so forth. We have had a number of significant businesses in Moreland close over a number of years: Kodak, Lincoln Mills, Chef, obviously Pentridge and so forth.

To an extent what we felt was our best way of moving economic development initiatives ahead in Moreland was through things like the Brunswick Business Incubator, trying to actually generate small entrepreneurial businesses, and secondly, regenerating our urban areas: Coburg, Brunswick and Glenroy — in Coburg through a principal activities centre under what was Melbourne 2030 and then Melbourne @ 5 million. We thought, ‘Okay; that is a state policy. We can work with that, so we will work on that.’ Our initial model was very much trying to revitalise those sorts of areas and in particular trying to pick up more employment in those areas.

The CHAIR — What sorts of efforts were made there?

Mr BROWN — Moreland is probably reasonably unique in that it actually sees itself as local government, not a local service provider or a local arm of the State Government. So it is prepared to actually get involved in things that the other local governments possibly would not get involved in, in particular in the structure plans that we were doing. Historically with structure plans, especially in urban redevelopment areas, you do the structure plan and there is this feeling that once you rezone the area — if you rezone it — the developers they shall come. In greenfield site areas that tends to work because you are taking broad acreage and you are upping the opportunity to develop, I suppose, and then ultimately it is developed. In urban redevelopment areas, because the land is so fractured — with titles, tenancies and so forth — and the drivers behind the people who own those properties are so different. With these ‘mum and dad’ developers or ‘mum and dad’ investors they often do not want to develop. You might have created a structure plan, you might have upped the value by the planning scheme amendment and then you find nothing happens or, if it does, it is in a very piecemeal fashion.

My advice to council, I suppose — and the Council decided to do it — was to look for strategic parcels of land in the shopping centre and over time purchase them, so council operates as a land banker and consolidates. That is exactly what we have been doing. In the Coburg area in particular we bought both the Coles supermarkets because they were both on strategic parcels of land and we now own about 12.5 hectares of the retail area of

Coburg. With that land, we want the opportunity to work with the development community to then leverage projects. To that end, we went out to the market and sought expressions of interest from developers. You are probably aware that at the time we signed up with Equiset Grollo, but then during that process when we were working with them the global financial crisis hit and that really changed the game. Finance became a lot harder to get, so we found that we really needed to look at the model differently. The way we are doing it at the moment is basically parcel of land, parcel of land, based on the structure plan and the place framework that was put in place.

But we also found — and this is the reason I am mentioning these sorts of things — that the GFC was actually knocking our economy more broadly. In response to where a lot of our businesses were at, we reconstituted the economic development area and we created it as a directorate — a department — reporting directly to me. That is where Kirsten was employed — as the director to head up that area. We then took all of our economic development activities and put them into that area. So anything in a town planning area that was development focused was then put under Kirsten. We have been putting in place our economic development strategy and other bits and pieces, but I will get Kirsten to talk about them more broadly.

We also felt that often at a state and federal level if you are trying to get things happening, it tends to work better if you work regionally. On that basis, back in 2010 the seven northern councils started to come together — that is, Banyule, Hume, Nillumbik, Yarra, Darebin, Whittlesea and ourselves. We formed together with the Northern Melbourne RDA Committee what we call the Melbourne Northern Metropolitan Mayors and CEOs Forum and we started to look at regional projects. That is a combination of looking at a municipal level at some of your initiatives, and then looking at regional projects that are going to be beneficial to the north. But we are also looking at how we can lever those projects whereby they are going to be beneficial to Victoria and Australia. I have some information here.

An example of a project we have been working on at a regional level is the NBN, as you saw in our submission, which is being rolled out in Moreland and we see that as a quite significant competitive advantage for our business sector. So we have been working very closely with our business sector and the Federal Government to run a number of projects that we could also then operate regionally with. As a region we have put together probably the first regional digital strategy in Australia, and obviously Whittlesea and ourselves have put together municipal strategies as well. All the seven mayors and CEOs have signed on to an accord to get a number of projects happening regionally.

