

# TRANSCRIPT

## ECONOMIC DEVELOPMENT AND INFRASTRUCTURE COMMITTEE

### Inquiry into local economic development initiatives in Victoria

Ballarat — 24 January 2013

#### Members

Mr N. Burgess  
Mr M. Foley  
Mr B. Carroll

Mrs I. Peulich  
Mr G. Shaw

Chair: Mr N. Burgess  
Deputy Chair: Mr M. Foley

#### Staff

Executive Officer: Mr S. Coley  
Research Officer: Dr K. Butler

#### Witnesses

Ms J. Verlin, Chair (sworn), and  
Mr J. Kilgour, Chief Executive Officer (affirmed), Committee for Ballarat.

**The CHAIR** — Good afternoon. Welcome to the public hearings of the joint-party Economic Development and Infrastructure Committee's Inquiry into local economic development initiatives in Victoria. Any evidence you give at this hearing is protected by parliamentary privilege, but any statements made outside this meeting will not have that same protection. Can you state your names and positions and whether you are appearing on behalf of an organisation or personally?

**Ms VERLIN** — Judy Verlin; I am the Chair of the Committee for Ballarat, and I am here representing our membership.

**Mr KILGOUR** — John Kilgour; I am the Chief Executive Officer of the Committee for Ballarat, also representing our members.

**The CHAIR** — The evidence you give today will become public evidence. I invite you to make a verbal submission, please.

**Overheads shown.**

**Ms VERLIN** — Thank you. Thank you for the opportunity for us to be able to speak with you today. I congratulate the Committee for taking the opportunity to come out and see what regional Victoria is doing and what we are on about; we appreciate that. As you have heard from Ballarat City Council, there is a little bit of a grey area as I have just previously had four years on council; two years as the Mayor, and part of it was building the tool kit that we call our economic development strategy. So a lot of the conversation that we have just heard now, we have intimate information about. Also, through the development of the economic strategy the Committee for Ballarat was a major stakeholder in those conversations — as part of that committee work. At that time we valued the fact that the stakeholder group included the Committee for Ballarat, VECCI, Ai Group, Commerce Ballarat — a number of those strategic groups — the University and the tech park. I think the strength of that tool kit of planning documents is the fact that it has been inclusive.

Today, now, I am the Chair of the Committee for Ballarat. I have been in that position since October 2012. Our committee is very much a membership-based committee. We have 105 members at the moment. The membership is very diverse. They include all of the large employers in town, like the University, Ballarat Health Services, St John of God, Ballarat City Council, the Australian Catholic University, and then the manufacturing industry with Mars, McCain, FMP Group (formally known as Bendix), Selkirk — all of the large players. Then we have a range of different levels of membership. It goes down to smaller businesses that like to leverage information and also opportunities out of the network. We also have the not-for-profit sector and surrounding councils as part of the membership.

The Committee for Ballarat is not in service delivery. We are what we would term as thought leadership. We represent our membership base well beyond the terms of any tier of government. It is very much looking at the big picture and ensuring that our members reflect on where the city and the council are going, and at times they will make comment about whether they feel that it is on the right track, or they can actually provide a supportive and advocacy role to government about some of those projects. We do that on a regular basis. Our charter is all about a sustainable economic future, good jobs growth and the ability, when we hear about the population growth that we are going to experience, to be in a sustainable position to be able to do business into the future.

So I guess from our point of view it is a bit of a watching brief, and council and the Committee for Ballarat sometimes rub off on each other. But on more occasions than not we are extremely supportive and we go as one voice on a range of our projects. We think that leadership in the region is the strength of where our future lies, and we have a very strong focus on our youth and development of leadership programs. I will speak to that a little bit more as we go through. Our members come together regularly; they talk about the action plan and the main key drivers that they think are essential for the future economic growth of the city. They are 100 per cent committed to the action plan, which can be put into six key strategic drivers. They would not come as any surprise to you. I have got a handout of an action plan, which spells out very clearly what these particular columns are in a little bit more detail.

