

TRANSCRIPT

ECONOMIC DEVELOPMENT AND INFRASTRUCTURE COMMITTEE

Inquiry into local economic development initiatives in Victoria

Ballarat — 24 January 2013

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Ms K. Macaulay, Regional Manager, Ballarat, Australian Industry Group (sworn).

The CHAIR — Welcome to the public hearing of the joint party Economic Development and Infrastructure Committee's Inquiry into local economic development initiatives in Victoria. The evidence that you give today will be protected by parliamentary privilege, but comments you make outside this meeting will not be. I should inform you that the evidence you give today will become public evidence. Could you now just state your name and position and whether you are appearing on your own behalf or on behalf of an organisation.

Ms MACAULEY — My name is Kay Macauley, and I am Regional Manager of the Australian Industry Group for the Ballarat and Wimmera regions.

The CHAIR — Thank you. I invite you to make a verbal submission.

Ms MACAULEY — The Australian Industry Group is pleased to provide this submission today, and you have a copy of my presentation. Our organisation is the peak industry association in Australia, which, along with its affiliate, represents the interests of more than 60 000 businesses in an expanding range of industries, predominantly in the manufacturing, construction and IT areas. The businesses that we represent employ more than 1 million people. Our organisation provides practical information, advice and assistance to help members run their businesses more effectively. We have a very strong regional presence. In Victoria we have offices in Ballarat, Bendigo and Albury–Wodonga. The Ballarat office, which I represent, services members from Bacchus Marsh through to the South Australian border and we cover both the Ballarat and Wimmera regions in this state.

For the hearing I canvassed some of our members and also used some Ai Group information, so I will just run through what we see as being important. The Ai Group has a very close partnership with Ballarat City Council and we ensure that our members are across initiatives that benefit their organisations. We were involved in the development of the council's economic strategy for 2010–14, which provides the framework for delivery of economic development programs. In its strategy the city identified the manufacturing sector as a critical driver of economic growth and diversity. This sector is the third largest employer behind retail and health and community services, and employs around 4500 people. The local economy has a budget of \$10 billion and the manufacturing sector provides \$3.8 billion in total outputs, making it a significant contributor to the overall economic wellbeing of the city. That is why we see that the city is keen to work with our manufacturing sector so that it is competitive and sustainable into the future.

The sector is made up of international and multinational organisations such as Mars, McCain Foods and the FMP Group and is also home to a number of long-standing family-owned businesses, including Selkirk and Haymes Paint, to name a few. As larger organisations outsource services, many small businesses have been generated so the flow-on effect is vital to the overall economic development within the city. Shock, horror, if we were to lose one of our major manufacturers because it would have a dramatic flow-on effect to these smaller businesses.

The Ai Group and its members have also been involved in a number of specific economic development activities, including the Ballarat West employment zone, or the BWEZ, as it is more commonly known. When developed this zone will become the transport and industrial hub for Ballarat and provide easy access for goods in and out of the city. Ballarat City Council has been very up-front in providing information and advice to our members so that they are kept informed of what is going to happen at the BWEZ.

The Ballarat Industry Workforce Development Strategy was developed as a result of nearly 1600 jobs in the manufacturing sector being lost during the global financial crisis. A number of businesses also closed during this time. A major piece of work was undertaken to look at the state of the manufacturing sector as a result of job losses, and Ballarat City Council partnered with the State Government and developed a number of programs to assist the main event manufacturing sector. One of them was the development of a high-performance network, which was delivered by the Australian Industry Group, and currently the Strategic Management for Profitable Growth program, which is delivered through the University of Ballarat. This program is designed to support small and medium businesses with high growth potential to plan for, achieve and manage growth, and to also increase their innovative capacity and performance.

Ballarat is a major regional city and is ideally placed for investment opportunities. It is serviced by the Western Highway into Melbourne, which provides access to Melbourne Airport and the Port of Melbourne, and with the

development of the BWEZ, excellent transport linkages will be created with funding supplied by VicRoads to build the Ballarat West link road. This will provide easy access for goods in and out of Ballarat.

There are many challenges faced by local industry. It is imperative that local, state and federal governments work together to ensure that the manufacturing sector remains viable in the future, and that through investment opportunity it remains competitive.

Our members report that transport and communication costs are barriers to doing business from a regional centre. Costs are much higher than doing business in metropolitan Melbourne. The loss of the container hub for Ballarat is another blow to rail efficiency and will force more trucks onto the roads. We believe that serious work needs to be undertaken to provide an effective rail network for freight.

Despite all the efforts on regulatory reform by government in recent years feedback from members indicates that the compliance burden associated with business regulation remains high. Challenging business conditions also include the strong Australian dollar, cheaper import substitutes and slowing domestic demand. Members have indicated that the regulatory burden and duplication of reporting in energy emissions and workforce between all levels of government is getting worse and distracts management from value-adding activities that could improve economic development.

Investment must be ongoing to ensure that businesses have access to a good and reliable water source and security around gas and electricity. However, higher prices in these areas are also a major concern to businesses.