The other project we are working on, again regionally, is a northern region infrastructure gap analysis. We are looking at the bigger types of projects where we think as a region they are holding us back and also holding back the Victorian economy, and also coming out with future directions. The paper on those is in this folder and I am happy to pass that across to you.

The CHAIR — Thank you.

Mr FOLEY — Do you have that available electronically as well?

Mr BROWN — I can give that to you electronically.

Mr FOLEY — That might help us as well.

The CHAIR — That would be great.

Ms COSTER — Sure.

The CHAIR — With your regional accord, has there been a consideration of sharing of services?

Mr BROWN — The short answer is yes. In fairness, a lot of the metro councils in a way share services via the collective MAV and MAPS purchasing schemes. In other words, we go out collectively under the MAV or MAPS and then they get — —

Mr FOLEY — Waste and all sorts of things.

Mr BROWN — Obviously we do the — waste, not. Most councils at a collection level — —

Mr FOLEY — Is it not an alliance of about eight councils? Maybe it is not in the north. Anyway, do not let me interrupt.

Mr BROWN — There are a number of councils that work with the Metropolitan Waste Management Group for disposal. But collection tends to still operate at a municipal level. In, say, the City of Moreland we actually divide the city in half. The southern half is out to the private sector for contracting and we benchmark the price we get out of that to an in-house provision to the north. The idea behind that is to keep competition (a) with the in-house to make sure there is no featherbedding and (b) so that we still also have the ability to keep the contractors honest too, so if they get a bit heavy over time, we know that we can bring it in house again.

The CHAIR — What about sharing of services such as IT, HR, accounting and things like that?

Mr BROWN — We have not done those sorts of things as yet. On an IT level, a number of years ago when Moreland was looking at revamping our IT systems we went out for expressions of interest and looked at a system that New South Wales had been running with. It was a hosted solution called the G5 solution — a group of five councils up in New South Wales — and we were looking to become V1 and have a hosted solution. The problem was that it did not stack up financially. We ended up going with what they call a managed solution. It is still a holistic approach, but we did not team up with another council. I think all those sorts of things are very much more possible through things like the NBN and through what is happening with the internet and I suppose off site with cloud technology and things like that. All those things are now becoming a lot more feasible.

The CHAIR — Can I ask you a question, Kirsten? Something Peter just mentioned was that wherever it was business development-centric you were involved in it. At what point do you become involved? At the planning point, when it is going in for planning approval, those things as well?

Ms COSTER — The beauty of the way we have established the department is that we actually work along the whole continuum of the development chain, if you like. Because we have economic development people, we are actually establishing relationships with the development community and the property management sector.

The CHAIR — So you get there before.

Ms COSTER — We get there before they are investing. We are getting into businesses, particularly in our key redevelopment sites, and getting an understanding of what they are thinking about for the next five years and where they are heading, and then trying to get ahead of the market. If they are moving and identifying sites, we then work collaboratively with the adjoining councils just to keep them in the regions as much as possible. And by the time they are starting to talk about investment we are trying to get again on the front foot with all our detailed structure plans to say, 'This is the sort of investment we are needing. This is what it should look like and where it should go', and trying to help them shape the project before they even put pen to paper.

It has taken a while getting that framework in place, so we are still catching up a little bit in some places, but it has been very much a proactive approach rather than just waiting for the investment to come in.

The CHAIR — Do you manage the process beforehand if you believe there is going to be some sort of issue develop with a planning aspect of the business or the proposal, before it actually lands?

Ms COSTER — Quite often, yes. We have a particularly complex one at the moment. It is a significant hospital site. We knew it was going to be very complex, because it is actually squeezing into a residential area. That was always going to be problematic. We actually worked with them for probably two years to try to find them an alternative site to have a greenfield development in the municipality. When we did not get to that point, then it was helping them shape the proposal that was going to be the best that it could be in the area and helping them frame up what is the best way of consulting with the community to get that through. I am not saying it was perfect; disappointingly it is at VCAT. But as much as possible it was to help significant investment — it is \$30 million — and to try to help that go through as smoothly as possible.

