

TRANSCRIPT

ECONOMIC DEVELOPMENT AND INFRASTRUCTURE COMMITTEE

Inquiry into local economic development initiatives in Victoria

Ballarat — 24 January 2013

Members

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Witnesses

Mr J. Pulford, Director, Destinations and Economy (affirmed), and
Mr S. Cameron, Manager, Economic Development (affirmed), Ballarat City Council.

The CHAIR — Welcome to the public hearings of the joint party Economic Development and Infrastructure Committee’s Inquiry into local economic development initiatives in Victoria. The evidence given at this hearing is protected by parliamentary privilege, but comments made outside it will not be afforded the same privilege. Would you mind stating your name and whether you are appearing on behalf of an organisation or on your own behalf?

Mr PULFORD — My name is Jeffrey Pulford. I am Director of Destinations and Economy for the Ballarat City Council.

Mr CAMERON — My name is Sean Patrick Cameron. I am the Manager of Economic Development for the Ballarat City Council.

The CHAIR — You will be sent copies of the transcript of the evidence given today. When you receive those feel free to make corrections to errors in punctuation or grammar, but do not make changes to the substance of the document. I now invite you to make your presentation.

Mr PULFORD — Thank you, Mr Chair. Firstly, welcome to Ballarat. We are always very pleased to have the opportunity to engage with state government in relation to where we see Ballarat can go, where it has been and the opportunities we see. I am very pleased to have had the privilege of giving you a short tour of the city this morning. You may well have heard of many of the things that I discussed with you this morning, but obviously this is a more formal setting.

Overheads shown.

Mr PULFORD — To go back to the start of where the Ballarat City Council sees economic development and its role in economic development, you firstly need to go to population data. For us in the city, we had some great work done about four years ago with RDV and DPCD with regard to Victorian future population modelling. In the handout I have provided you with, on the first page is the key VIF data that talks about where Ballarat’s population is going. It talks about the context of Melbourne being at 5 million by 2026, and Ballarat and regional Victoria being at 1.7 million in that same time period.

In terms of what it means for Ballarat, effectively in 2006 we were at 88 400. ABS data has just come out, and we are currently sitting at just over 95 000. That is quite a strong growth rate; it is about 1.45 per cent. If you allow for the ERP data, which is a bit of voodoo that the ABS does, we are sitting at about 97 500 people. What that means for us is that not only have we grown fairly strongly over the last five years, but what we see happening in Ballarat, if you look at those scenarios of the baseline, moderate and strong growth, we are travelling in the middle between those 1.4 per cent and 1.7 per cent scenarios. The ERP data says we are travelling at 1.95 per cent growth. The ABS baseline says we are travelling at 1.45 per cent. We are probably sitting at about 1.6 per cent, which says we are going to be pretty close to about 120 000 by the year 2026. So in 15 years, Ballarat’s population is going to increase by a third, and for us as a city that has a profound impact on how we look at economic development and what we think needs to be done with the city.

Slide two, which is now in front of you, is probably the key insight into council’s economic development strategy and why we have made certain choices about where economic development needs to go. What the data shows is really a couple of key things. Firstly, everything above the line means that we produce more than we consume within the local economy, so it is a net export driver. Anything above the line is good. Everything to the right of the vertical axis is positive jobs growth. What you then have is that top right quadrant which actually identifies a number of sectors that firstly are net exporters but also positive job growth areas.

You will note, of course, that to the left of the vertical axis, is ‘manufacturing’; that reflects a minor reduction in jobs in manufacturing. Council’s view is that that is part of what is happening with the transition in manufacturing. I will come to the value of manufacturing shortly, and I will come back to this as we move on. In the bottom right-hand quadrant you will also note that we currently import a lot of those services. There is good jobs growth in the sector, so that means that the sector is starting to provide more jobs in that area, but we are still importing. I particularly highlight transport and storage, and wholesale trade and construction services, which I will come to later in the presentation.

The next slide is quite a graphic image, which indicates that whether we like it or not the Ballarat economy is a \$10 billion economy annually, and \$3.8 billion of that income is derived from manufacturing. In parallel with

that, manufacturing employment is 15 per cent of our workforce. If you think about it, 15 per cent of our jobs create 40 per cent of our wealth in the city, so whether you like or not, manufacturing is a fundamental part of the Ballarat economy. From a jobs point of view, though, it is a different story. The fact that we have 85 per cent of jobs outside of manufacturing indicates that the city is not wholly captive to whether manufacturing is travelling well or not. In terms of the value of manufacturing, it is critical; in terms of jobs, manufacturing is less critical. So it is a difficult position.