None of this comes as any surprise. The six headings — sustainability; business; health; community; education; and connectivity — are very much about what you have heard Ballarat City Council speak about. From our point of view, though, we speak on behalf of our members. When we talk about sustainability, it is about making sure that Ballarat has a sustainable water supply into the future. We went down to 7 per cent capacity,

during the recent drought and we cannot afford to be at that stage ever again. When we are talking about asking big business to come to Ballarat and to have an investment attraction strategy, we cannot do that without security of water and security of workforce. We think there is a lot more that can be done around stormwater harvesting. We think that as a city we can be a lot more self-sustaining in our development in how we actually capture water and use it. We were using the Ballarat West growth zone as a great example of how we can put best practice in place regarding the use of water into the future.

The big manufacturers in Ballarat went to enormous measures to save water; they put in significant water-saving devices at great cost. But they found that that cost was balanced out on the bottom line with the savings that they were able to put in place as part of the integrated water and waste management they did. Our large manufacturers, such as Mars and McCain, which are traditionally the big water users, went to enormous efforts, so sustainable water supply is very much still on their minds. Whilst it has rained and we now have a full lake and a good water supply, already we have seen that the last three months have been extremely challenging. We do not want to be in that position again. From an environmental point of view it is critically important; we have a large dependence from the likes of McCain on the agricultural area around Ballarat, and water and recycling is very important to them.

Bioenergy is something you have heard the council speak about. We believe it is very important. We think that it is coming at a huge cost to local government, and it is going to be more with 30 000 extra people arriving in this city. We know how much money it is costing us now for landfill, and so we are really encouraging bioenergy and best practice. We think that the employment zone is perfect for us to be able to use some modelling to work with government and get some good outcomes.

From a business point of view, the employment zone — you have heard all about it, and you have seen it today, obviously, this morning. Ten thousand jobs are what we are predicting are going to be required. The modelling has shown over the last 5 years — even though we had 1000 jobs in manufacturing go in virtually 12 months we have actually had about 1000 jobs growth per annum over the last 5 years. So 10 000 jobs in the next 10 years is very doable. Our concern is that although the Ballarat West employment zone is there it will still be two years off before there will be any jobs on site. So now it is about how we populate that and how we get the best outcomes. We are very supportive of the R&D component. We are very supportive of the freight hub component. We think the city is well positioned and that land is well positioned with the airport right beside it. The rail is right beside it and the road — now with the \$38 million investment. We think it is well positioned. To be able to take product from this area and to then get stuck on the West Gate Bridge and sit there for an hour or an hour-and-a-half costs our businesses a lot of money, so we are very keen to see how we move our product to market as effectively and efficiently as we can.

If we are going to attract investment into this area and have real jobs growth, we have to have competitive ways of doing business. From our point of view in relation to the employment zone, we will act as an advocacy body. We will draw on the networks that our members have through their various industry associations to be able to assist the council to drive and populate the employment zone.

You have heard about the tech park. It is a great story for Ballarat. IBM is the main anchor for the park, and we think that we need the same sort of anchor out at the employment zone to be able to then bolt other industries on the side of that. The University of Ballarat plays a significant part in it with the centre of manufacturing excellence, it can also play that role for the employment zone, we believe, particularly in research and development.

From a health point of view we represent Ballarat Health Services, St John of God, the University and the Australian Catholic University. The training of rural doctors is an important part of the work that they are doing into the future. We are looking at saying, from a committee point of view, 'Council is about getting the town planning right to be able to facilitate the precinct for the health sector.' What we want to do is actually say, 'What is it that can be an attractant for rural doctors to study here? How do we actually attract and retain those services in regional Victoria?' We are working with the hospitals and the health sector to look at e-health. There is a lot of government money going into e-health to see how we can do that better, but nobody is sharing their information from what we can see. We even have the Royal Flying Doctor Service as part of our subcommittee — our task team — in this area, because everybody is interested in how e-health can build the capacity of the regions. If we can deliver services through e-health into the wider region as an ageing community continues to develop in regional Victoria, we think that we can actually take the pressure off the

health system if we can get this right. Our job is not to design something or create something; our job is to try to pull the health sector together to say, 'How can we do this better? How can we advocate to government this important initiative for our region?'