The CHAIR — Do you find that the planning laws impact heavily upon your business development?

Ms COSTER — Heavily in terms of being an impediment?

The CHAIR — Yes.

Ms COSTER — No. We are quite often finding that is an incentive. Particularly if we have identified areas where we want it to go, people know that they can invest safely in those places and they know what it should look like. So it is actually being used as a really positive tool, and we have put in place a commercial priority program where the things that can be a little bit annoying, that you have to get a planning permit for, are fast-tracked as much as possible so they are not caught up in a big queue where we need to involve third-party rights and have some of those delays that can arise from planning where it does slow things down. We have separated them out, so they have caught up.

The CHAIR — Do you have any anecdotal evidence regarding planning approval times?

Ms COSTER — Yes, quite significant reports that we can provide to you. In the last eight months we have gone from a municipality that was probably ranked about 16th in terms of meeting statutory deadlines to being third, behind two other municipalities that actually have much simpler applications that they are approving. They are tree removals and the like, whereas we are doing quite complex multistorey apartments and things like that as well. So we have gone from around 70 to 80 days to an average now of less than 40.

The CHAIR — How has that happened? What have you done?

Ms COSTER — Through implementing effectively a triage process: separating out the commercial priority, fast-tracking mum and dad-type applications, and adding five planners in a whole section that is also resourcing the team.

Mr BROWN — I think it is fair to say, too, that as part of council's economic development activities what we were trying to do was if planning permits came in that had jobs associated with them — significant jobs and also jobs which were actually built into the fabric — we would push those. Our concept very much is that if you are going to make a sustainable community, you have to have the jobs locally. Moreland has about 70 000 people who are employed. We have about 30 000 jobs, and of those only about 10 000 are taken up by local people. What we are trying to do is generate more and better jobs for our local people.

The CHAIR — At what point did you do those statistics?

Ms COSTER — In creating the economic development strategy. We needed to identify what was the extent of the work ahead of us and what the challenge was. We monitor that. The number of people in the workforce is still increasing ahead of job growth, so it is still a challenge.

The CHAIR — Is that part of your KPI?

Ms COSTER — Yes.

The CHAIR — So how you perform against those statistics?

Ms COSTER — Yes. It is part of our economic development strategy annual report, and we have to actually monitor against that.

Mr BROWN — It might be worthwhile if we step through some of the slides.

The CHAIR — Yes, sure.

Ms COSTER — I will not go back. Some of those other things are actually in the submission. I suppose the key thing about the first ones was that the two things really underpinning our approach here are that we have applied 15 smart growth principles to our approach and combined them with a comprehensive place management program, which is a bit different from most other councils, because of that investment, principally.

The CHAIR — Pretty ugly team!

Ms COSTER — That is not our team; that is the northern councils.

Mr BROWN — They are the CEOs and mayors.

The CHAIR — I know. I can see — —

Ms COSTER — You can see the middle man there. That is a Canberra visit. Getting back to the local area, though, obviously that investment in structure plans is very significant: millions of dollars have gone into that work over a number of years. Council has really set up its framework about implementing that and actually seeing things on the ground.

The CHAIR — Do you produce those internally?

Ms COSTER — Those structure plans, yes. Obviously there are elements of them that have to be contracted out for specialist advice, and that informs them that they have all been written internally.

Mr BROWN — Can I just say one thing, too? Often when you are selling this to the community — that figure of over \$1 million for a structure plan — they say, ‘Why does the Council have to pay for that?’ What we have done is in each area we have bought strategic parcels of land through just the market. It is not compulsory acquisition or anything like this, but through the market. What we have basically said to the community is, ‘As we rezone, those parcels of land will actually upvalue as well, so the capital appreciation on council’s assets that we have created in those spaces, land in particular, will offset the costs of the structure plan exercise.’

Mr SHAW — Do you find it a conflict of interest that you have bought a couple of Coles stores in strategic locations and you have changed the zoning?

Mr BROWN — No. It depends on who is benefitting.