The next slide is really the centrepiece of the Ballarat City Council economic strategy. It identifies a couple of threshold issues that we talked about during our presentations today. Firstly, that position is that Ballarat is the capital of western Victoria. That is not from a point of view of saying that we want to secede from Victoria. It is about stating that we want to act as the service delivery hub for western Victoria. The retail, the commercial, health and education catchments for Ballarat are between 280 000 and 400 000, depending on the modelling. The way that we equate it is if it is viable in Launceston or Hobart, it is viable in Ballarat. It is a fundamental part of how we think about the city.

The second statement is ‘a bigger and more diverse community’. This is clearly embracing the population growth that I started the presentation with. From our point of view, population growth, if carefully managed, can be a big positive driver of our economy.

The third is really talking about the enabling role. Mal Valence, who is the CEO of the University of Ballarat Technology Park, will be presenting to you later in the afternoon about the role that the tech park and ICT have provided as economic enablers for the city.

Then, rather than actually thinking about what is the role of local government, we have thought about the seven key sectors of our economy. While the council has almost no role in education, retail, health and business services, what we have done for the first time as a city is to have an industry development policy for each of the sectors. It is a big change in how local government looks at economic development. Effectively what that means is that in those economic sectors we actually join with the sector in talking about what their aspirations are, where they see their sector going and what the opportunities are. The objective of that is that in fact whether it is us or the Committee for Ballarat or the Ballarat base hospital, everyone has the same story about what we are trying to achieve; it is a very important focus.

Sitting beneath that are three enabling areas, which are around human capital and work force, business development and innovation, and investment attraction and facilitation. I will come to those shortly.

In terms of manufacturing, we probably had a crisis around the time of the GFC. It was not unique to Ballarat; it was a significant challenge. We joined with the State Government, and in fact Judy Verlin — who will be presenting later — chaired a process and sat down with the manufacturing community to talk about what they wanted. It was a new approach to manufacturing, because previously you had consultants talking about what they thought was best for the sector. What we did this time was to sit down with the sector and say, ‘What do you think is best?’ From that we were able to identify a whole lot of issues about what they wanted to achieve and also where they wanted to go. What we did then was, in partnership with the State Government, deliver a whole range of services that were tailored around what the businesses needed. Fundamentally though, there were issues around industry transition, and there were issues around the skills of the manufacturing management. It was not a crisis of skills at a work force level; it was a crisis of leadership in terms of the entrepreneurial aspect and also the innovation aspect of the managers who ran those businesses. This program was called the BIWDS.

For us, the BIWDS has been a really important initiative, and I am happy to take further questions on that as we go along. One of the things we talked about with the sector was their hope for the future, and part of it was about transitioning their businesses not just from a business point of view but also from a facility point of view. A key part of that of course was understanding where they could potentially build new facilities that would enable them to transition, transform and deliver new manufacturing services that were able to allow them to continue to operate. There are a number of interventions that I will come to later.

The next slide talks about the value-add analysis. It is a pretty detailed piece of work, which I will not go into, but I am happy to take questions on it next, given the time.

One of the other key areas that as a city we have a position around, and it is a position that goes back to, I think, 1997, is a partnership with the University of Ballarat to develop the tech park. The tech park is an absolute success story for the city. We now have major international players there like IBM, the state emergency call centre — 000 — and the State Revenue Office. Really it is a new type of capability in Ballarat.

Probably the thing I will talk most about there is the strong reason why tech services want to come to Ballarat, and it relates to work force churn. The churn rate in call centres and tech businesses in metropolitan Melbourne is about 35 per cent annually. In Ballarat — and I think Mal will speak about this — it is 15 to 17 per cent. What that means is that not only are these businesses able to access skilled people, but once they have trained them they do not leave. It is a really fundamental part of the business case that the tech park uses to convince people to invest. Of course we believe that the tech park is a national-level facility; it leads not only Victoria but Australia in terms of showcasing how technology can facilitate the economy.

The next slide deals with the Ballarat CBD. I did take you on an extensive tour to show you the need for the city to have a clear view about place making. The premise of the CBD strategy was developed in very detailed conversations. A former councillor often quoted 1000 conversations that led to the policy. I am not quite sure it was 1000, but there were certainly lots. What we had was a community-led project about the vision for the city. It very much dovetailed with our threshold statement about being a capital of the west, and it focused on things like a capital city experience, so things like the laneway cafes that we have talked about, the arts and culture of the streetscapes, but also the need for white-collar jobs in the CBD were identified. These are things we have targeted.