There is no doubt about it; Ballarat is going to be stretched in health care as we move forward. We are already seeing significant investment by both the hospitals. We are going to need every bit of that. When we talk about the Ballarat West growth zone and the employment zone we are advocating very strongly for a whole-of-government approach to assist local government in that development. If we have 30 000 extra people coming here, it is across every government portfolio area. We cannot just talk about jobs, and we cannot just talk about a road. We talk about police, emergency services, education and a whole lot of social services, because the strength of regional centres like Ballarat is their sense of community — their heart. The reason people why want to come and are making choices to come into regional Victoria is that it has a heart and it is a place where people can make decisions about employment opportunities based on the fact that their children are going to get a good education, they are going to have access to good health services and their partners are going to feel fulfilled with the lifestyles of the galleries and the theatre and those sorts of things that regional Victoria can assist with.

From a community point of view I have talked about jobs. We believe in investing in our youth. We have a very interesting project called the Young Adult Empowerment program. Where young people have slipped through the gaps for one reason or another, our committee members have taken it upon themselves to say, 'We are going to give you an intensive six- or eight-week program.' They have mentors and they are given opportunities that they would never otherwise have. Being able to do that comes directly from our membership base. We are very conscious that we are not about service delivery and that we are not a job network agency, but we believe that our membership base can actually give these kids an opportunity with an employment outcome at the back of it.

We have a very strong leadership program based on the successful Williamson model. That has been going for a period of about five years now. We have an alumni where we have a large bank of volunteers who go out into small regional communities to provide services to boards in a whole range of different areas. They do that in a voluntary capacity, and we now have funding — \$500 000 over three years — for us to run the secretariat for nine regional programs through Victoria. That is something that we are very proud of.

I am running out of time. The major events precinct is something you have heard bandied around a lot. We believe that if we are going to be a truly regional hub and a capital, there is no reason why we cannot have a major sports and entertainment precinct in Ballarat. Geelong started it somewhere, somehow, some time; somebody had a dream. We think there is a dream here. We do not know where it is, or under what rock, but we are continuing to pursue it.

We are very supportive of the very advanced planning the council has done in positioning itself for where we need to be as a city, and we are very keen to continue to partner with it every step of the way.

Connectivity — the fast train has been bandied around. It was fast and then it got slower. Our members are very much telling us they want a reliable and frequent service. They want something that they can get on, go to Melbourne, get off, do their business and get home in good time. We are not frightened of Ballarat people working in Melbourne and travelling on the train. They come home, they recreate, educate, shop and spend here.

Overwhelmingly our members have said that they would like to do more travel and business on the train. They would get off the roads, which would help bottlenecks such as the West Gate Bridge, if they could do business on the train. They need IT and they need good services. They need to be able to get off the train after an hour having done their reports on the way home. We do not have that; there are black spots where you lose mobile coverage. It is very important to regional areas for people to be able to do that.

The National Broadband Network is going to be a great asset. We are talking about attracting businesses to a regional city such as Ballarat. We are leading the way here for ICT and we think that that is a great attractor, and the broadband rollout is going to facilitate that. John talks about that being an enabler for our businesses. The only problem is that 65 per cent of small businesses in Ballarat do not even have a web page. The importance of bringing small businesses along with the new technology is critically important, and that is where a network such as ours can advocate and assist in ensuring that our small businesses have the capacity to learn.

In summary, I think that local government cannot do this on its own. We are very much of the view that a whole range of stakeholders have to do this together. If we are talking about the type of infrastructure that we are going to need when 30 000 people come to Ballarat, we have to get that infrastructure in place early. We have to be able to have developer contributions up-front; we have to have local, state and federal government funding up-front to ensure that we do not make mistakes — that we get it right, and that new suburbs like Lucas — where you have 18 000 homes and 30 000 people going into the area — have the infrastructure in place up-front. Local government cannot afford to do that, so I think a partnership of state and federal government is critically important, as well as a whole-of-government approach. When we are talking about infrastructure in a regional centre such as ours, we think that all of the portfolios and ministers talking together is critically important.

We talk about sustainable growth. Growth is not just about people arriving; at the end of the day growth has to be about the city protecting the lifestyle we have come to enjoy. We very much need to send the message that we are open for business; we need to talk up regional Victoria. We need to have policies in place to say, 'It is a great place to live; it is a great place to work and invest.' As we have said, our youth is our future and we will continue to invest and advocate to empower our young people through skills development and real jobs in regional centres.