Mr SHAW — Council owns it and council is making the rules and rezoning, so council benefits.

Mr BROWN — It goes through a public process, and the rezoning ultimately is done by the State Government, not by ourselves. Can I say, too, that in Coburg in particular when we first started to talk to Coles about wanting to invest and upgrade their stores and do other bits and pieces, they initially were quite reticent. When we actually bought the first store, the owner had a 99-year lease over a council car park, so in buying the store we actually got the 99-year lease back, which then freed up over 4000 square metres of space. By buying the second store, it allowed us to then basically negotiate with Coles without having to worry about the leases. So we are now in a situation where we are looking to redevelop the Coles store and do a significant investment in Coburg and we have actually taken a lot of the complications out of it.

Ms COSTER — The approach is very much about identifying the areas where we want the investment to happen and setting up the frameworks to drive that. Underpinning all of that, though, are really detailed plans about making these places more attractive just for investment to happen. This is quite often where the expensive structure plans come into it. Very detailed traffic management plans and the like have to happen, and you are looking at a quarter of a million dollars to get one of those done for just one precinct. This is why these things cost so much, but if we want to attract investment we have to make the place look attractive to people to come as well.

The CHAIR — From all aspects.

Ms COSTER — We have a \$30 million annual capital works program which some of these come under.

The other thing about it, though, once you have identified those places, is managing those places. We have two major activities centres and a principal one — Glenroy and Brunswick are major centres, and Coburg is the principal one — and we have place managers in all three of those. As you know, government services are very siloed. The purpose of a place manager is to make sure that we are getting the most value out of a crosscut through all the services for those places. I will not take you through the detail of that; we will not have time.

Really the fundamental behind all this is the important role that we play in providing that governance and leadership to make that happen. It is working across council and it is very much a triple or quadruple bottom-line approach to achieving social, economic and environmental outcomes.

The CHAIR — How long has this been going?

Ms COSTER — It is now two years since we have had all the place managers in place. I suppose this is just emphasising the challenge. This slide is the Coburg place framework and the economic outcomes that we are looking for. The graph on the left shows what it is currently doing for our economy. It is supposed to be the principal place of employment under our activities centre, so we needed to basically put it on steroids, so we set a framework, which is the graph on the right. What that is now targeting really is at least a third of output for the city, 50 per cent of value-add and nearly 50 per cent of the jobs, under some big targets that we have established, particularly in terms of jobs. We have set up a framework to enable 5000 new jobs to come to fruition, 3000 more dwellings — —

The CHAIR — You are confident of achieving that?

Ms COSTER — Yes, over the 20 years. We are working at the moment on the major catalyst project to make that happen. We have called for public expressions of interest for a private hospital which we are now in the process of working through. We have had a good nibble on that, and we are hoping to see a good result with that. That will fundamentally restructure the economy for that centre, as you can imagine.

Mr BROWN — It is a project, too, that actually cuts across council land as well as private developer land and basically everybody is on song with it. That project alone would add about 550 jobs to the local area and about \$50 million to the economic activity.

Ms COSTER — That is just one of many projects. The framework itself actually envisages at least \$1 billion of private investment, and supporting that are \$120 million in social infrastructure and \$370 million in hard infrastructure. So there are a lot of key investments that we have to do. It is a 20-year fund, so this program is about how we roll that out — and this is just one precinct. There is a lot of work in all these precincts to make this come to fruition.

The picture at the top of the next slide is today and the one at the bottom is what it will be like in 2030. That is just a block form. It is not how the buildings will look, but that is the sort of growth that you can imagine will happen in Coburg.

Mr BROWN — To give an idea, too, of the consultation that went in behind this, we have been running what we call the Queen Victoria Coburg Night Market in the summer period. At the moment it is running in Coburg every Friday night. That was to give people the feeling of the ambience of what it is we are trying to create. When we were actually going through the consultation for the place framework and that, we had it on display and all of us were there talking to the community. Over 15 000 people came past, and of that I think we ended up ultimately with about two or three who actually were not that happy with it — they had particular issues — but all of them basically said, ‘When can it happen?’