Health services sector is not a core role for council, other than we believe that as a regional service centre for western Victoria, the Ballarat base hospital and St John of God are critical not just to the Ballarat community but also to the western Victorian community. We have joined very carefully with the health sector in developing a strategy. Once again it was basically referenced from that leaderships group rather than from consultants. Really, it is a statement of the capability of the sector but also the opportunities for expansion. Through it you have key projects like the integrated cancer centre, and its construction is almost complete; the new ambulatory patient facility that is about to commence construction; and the new helipad. What we have is an approach that says, 'Local government has no role in acute health, but we have a role in regional leadership' and facilitating that advocacy.

With regard to education, we did a capability and gap review. I have spoken to you at great length previous to this presentation in relation to the quality of our schools and what it does for our economy not just from an economic point of view but also from a lifestyle and a liveability point of view. The strategy is quite clear in that it identifies opportunities for schools to evolve, it deals with work force issues, it helps them to understand opportunities for investment, and it will certainly act as a very important part of the research and development precinct that we are going to talk about shortly.

Tourism is the smallest economic sector for Ballarat but it is very important for a regional centre — for us. Council has established a new tourism authority that is entirely separate from council. We have a skills-based board. All I will say about that is that typically as a city we used to run tourism and we would get a fair degree of criticism from the community about whether or not the tourism strategy was effective. What we said in turn was, 'Maybe we need to get the sector to have a bit of skin in the game', and so we appointed a sector-run board that runs the tourism authority. They set the advertising, they set the marketing and they are responsible for raising additional revenue and lobbying. It has been a very good model for us. It has done two things: it removes the question about whether council has the capability to deliver a service, and it makes the sector responsible for what is done. It has been a really effective model for us.

I have covered the human capital and work force sector with regard to the industry work force development strategy. We also run programs around global skills, which is about new migrants and their skills.

The other initiative I will talk a little bit about is the New Residents program. Currently we have 1600 people move into the city every year. Every quarter the council runs a welcome to the town session, which is run by the mayor. It is a presentation but it is actually the commencement of a community engagement process. We give out a booklet that has about 80 discount vouchers for Ballarat businesses. It is really about people understanding what is available in the town and starting to become enmeshed. From there, we then run a whole lot of further

programs with those people who want to continue to participate around forming family groups and playgroups and those sorts of things so people feel welcome as they arrive in the town.

With regard to business development and innovation, the city was extremely exposed probably four or five years ago, which is a position that is not unusual for regional government. It related to the extent of expenditure that was going out of town. We developed a program called the Ballarat Industry Participation Policy, which was almost wholly based on the State Government's Victorian industry participation program. It provides a new test for local content on large procurements. It means that at the front end of a tender, bidders need to prepare a local content statement that talks about skills transition, job growth and technology transfer. If they finish closely, we are then able to open those statements. If they finish within 5 per cent of each other, we open the envelope and we can make a decision on the tender award based wholly on that statement.

What that has done is twofold. It has only caused three changes to a tender decision in three years, but what it has done is to scare the hell out of the sector. With businesses at the front end rather than at the back end we have a conversation saying, 'Guys, you have got to get more local content in.' At the front end they are already out there talking to Ballarat businesses about whether they want to be part of the consortium. A fundamental part of that has been ICN — the Industry Capability Network. It now runs what is called the regional gateway program. It is a website that lists the capability of businesses. As part of introducing BIPP, we paid to have all of Ballarat's main businesses put on that website. As a result of their capability being on the website two things are done: firstly, if any tender is issued, it goes to them because they have flagged that they do construction or they do this or they do that, and secondly, it allows external parties who are preparing a tender to navigate the Ballarat businesses and understand, 'There are three companies that do window furnishings, and so I'll talk to them.' It has had, I think, quite a profound impact on the Ballarat economy, and certainly it has now been adopted I think in four or five other local government areas across Victoria. We are obviously very proud of it, and we are having quite detailed discussions with the Victorian Government right now with regard to small business and the opportunities there as a model.

With regard to planning for growth, we have done an extensive tour through Ballarat West. This is where there is going to be effectively 28 000 new homes over the next 40 years.

Mrs PEULICH — Over how many years?

Mr PULFORD — Forty years. What is meant to be green on your overhead, but which is a grey colour, is the residential zone to the south. There are four precincts. The top one in the middle of the screen — —

The CHAIR — We have hard copies.

Mr PULFORD — which is the Alfredton precinct, is already in the market. We drove past that today. To the north you can see the Ballarat West employment zone. The airport is the small rectangle at the top, and then you have the Crown land to the south that crosses the train line. You can also see through there the alignment of the new road that we have talked about.

The next page shows the Ballarat West employment zone — 623 hectares. Ballarat Airport is 230 hectares that we own as a council, and the rest is Crown land. We are working very closely with the development community with regards to how the area can be developed. A key driver of that area is of course the \$38 million investment in the western link road. That is a really important road in terms of it providing high performance freight vehicle access into the manufacturing area.