As businesses look at transitioning into developing new techniques and being creative and innovative in changing the way they develop products and services, research and development investment is high on the agenda. Many businesses report that in the future they will require fewer people as they develop new technologies. This will make them more competitive and sustainable in the future.

Manufacturing businesses value the importance of research and development as part of their business growth strategy to become high-performing enterprises that are internationally competitive. They are frustrated with trying to keep track of government support and program initiatives. Even with the support of an industry association such as the Ai Group, businesses find that it is time consuming and frustrating to work through the multitude of programs to establish whether their business can access assistance. It is imperative that businesses have access to training facilities to ensure that skills are being developed for the future.

In summary, the challenges for regional Victoria are fairly significant, but through cooperation between local and state governments these can be addressed. We believe both parties should ensure that infrastructure and investment costs are developed to ensure the long-term viability of regional Victoria. Ballarat is a fast-growing city and a combination of council, government, business and community initiatives has made it one of Victoria's most vibrant thriving regional cities. It is expected that in the next 15 years another 30 000 people will call Ballarat home. Therefore it is imperative that governments develop strategies to cope with this influx of people and that investment in infrastructure is made to ensure that people can work, live and invest in our future. We will need to ensure that roads, schools and hospitals can all cope with increased population, as well as providing jobs and security for local businesses. Modes of transport need to be accessible, reliable and affordable.

We also believe assistance and training packages should be developed to assist members to gain a full understanding of the benefits of the National Broadband Network. Our members, particularly in the regions, are still unclear about the benefits of the NBN and need to be made aware of all the potential benefits that the NBN will bring to their operations.

The Ai Group is currently working with its members locally to ensure they are prepared for future growth. Some of the initiatives include an investigation into technology investment, productivity and innovation in Australian businesses; assistance in applying for government grants, particularly in areas of environmental management; assisting members to identify and address their current and future workforce development needs; working with members in schools to identify potential school leavers looking for apprenticeship opportunities in the manufacturing sector; and examining how eLearning can be used to expand and improve training efficiency in the manufacturing sector.

The CHAIR — Thank you, Kay, I greatly appreciate your presentation. I am just wondering about some of the examples you have given of your initiatives. You said that you are working to identify and address current and future workforce development needs with your members. How do you actually go about doing that?

Ms MACAULAY — That is actually a federally-funded program.

The CHAIR — You have funding to do that, do you?

Ms MACAULAY — Yes, we have some money to do that. We have four advisers working out of the Ai Group, and they will spend time with our members to help them develop a workforce plan, looking at their future workforce development needs. Once they have the plan in place, they then have the opportunity to get further funding to undertake some training.

Mrs PEULICH — Thank you very much for your presentation. Further to that, what is the structure of the Ai Group at the regional level? You mentioned four advisers. What is the sum total of staff that you have on the ground, and what sorts of activities are you involved in? How are they undertaken?

Ms MACAULAY — The Ai Group, as you know, is a national organisation. We have offices in most states, and we have a number of regional offices. In Ballarat we have a regional office with two people: me, the manager; and an apprentice adviser, who is working with us on a state government-funded project. His role is to work with schools and industry to match students into apprenticeships. We are a very busy office of two, and we do most of the facilitation of ensuring that our members get access to the people from our Melbourne office who they need to come out and assist them.

Mr CARROLL — Thanks for your presentation. In your presentation you highlighted that a lot of your members sometimes criticise the State Government in terms of looking for assistance. They probably need a single gateway — perhaps making business.vic.gov.au more user-friendly and more simple and things like that. With Regional Development Victoria, which was once located in the Department of Innovation, Industry and Regional Development and is now located in the Department of Planning and Community Development, have you found that change okay or would you prefer that the agency dealing with regional development in Victoria be located within the industry and innovation department as opposed to planning and community development?

Ms MACAULAY — To be quite honest, under Regional Development Victoria it was a much better, streamlined area. We all knew who to go to to ask for assistance. Under the new regime — if I cannot understand it, how can my members understand it? Our members report that it is very frustrating trying to find out if there is assistance and then finding that they have to go through many high jumps to get there. At the end of the day quite often they will just say, ‘Look, it’s too hard.’ They are walking away from it. Also, 5 to 10 years ago there were probably a lot more incentives and programs available that were easily more accessible, and they are just not there anymore. It is very difficult for them to apply for government funding. I think on the Ai Group website we list all of the programs — state and federal — and there are something like 123 programs that businesses can apply for, but how do they know where to start?

Mr CARROLL — It is complex.

The CHAIR — Thank you very much for your evidence. We are very grateful that you are here today, and we are certainly very grateful that you have provided this information for us to consider for the recommendations that we will make.

Ms MACAULAY — Thank you very much for the opportunity and to Ballarat City Council for inviting us.

The CHAIR — I also take this opportunity to welcome Senator John Madigan, who is in the gallery. We are very pleased that he is here, and he has been sitting here for the whole time and attentively listening. We also welcome all the others in the gallery; thank you very much for being here.

Witness withdrew.