Unlike with a lot of other activities centres, we know that the only way we can get Coburg to work is with private sector involvement. We are not looking to the State Government. There are a few things on the edge that we would obviously have to negotiate through even with the Federal Government — with VicRoads, VicTrack and other bits and pieces like that — but our particular place framework is based on the private sector. We are not looking to have government departments relocate to Coburg and so forth. What we are looking at is the private sector to relocate to Coburg.

Ms COSTER — The challenge for Brunswick, which is in the background of that slide near the parkland, is that 43 per cent of our population lives on the side of our municipality that is south of Bell Street, which is the road running in front of us in that picture. This is where the biggest growth is happening, and we are now working on the same sort of detail that we have done for Coburg down in Brunswick to try to get that plan in place. Unlike Coburg, which had some investment, Brunswick has had all of it. It is about managing that growth.

The two key impediments — not impediments, but the things that really slow things down primarily for us in this space are that while we have taken an active role in purchasing land and wanting to make these things happen, the processes through the entrepreneurial activity are very slow. If there were ways that we could speed that up, it would be particularly helpful. Our original approach in putting all our land out and seeking a developer to do it all was to try to overcome the problem of having to do this every single time we have a site. We found that it did not work, so we need to do it for every single site. Anything that can be done in the system to improve the speed with which we can do that would be particularly helpful.

The other element of it is that the Local Government Act constrains us to a 50-year lease for things and quite often people are looking for a 99-year lease. So those two things together would make attracting investment and leveraging government land or council land a lot easier for us.

Mr BROWN — But just to elaborate on that, the Council already had a significant area of land in Coburg that we could build on. A lot of that was under leases and so forth, which we have been able to free up. If the previous City of Coburg had not done that, basically we would have had no skin in the game and we would then have had to rely purely on town planning exercises. That is okay if land banking is occurring.

One of your questions was, I think, ‘When you bought the Coles store, how did council feel about that?’ The issue with the first Coles store is that we had already done an analysis of how much you would pay for it as an investor and how much you would pay for it as a developer. It is on the public record that we paid \$9.3 million for it. We knew that an investor would be paying anywhere between \$8.7 million and around about \$9 million. We knew that a developer who wanted to do something with it would probably be paying more than that so we had a threshold. We said, ‘We are not going higher than \$10 million, because we know that at \$10 million we are going to be dealing with a developer, not an investor.’ As I said, we got it for \$9.3 million.

We do that modelling all the time. But if there is somebody in the market who wants to do something with it, we are happy to work with them, because we have the structure plan. One of the things that we got DPCD to agree to with our activity centre zone for Coburg is that it does not necessarily have mandatory height controls, because at the time we were developing it there was a real reluctance to allow us to have mandatory controls. But what has been agreed to is that with a six- to eight-storey limit there are no third-party rights of objection or submission. If you want to go higher than that, you have to go back out again. That in a way is a bit of a fair cop, because the idea is that it is true to what we have gone through with the community. The community is aware of heights.

Mr FOLEY — So if I want to develop but I want to go above eight storeys, then I engage third-party rights?

Mr BROWN — Correct.

Ms COSTER — That is in Brunswick. In Coburg it is 10.

Mr BROWN — The idea is that if you want to fast-track your planning permit and so forth, and if you stay within the envelope, there are design guidelines and we can move the planning permits.

Mr FOLEY — Has that withstood challenge?

Mr BROWN — It is going through the process at the moment.

Ms COSTER — It is on exhibition.

Mr BROWN — Yes. But in terms of where the Council is at — and Moreland City Council as a council is only too pleased to put its view forward pretty strongly — it sees it as a fair way of moving forward with the community as well. There has always been community concern. We used to have it that the limit was eight storeys, but if you had an exemplar building or you had sustainability elements in it, we would look to go higher. We have allowed that in a few cases and the community has been really upset about it. They have said it is not what was agreed to. So we have said, ‘Okay. On this one, here is the line’; if the developer wants to go higher, ‘Go out to the community and fight your case.’