The next slide shows the western link road alignment in greater detail. Effectively it is a \$38 million road; it goes from Sturt Street to the Western Highway. If I were driving, it would take 1 hour 10 minutes — for a freight vehicle it might be 1 hour 30 — to port, but nonetheless it is a really important project for the city. It also provides as the enabler for the employment zone, which is on the left of the road, or to the west.

You can also see in the drawing the red area that is the identified site for the freight facility. That is proposed to be a private sector-delivered freight facility. It will deal with a whole range of issues that were identified by the manufacturing sector when we talked about their concerns for the future. A key one was the cost of getting product to market. This entire project is about facilitating how that might take place.

I will return to that slide that we talked about earlier, which was in relation to why we have identified certain projects. The areas that are of key focus here are to the right of the vertical axis and below the horizontal axis, and they are wholesale trade; construction service transport; and transport and storage — three key areas that we think are going to underpin the growth of Ballarat and particularly Ballarat West. They are particular industries that we are specifically targeting into the Ballarat West employment zone. Our objective is to lift them up into the top right quadrant, which is the sweet spot, and we will see if the employment zone is able to achieve that.

In terms of what that then means, the next slide indicates the industries that we are targeting for that precinct — clearly manufacturing around food processing, transport and machinery equipment, manufacturing, biomaterials and mining equipment. These are all sectors that Ballarat has a capability in now and, we believe, are where we are going to build in the future.

Construction services — of course when you have a city increasing in size by a third, there is a fundamental requirement for those services. Transport and logistics I have just dealt with. Wholesale trade curiously enough is the only sector in the recent ABS data that had a reduction in job numbers. We think that there are great opportunities for those sorts of businesses to drive it. Lastly is research and development.

Research and development is a fundamental part of what we are about. Barry Wright from the University will be presenting to you about the opportunities, but what I suppose I will also quickly talk about is the opportunity to introduce a research and development precinct into the employment zone. Our aspiration is that it is not going to be entirely factories; it will be a centre of excellence that helps drive the evolution of manufacturing as it moves forward.

The slide in front of you talks about ‘Development Scenario Staging A’. It has been developed in conjunction with Major Projects Victoria. We have a contract with Major Projects Victoria where we are co-funding its work, and it will deliver the industrial development in line with the master plan. We are currently funded for the next 18 months, and we expect to have further discussions with the government about how that is going to happen.

What will happen though is in the purple area you have an innovation and R&D hub that has been identified. What we are proposing for that is a new facility that is going to change the way that manufacturing happens, not only in this city but in this state.

I will quickly jump through the freight hub — I covered this in detail when we talked during the tour. The current freight task is 1.4 million tonnes. That is going to double by 2030. That is going to relate to firstly, the increased freight activity happening at the freight hub, but secondly, the population. We see that there is going to be a business case where Ballarat will be a freight and logistics centre for western Victoria, and there is obviously a strong business case sitting around that.

In relation to R&D, there is an organisation called VCAMM, the Victorian Centre for Advanced Materials Manufacturing. It is an unbelievable success story for the State. It pioneered the introduction of carbon fibre technology to Victoria. Prior to that, that technology capability did not exist in Australia; any carbon fibre in Australia was imported. This organisation took that as a skill, it introduced it and it is now an amazing success story. We have entered into an MoU with VCAMM. We are the next preferred site — we are the next on its list for a centre — and we are intending, in partnership with VCAMM, to focus specifically around bio materials.

Bio materials is a very interesting area. The South Australian Government has been going there for a number of years and probably not achieved what it had hoped to achieve. We are hoping once again to learn from what it has done, and we think that there are opportunities around bio processing, particularly when you consider how close we are to feedstocks around agriculture, because those feedstocks are capable of being transformed through an elaborate process into high-value outputs.

VCAMM is fundamental to how we hope to change the manufacturing sector in Ballarat. In conjunction with the University and its centre for advanced manufacturing, we think that we are going to start turning Ballarat and the manufacturing sector in Ballarat into a new style of manufacturing. It is fundamental that we have partnerships with the University and with VCAMM to deliver that.

In terms of the bio energy plant, I have talked at great length previously in relation to the cost of landfill to local government. Currently 40 per cent of our landfill content is green waste. We are currently investigating a bio

energy plant for the Ballarat West employment zone. Why? Because as part of our consultation with industry, they expressed concern about a number of factors. They were concerned about the impact of the carbon tax, the impact of the exchange rate on their competitiveness, the cost of getting product to market, which I have addressed, and, thirdly, the cost of energy.