**Mrs PEULICH** — Judy, thank you very much. We note that you spoke while the PowerPoint presentation was up without referring a great deal to it so you are obviously very passionate. In relation to the functioning and the workings of the Committee for Ballarat, could you shed a little bit of machinery light on it? What is the size of the budget? How are the members appointed or are they elected? What precisely is the mission or how did you come up with the mission statement and the goals? How did you come up with the action plan? I am just trying to understand the machinery.

**Ms VERLIN** — Yes, I will speak to part of it and then I will ask John to give more of the nuts and bolts of it. Our membership choose to be members — —

**Mrs PEULICH** — No, I understand that, 105, as in the board, the committee.

**Ms VERLIN** — Yes, as in the full committee. Our executive members actually put in \$20 000 to be a member for 12 months and then the funding reduces over the categories. We are in a sustainable position, and I will ask John to speak to that. Very much we are — —

**Mrs PEULICH** — How big is the committee?

**Ms VERLIN** — Our board — —

**Mrs PEULICH** — Board, I beg your pardon.

**Ms VERLIN** — Our board has 22, 23 people on it — —

**Mr KILGOUR** — Including the Chair.

**Ms VERLIN** — Which is massive. If you are an executive member, you have an opportunity to be on the board, but our membership actually votes for that. The reason why it is so large is because it represents the diversity of the groups that we think need to be there. We also have task teams, so board members chair a task team and we have other businesses or members come in as part of that task team.

**Mrs PEULICH** — And are those task teams consistent with your strategic driver focus?

**Mr KILGOUR** — That is correct.

**Ms VERLIN** — Yes, they fall within those categories. I will ask John to speak about the financial basis of it.

**Mr KILGOUR** — The current operating budget of the Committee for Ballarat is about \$1.42 million.

**Mrs PEULICH** — And how much of that comes out of membership?

**Mr KILGOUR** — About \$500 000 per annum comes out of membership. The balance of the funding comes from other sources and government-funded projects. We have in excess of \$400 000 per annum directed to the Leadership Ballarat and Western Region. We have \$165 000 per annum coming through for the Victorian Regional Community Leadership Programs secretariat and \$280 000 comes from the Federal Government through the Department of Education, Employment and Workplace Relations to run an 18 month Young Adult Empowerment pilot program. So when you extract some of those programs out, the actual operating budget of the committee is probably in the order of half a million dollars. That is what is taken up as a stand-alone operation and we provide in-kind support to the leadership and various programs —

**Mrs PEULICH** — How many staff members do you have? Do you have staff?

**Mr KILGOUR** — We do have staff. We have nine staff — not full-time staff. There are about three full-time staff and a number of part-time staff. Our structure is very dependent on the funding allocations we receive from both state and federal government.

**Mrs PEULICH** — And how did you arrive at the mission statement and the action plan?

**Mr KILGOUR** — We run a series of issues workshops with our members. We invite our corporate and community-based members to sit through a series of workshops. I came into the CEO position in February last year and I actually put together this framework in consultation with our members for endorsement by our board.

As you would appreciate when you are at an issues workshop people are raising lots of issues about the role and purpose of the committee and the type of Ballarat and region that they would like to see. I developed a framework around that. At the same time we had very focused task teams in place.

There were two new projects that came out of the issues workshops. They were around maximising e-health. Judy touched on the role of e-health. The terminology I use is that we are like a conductor in an orchestra, and we have brought together key players. E-health is not new; it has been fragmented. A lot of money has been invested in it. We think we can play a pivotal role in bringing together people like Grampians Medicare Local, Grampians Health Alliance, the Royal Flying Doctor Service, Ballarat Health Services, St John of God, Hepburn, Daylesford — a number of areas — and also the IT providers to look at what is going on, and scanning what is currently done and looking at ways in which we can deliver improved health services into local communities.

**Mrs PEULICH** — Those task teams then tease out the actions, do they?

**Mr KILGOUR** — They drive the action plan. The action plan is in place and we have a number of task teams centred on that action plan. Judy touched on the revitalisation of the ACU hospital precinct and Ballarat City Council sits on that task team. We have St John of God and a number of stakeholders. We also have Regional Development Victoria as a stakeholder in that process.