Mr FOLEY — I know we keep interrupting you and there are only 5 minutes before the others come, but can we ask you to wind up and take a few questions?

Ms COSTER — Sure, not a worry. I suppose the only other quick one I wanted to highlight was the Brunswick Business Incubator because this has been very much a federal, state and local government partnership. It has now reached its 10th birthday this year; it is one of the few that has got to that point. We are currently assessing its economic contribution. Annually it is providing \$20 million, which is enormous, through the 45 to 60 businesses that are in there at any one time, and it has created nearly 733 jobs in its lifetime. The key thing about it for the State and ourselves is that it has been our major way of rolling out lots of programs to businesses. We have literally hundreds of businesses through there every year accessing all of the state programs and federal programs, because a lot of those are AusIndustry ones, through the business incubator.

We see it as a real flagship, and now that the NBN is coming to it, it is another opportunity to take it to another level as well.

Finally, I have mentioned the commercial priority, but I think the thing we can all get a bit lost in is that this is all about people and all of these are very much about our relationship with people. We have 10 000 businesses that we need to be in touch with every year. We see that as a key role and we provide as many opportunities for them to come together and network and informally train but also so we are constantly hearing what their issues are and what it is that we need to be doing for them.

The CHAIR — Can you explain the ‘commercial priority’ again?

Ms COSTER — This is through the planning permits for anything that is going to provide new jobs or is a new business in Moreland.

The CHAIR — How does that look when you do that? How is the priority given?

Ms COSTER — As soon as we see the application, it is allocated to the fast-track process. There is no extra fee. The commitment is to definitely issue that within 60 days. That is as fast as it can happen, because there is advertising involved. Then we have the fast-track applications, which are the very minor ones, and they are done within 14 days. The two of them operate together. I have a brochure on that in here for you so you can see the detail of it.

The CHAIR — You have come well prepared.

Mr FOLEY — Our time is very constrained. I have three questions, but I will perhaps park the third one for a written response via our executive team. Peter spoke at the start about the regional approach, and that is a theme that is coming through consistently in submissions. You spoke about the regional infrastructure gap analysis and the future directions stuff for the regions, and we have a submission today from a northern regional development association — what is it called?

Mr BROWN — NORTH Link, and they are part of our grouping too.

Mr FOLEY — But in terms of that, who is driving it? How important is it to coordinate state, local and federal priorities? Is it feeding through into Infrastructure Australia processes? Do the other participating councils participate in the same kind of feed-up process that Moreland does?

The CHAIR — That was one.

Mr FOLEY — That was one. The second one was that you have described a fairly activist role for local governments compared to a lot of other models and submissions that we have seen — active in the marketplace, buying properties, but active also in going out and liaising with the private sector. How has that decision been arrived at within the Council and has there been a buy-in from the State Government?

The third thing we might park is just what you, Kirsten, said about the issue of the speed and length of lease issues. We might ask if council has any views on what a solution might look like, but perhaps we might get those forwarded to our executive team.

Ms COSTER — Okay.

Mr BROWN — Okay. Just quickly on the regional one, the region operates obviously at a local government level but it also works very closely with the northern Melbourne RDA and NORTH Link — Mick Butera. We basically work together. There is a lot of unanimity amongst the councils. What we find is that a couple of the councils, Nillumbik and Banyule, also have a relationship with the eastern suburbs and they have a ‘schizophrenic’ relationship. I think they are starting to understand they are part of the north, not the east. Yarra has a relationship with the inner councils and basically the core is Hume, Moreland, Darebin and Whittlesea. Clearly we work closely together.

We work through the northern and western regional management forum, which is state and local government CEOs with state departmental heads. It is fair to say that often in the north we feel we get lost in the wash and so we felt we had to start working more closely together. We also feel that some of the solutions we come up with

at the moment are being ignored by the State, such as grade separations in particular. There are models for doing that that are not going to be as expensive as what is always being placed on the table. Through our northern region gap analysis we are looking to do some work with a French Canadian company to come up with a business model that will effectively cut the cost of construction by a third and talks about freeing up the land for development.