We think that there are opportunities to firstly, resolve an issue that local government has, which is what you do with all this waste. Do you process it through a bio energy plant, produce either heat or energy for them to use in their manufacturing process? It is a very complex area, it is very capital intensive; I will not suggest that we are there yet, but we think that there are some good opportunities. We are currently heading down an investment logic process with Ernst & Young, who have done some significant work in the area.

The Ballarat CBD I have spoken about in detail.

The last project I did want to touch on is the transformative opportunity of the Ballarat station precinct. As I have said, it is 8 per cent of the Ballarat CBD. We think there are great opportunities for VicTrack to divest itself of that. We think that as a city we are increasingly going to need transport infrastructure to facilitate growth.

Mr FOLEY — Thank you very much, both of you, for that very good presentation and for your tour of many of these important projects earlier today.

I will perhaps begin twofold. Right at the start there was the issue around employment figures. We saw the graph with the quadrants — agriculture was in a backwards position in terms of the relative numbers. How important are agriculture and related industries to the broader region and the role of the city? That is one question. The other question, given the terms of reference of this inquiry, is: does council have any broad views as to the manner in which the partnership between state and local government might be structured so as to give effect to the plans that the council has presented here today?

Mrs PEULICH — Perhaps it should not be limited to state government; perhaps all levels — —

Mr FOLEY — All levels of government. Thank you.

Mr CAMERON — In regard to the first question about agriculture, it does show as a negative on that graph. It is probably important to note that this graph is just on the Ballarat city government area. It is not for greater Ballarat, so it does not encompass a lot of our agricultural neighbours in that area. It is a little bit of an anomaly, and it does talk about a consolidation of farms. I do not have the exact figure in front of me, but it is around 60 farms down to 45 farms in Ballarat city.

The CHAIR — Do you know what percentage of agriculture overall that would represent?

Mr CAMERON — No, I do not have that figure with me, but it is very small because it is within the city boundaries. To build on the importance of it, in Ballarat about a third of our manufacturing sector is based around food processing, which is obviously heavily reliant on the agricultural sector. We work very closely with our eight neighbouring councils to support the agricultural industry. There is also an industry network — the Central Highlands Agribusiness Forum — that we work closely with, and we fund the economic development, a percentage of their funding, to help us provide the expertise in that area. It is a great asset. It is a little bit of a statistical anomaly because of the size — it is Ballarat central — but if you had a look at this, for example, at a neighbouring council, it would be a very large sector within that graph.

Mr PULFORD — With regard to partnership with governments, we have tried to change the way that we as a city work with state and federal governments. Effectively for a long period you could probably characterise that local governments would attempt to generically put up their aspiration without necessarily thinking about the context of how state governments are trying to achieve things. An important approach that council has taken is that we pay a lot of attention to state and federal government priorities, and we review the aspirations that we have as a city and try to crosscut them into how those state and federal government agencies are trying to deliver programs. We like to think that we are trying hard to do it. There is no point, if the Federal Government wants to fund a particular product, that we then come in with something else; we are never going to be successful. To be honest, as a city we have probably been underrepresented in achieving projects over a number of years, which we are trying to redress.

With regard to what we would like to see from state and federal governments, the issue for us is that we recognise as a council that we cannot do it all and that in fact the vast majority of changes that will happen in the Ballarat community are led by the private sector or government. Our annual turnover as a city is \$125 million; our pockets are not that deep. The issue for us is about understanding the new environment to enable projects to proceed. We have focused significantly on the difficulty of getting major capital developments in the CBD to take place, and one of the issues is that the return on investment in a regional area is much lower than in Melbourne. The same applies to road investment. Compare Ballarat trying to get a road funded to a road being funded — I am trying to think of a different area — in Glen Waverley, for example. If you have 100 000 movements on one road in Melbourne versus 30 000 movements in Ballarat, it is difficult for us to go toe-to-toe. Some of those agencies fund on a basis that I do not think actually reflects the regional issues.

The same issue sits there in terms of accessing investment capital. If you are going to spend \$10 million on an investment in Ballarat, its return will be much lower than if you had spent that same money in Melbourne. What we are looking at increasingly is asking whether there is a space for a third party to become involved in commercial arrangements to meet the gap between return on investment and the cost of capital.

Mrs PEULICH — I have two very minor questions and then one more elaborate one looking at the processes and the structures of your economic development initiatives, which hopefully you can illuminate the Committee on, because clearly we have all been impressed with what we have seen — the plans and ambition that you have for Ballarat. It is not just about appreciating what Ballarat does, but also looking at best practice and how that might be applied across the State of Victoria. I will ask about a couple of small details. For the industry growth matrix, were you just looking at employment figures, or was it output as well in terms of the sectors?

Mr CAMERON — It relates to employment figures and output on those, but they are represented in a percentage rather than as an actual number of output.

Mrs PEULICH — The second question is about the tourism authority, which you mentioned you had established with the skills board. How are those appointments made and for how long?

Mr PULFORD — It is an advertised process. The board appoints a membership subcommittee. They then interview applicants. They go through a rigorous process, and then those recommendations of the board are provided to council for endorsement, so there are a number of safeguards.

Mrs PEULICH — Three-year appointments?

Mr PULFORD — Yes.

Mrs PEULICH — This is one more about structure and processes, which are of particular interest to me. You have identified a range of strategies, and I would like to understand better how you arrived at the structures and processes you have adopted. Presumably you started out with some sort of a policy scan, some sort of SWOT analysis. You have talked about an industry development strategy for each sector; could you explain also how you arrived at those? The structure and organisation processes that you use to interface with the various stakeholders is an important bit of information for me to understand and to appreciate the work that you have done to get where you are.

Mr PULFORD — I think we took quite an innovative path, although it was not that innovative, to be honest. The first thing we did was recognise that the dataset we had was not right. We actually did not know what was happening in the Ballarat economy. We went down a long process of gathering data. We used an organisation by the name of SGS Economics and Planning, which is a Melbourne firm but which has particular capability in economic analysis. We established the baseline data, and then in parallel with Ms Verlin, who will be presenting shortly, chaired a process. She was the mayor of the day. At the time, we said, ‘We do not know the answers as a city. What we do know is that we have some great businesses here and we need to join with them in understanding what is possible.’

We therefore identified the seven key economic sectors of the Ballarat economy. We then selected two key representatives from each of those seven sectors, and they formed what was known as the Economic Advisory Committee. It met probably five or six times during the formulation of council’s economic development

strategy, and the beauty of it was that the intervention plans and the strategies were actually driven by the sectors. Rather than council in isolation sitting there and saying, 'We think that is a good idea', we had the sectors saying it. It did make the process longer, because there were a number of rewrites and disagreements within the group about what the most effective strategies were. At the time of this happening there were major changes in manufacturing, workforce issues and all sorts of things going on. It was quite a rigorous process, and for us as a city it is a really good model of how you can not only come up with the best policy but actually have the community drive it for you, rather than you sitting in isolation developing it.

Mrs PEULICH — In addition to the economic development unit that you have under you as director, what other units or components do you have under you?

Mr PULFORD — My area is called Destinations and Economy, which is a funny name. It is difficult to come up with names for divisions in councils. We have Growth and Development, which is the standard council planning and infrastructure area. We have People and Communities, which is the soft community service aspect. Then I have all the other areas. My division includes tourism, arts and culture, economic development and the major projects unit. The major projects unit builds all of the non-typical roads and footpaths — community assets like pools, clubrooms and those sorts of things. Also within my area I have the pleasure of being responsible for Her Majesty's Theatre, the Art Gallery of Ballarat, Ballarat Regional Tourism and also the new Museum of Australian Democracy at Eureka. The concept is that my area is about the liveability of the city; it is about the experience that people have. We want to have the economy driving a lot of those institutions, so we are trying to connect a number of disparate areas.

The CHAIR — In our terms of reference there is a significant implication about the different roles that different councils in different areas have for economic development. I would be interested, certainly having toured Ballarat with you today, to get your input about how you see the varying roles of councils in different regions — how a council here, for instance, would work with their community as opposed to how a council in, say, an inner part of Melbourne would work with their community for economic development.

Mr PULFORD — I will talk about the contrast between here and metropolitan Melbourne and then I will hand over to Sean, who actually convenes the Central Highlands group of economic development managers, which is I think a new approach to regional economic development. The economic development job in regional centres is actually much easier. We have a clear area that we are responsible for; our target is clear. In metropolitan Melbourne it is more diffuse. It is difficult for local government in metropolitan Melbourne I think — as I have already indicated — to carve out much of a space, whereas in regional Victoria councils do have a leadership role and a facilitation role. I am not sure if people in business thinking about investing in Mulgrave would necessarily say, 'Let's go and talk to the council about what sector we should be in.' In fact that is a difficult space for us here as well; ultimately we are not investing the money. What we want to do and the role we try to play is to provide the evidence so that businesses can make an informed decision — and that applies across all sectors, not in just manufacturing.