Take Coburg, for instance. For Coburg to get all this to happen and to get the western and eastern part of Coburg linked, you need to drop the railway line, and logic says that if you are going to have a 21st century solution, you have to get that railway line out of the way — not just in Moreland but other metro areas as well. You have to come up with a programmatic approach so it is not just Coburg or Glenroy; it has to be right across the metropolitan area. The company is saying, basically, that if they do it in tranches of four or five, you start to get economies of scale and it becomes an Infrastructure Australia project. In other words, rather than hitting them individually, do them programmatically and look at the land value you release.

By way of an example, take, say, Coburg, where a grade separation costs about \$120 million. If you can cut the construction cost by one-third, it drops that down to \$80 million. You free up \$40 million worth of land, which offsets the cost. You now have a \$40 million grade separation that is state-funded. Instead of having to spend \$120 million, you are now only spending \$40 million and you can get three of them done. Those are the sorts of things that we are looking at.

You made a comment that Moreland has a rather activist approach. The answer to that is yes. We very much feel we have to make our own luck. In working with our schools, we found that our state secondary system was underperforming so council actively made investments in those schools through community facility funded projects — synthetic soccer and hockey pitches, performing arts centres, and so forth. Why do we do that? Because the children in those schools are our children and we want to get the best for them, so if there is a gap, in a way we need to start to close it.

You can get caught up in the argument of cost-shifting and all the other bits and pieces, but ultimately I do not think the community is really interested in that. What it wants to see is results and so local government, all things being equal and being closest to its local people, can make a difference. I use the example that people complain about our not expanding the tramway system. The tramway system was actually put in by local government. There was a Melbourne, Brunswick and Coburg Tramways Trust which put in our tracks. It was the local government that put in the power. So to an extent the model we are running in Moreland is the old local government model, which is to get on with it. The State has its issues, the Federal Government has its issues, but we are there on the ground and we can hopefully make it happen.

Mr FOLEY — That will do me.

Mr CARROLL — Thanks for your presentation. With the NBN rollout in Moreland, have there been any examples or case studies of how that has affected local businesses or SMEs? I know that the rollout is in its early days. Has something come up that you have seen of how a local business has tapped into the NBN and is doing something they could not do before on the old internet servers that they are doing now?

Ms COSTER — Oh, definitely.

Mr CARROLL — Can you give us a couple of examples?

Ms COSTER — There is an art gallery business at the moment in Brunswick. I am trying to remember what his background was; I think it was in music. But he now has a digital art gallery. Basically the amount of artwork he can load up to that, he could never have done in the old system — of the quality that he does. I suppose he is a really basic example.

Mr CARROLL — Are they pieces from around the world?

Ms COSTER — Yes. Another one has been the gaming association. Gamers, on computer games, are now all looking for businesses in the area that they can take up because they can operate internationally with them as well.

Mr BROWN — At a regional level there is a chap who used to operate out of Kew. He has relocated to South Morang to get into their NBN. He is running a business services-type business, a web-enabled business that provides business services to small business, accounting and so forth. Kirsten mentioned gaming. We have had a business relocate from Richmond to Brunswick to get the competitive advantage. All things being equal, the NBN system is just a big pipe. All we are saying to our businesses is that you have an opportunity. That opportunity will be over in about three or four years time; get in now. A lot of what we are doing with the region is trying to equip our businesses to understand the advantage.

One of the things we are finding — putting the NBN to one side — is that there is still a little bit of a digital divide amongst businesses who struggle to get it. They do not see where the benefit is. It is about bringing them up to speed with where things are heading.

The CHAIR — In one big jump.

Mr FOLEY — Thank you.

The CHAIR — I thank you very much for being here and for your presentation, both written and oral. You will receive a transcript of today's proceedings in the next couple of weeks. Feel free to make any alterations that you believe are typographical or grammatical errors, but nothing should be changed in the substance of the document.

Ms COSTER — Thank you.

The CHAIR — Thank you very much for your time.

Witnesses withdrew.