Mr CAMERON — From the regional perspective, we have established over the last couple of years the Central Highlands regional group of economic development managers. We come together on a monthly basis just to help share knowledge around what activities are happening around the region. Personally I think some of those are not as well resourced; they do not have as much capacity to undertake different activities. They do not have the economies of scale to be able to do that, so a lot of it is around looking at partnership opportunities — for example, the employment zone. They are all fully briefed on the employment zone in looking at ways they can actually develop their own local economic development areas in conjunction with that, so that they fully understand what the emerging industries are, where the growth is and where it is in decline. Because they do not have the capacity to do that locally or the economies of scale to actually understand because of statistical anomalies, they will look at Ballarat's and feed back from there.

We also look at providing leadership in actual business development-type programs. For example, before we spoke about the industry participation program. We rolled that out as well, treating our regional councils as local content with us. We also go out there, and just last week we ran a how to write tenders session for Beaufort businesses, so we do provide the hands-on support where we know they do not have the capacity to be able to deliver that themselves.

Mrs PEULICH — Can you also explain the ICT initiative that you were telling me about earlier on in the day, just to get that on the record?

Mr CAMERON — Yes. Ballarat ICT is a local industry network we have developed to help support ICT as an enabling sector to help encourage innovation across all our industry sectors. We fund that out of our economic development unit but we also bring in our Central Highlands regional councils to access that and to understand how they can benefit from things like rolling out the NBN et cetera. Rather than, say, hoping that the ICT will actually make their businesses more innovative, going the other way and saying, ‘This is how we can bring ICT into your regions’ or ‘This is why your businesses will need it’ and telling them how to encourage that growth.

Mrs PEULICH — You were saying that you would do that largely one to one, with site visits by a suitably qualified person?

Mr CAMERON — Yes. The structure of Ballarat ICT is that it is a skills-based board. They are not just all ICT professionals on that industry board. We have the University, which is very important, and also the tech park representatives but we also have a lot of manufacturing and business services representatives, so that they can discuss how best to incorporate and make sure that ICT is being spread out through the whole economy, not just building ICT businesses. What we have found most successful about that is actually having an officer employed out of that incorporated body who goes out to businesses independently and who can do a quick business analysis on where their areas of growth could come from in regard to ICT. So they are getting a deeper message from, say, ‘You need to get on the internet’ or ‘You need to have a website presence or use your email’ and can take it to the next level and say, ‘Do you realise your competitors are using it to do all their stock control, inventory control and things like that?’

Mrs PEULICH — Is there a cost associated with that?

Mr CAMERON — Yes, there is.

Mrs PEULICH — What is it?

Mr CAMERON — We fund that approximately \$200 000 per annum.

Mrs PEULICH — Is it a cost to the business?

Mr CAMERON — No, it is all free, as an enabler of business and that is because we see it as a key enabler and a benefit of economic development going back to the community.

The CHAIR — Jeff, I just want to persist a little bit with the question I asked a moment ago. Do you think there is an opportunity for suburban councils to take more of a leadership role? If there is, how would you see them doing that? If there is not, what do you think are the impediments that are preventing them from having those leadership roles?

Mr PULFORD — I think there are opportunities. We have done the song and dance show at economic development conferences in Melbourne. I was quite surprised to see that most councils — major councils — will have only one economic development officer.

Mrs PEULICH — Shame.

Mr PULFORD — That is reflective of a number of issues. As a city we expend in excess of \$1.7 million annually on economic development and we could very happily spend three times that. Just reflecting on my previous answer, my opinion would be that you would be best placed to try to aggregate councils and create a regional approach towards something to do with economic development. There are some very good models about. From a long time ago, WREDO, the Western Region Economic Development Organisation, west of Williamstown, was a very active group that I think did some really good things in terms of creating a narrative around economic development for an area.

I think because of the diffuse community in metropolitan Melbourne it is difficult to understand that. There would be some really interesting things you could do on a regionalised basis. Obviously the State Government

has some clear regions for how it deals with it. I grew up out near Dandenong, which is a big manufacturing sector.

Mrs PEULICH — I probably taught you.

Mr FOLEY — Well done, for surviving that!

Mr PULFORD — What does not kill you makes you stronger.

Mrs PEULICH — That is right.

Mr PULFORD — I think there would be a really interesting opportunity to create an economic development thing — a construct or something. There are some great models. We have the Committee for Ballarat, which does a large part of that for the city as well, and there is G21 in Geelong. I think that you would need to look at some sort of metropolitan approach along those lines, but I do not think that local governments are going to do it on their own.

Mr FOLEY — Just on that, while we respect the independence of local government is reflected in the Victorian constitution — of course — —

Mr PULFORD — Finally.

Mr FOLEY — Local government is to an extent a creature of state legislation. Do you have any views as to what structural arrangements states could put in place to give some sort of form to that broader economic development role on a regional basis?

Mr PULFORD — I would not be suggesting that local government should be constitutionally recognised, because I do not believe that is going to change a thing. Without having thought about it specifically, I would suggest that there are opportunities, but in the end it comes down to money, you know. With all the will, if you look at how hard local government does do it, as we know from the Whelan report — there has been a whole lot — clearly that viability does not apply to metropolitan councils, unless there is a degree of mismanagement. There is enough money in metropolitan Melbourne so that if there was enough will they would.

I think the problem is that it would be difficult to build a coalition of councils wanting to contribute money for projects that might not necessarily go to their ratepayers. Let us say the big initiative that a collection of five councils delivers is for one council. The other four are going to be sitting there saying, 'Well, this is great, but you're not helping me.' One of the big issues about creating a cooperative arrangement is regional leadership and we have worked really hard to establish it here across the Central Highlands region. It means that we have to let go on some projects. It means that we have to deliberately allow other instrumentalities to do better at something that we probably could have taken away from them if we have gone hard. I am not saying that we ever miss out on funding opportunities, but we have to take a mature approach to regionalism.

With regard to metropolitan Melbourne, unless an external authority was going to put in funding that would actually establish an entity — it could be through DBI or any area, and I think that would be an interesting model to look at — I do not believe that local governments will do it on their own. They could be required to do it, but, you know — —

Mr CARROLL — Thanks, Jeff and Sean. There is one thing I want to touch on. It seems like an opportune time because today you have mentioned a couple of times the Ballarat freight hub, the sort of thought process or conversation you seem to have going. The terms of reference are to look at the role of local government in economic development. Ballarat council obviously shows good leadership in that area. You have identified freight and logistics as a potential avenue you could go down in economic development. You have a great road network, with the Midland Highway and the Western Highway, among others. I can see why you are thinking of that as a good potential industry and good economic development.

My question is to sort of put more bones on what you are thinking, for the Committee to hear. Are you looking at getting something like an anchor tenant to a freight hub — a Toll Holdings or a Linfox — so that that will attract other businesses to be located there because they see it as commercially sensible and viable to then transport their goods et cetera? It would be a bit like you see in Laverton, where Toll are turning up with

Woolworths and things like that. Is that where the vision is? Can you put some more bones onto it and perhaps speak about the leadership role you are playing in trying to get the freight hub up and running?

Mr CAMERON — To take that back one step, where the division started to be created was when we spoke to our manufacturers through the economic development strategy process. We actually surveyed two-thirds of our manufacturers in Ballarat through that. We asked them what some of their largest business costs were and what areas would help them be more competitive. Freight came out in the top four or five activities as a cost to them, and was something that we could actually look at before and advocate for on their behalf, which would make them more competitive moving forward. From that, at the same time we were doing the work out of the employment zone and looking at the link road, et cetera, to cope with our population growth out there.

What we did was a full freight feasibility study, so we understood where we were currently at and what the demands were going to be, and we looked at road and rail freight so we could understand the complete picture. We looked at rail freight, and at that stage it was not economically viable because we did not want to start going down the path of looking at an infrastructure project that was not economically viable; we wanted to make sure the strategic justification was right and the evidence base was right to start progressing it, so we could hope that eventually the private sector would pick it up — like a Toll or a Linfox would potentially look at this as an investment-ready freight hub terminal that they could go into. As that has all progressed we have been doing the planning around the link road. A critical part of that is around the high-performance freight vehicle access. If you want me to go into what that actually means, I can.

But when that started to come together we looked also at the future of rail. If it ever goes down that path in 15, 20 years' time, there would be further planning to look at that site, because there is over a kilometre of straight rail line which enables you to shunt freight trains off, et cetera, like that. It was actually three or four different consultations and feasibility work coming together that drew that conclusion, and it all began to align there. The original ask was whether we could look at going through regional development fund-type funding to develop that up. We realise it is hard to get money out of those funds, and we the city have not been very successful in doing that. But the opportunity also stacks up that much that when we have done all the feasibility work, it is actually commercially viable and there would be a return on investment on our current freight task for a private operator. We have done the work in the background there around how much of the current freight task would need to be contestable to go in through that freight facility and things like that to make it feasible for a Toll or someone like that coming in and having a look at it.

Mr CARROLL — Thanks. I will watch with interest; it was a good one.

The CHAIR — Gentlemen, on behalf of the Committee thank you very much for your time this morning and also for your evidence now. It is greatly appreciated; it has been very informative. It will now become part of public evidence. I remind you that we will be sending out a transcript of the evidence for you to look at. Feel free to make grammatical or punctuation changes that you believe are appropriate, but none to the body of the evidence, and let us know. Again, on behalf of the Committee I thank you very much for being here.

Mr PULFORD — Thank you.

Mr CAMERON — Thank you.

Witnesses withdrew.