**Ms VERLIN** — Our job is not in service delivery; it is about facilitation. In most cases when we talk about a task team, it is about identifying gaps, identifying where we can assist and identifying opportunities where we might be able to lobby on behalf of Ballarat City Council. In a lot of instances the Committee for Ballarat sits on the council's strategic committees and vice versa. We think that synergy is critically important.

**Mrs PEULICH** — Thank you very much; much appreciated.

**Mr FOLEY** — Can I thank both John and Judy for their — at times — passionate presentation. Clearly the leadership role that you play in the city of Ballarat and the greater region shone out. We thank you for that.

In touching on a couple of the areas of the strategic priorities and the programs that you went through, could I ask you about two separate issues? The first is around the bioenergy and water sets of issues. What role did the super-pipe from the Bendigo and Goulburn systems play in moving towards the water security that you are looking for? Later on in your presentation, on a different issue, you spoke about the whole infrastructure deficit, for want of a better phrase, that a number of organisations put up for our consideration last year. You touched on the issue of developer contributions up-front and early. On that second issue, what is your view on how that should be structured, collected and allocated?

**Ms VERLIN** — The super-pipe was a political hot potato. It really divided the community. Some argued that it was 5 per cent, and some argued that it was 7 per cent capacity left in our reservoirs. I do not know at what stage you get to that you suck mud. It is no use saying, ‘You have 5 per cent’, because we were very close to running out of water. Among the Ballarat residents, we had older folk who were falling over in the shower and breaking a hip or whatever while trying to collect water in a bucket to water their garden. We had the community in the city hand watering with a bucket for three years. We saw the lake go dry, and we saw a garden city on its knees.

The university did a study about the wellbeing of the community with a dry lake, and it actually was the fact that the city was depressed as a community because of the impact of water. When water arrived through that super-pipe — and the community was there when we turned it on — it was with a significant sigh of relief. For businesses, there were jobs hanging on the end of whether or not we ran out of water. I do not think anyone can underestimate that.

Then water started to flow back, and we had another very important piece of infrastructure, which was a stormwater harvesting project that was state government funded. We take the flush of floodwater and bring it back to the lake, and it actually starts to irrigate some of Sturt Street as well. That was another significant milestone for us. As a city we talked about celebrating the return of water to the city, and we really did.

**The CHAIR** — When was the stormwater harvesting done?

**Ms VERLIN** — The stormwater harvesting was done just at the change of government — so that was 2009, was it?

**Mr FOLEY** — It was 2010. It is seared into our collective consciousness.

**Ms VERLIN** — It is not quite as seared for me, probably, but 2010, then, would have been about when the stormwater harvesting was turned on and we saw an impact. Now as a city we are able to have rowing and events back on the lake and whatever with security of water supply, because we can have recycled water as well as bore water. There are a range of different things.

No-one can underestimate the importance of that pipe. The politics of it now with the water that we pay for that sits on the other side of the divide — those sorts of debates are going to continue. But at the time it was critically important. The city continues to pay for that water, whether we get it or not. It is one of those legacies of the drought that the city needs to deal with.

From the point of view of developer contributions, when I was Mayor I chaired Regional Cities Victoria, which is comprised of the 10 largest regional municipalities. We spent an enormous amount of time advocating to government regarding a consistency in developer contributions. Local government goes to enormous expense to justify to developers the amount of money that it is going to have through every particular development. As a city, we think that if you are going to have an effective developer contribution — whenever the rollout of that infrastructure happens, whether you are the first person to build a house or the last person to build a house — the cost should be spread over the whole development. Personally, I think that it needs to be an up-front figure from Treasury to local government to actually install the infrastructure in place, and then as the project is rolled out and as local government gets a return on that, and as the developer contributions come in, that money should be paid back to Treasury. When I talk about a state government putting money in place up-front regarding infrastructure, I think that there are ways that we can be creative about doing that without it becoming a significant cost to state government. It actually puts the infrastructure in place early, and yet you have better outcomes from a planning point of view.

**Mr KILGOUR** — Can I just add two elements to that, firstly in regard to water. The current Central Highlands Water board plan estimates that we will be in a negative water situation by 2044. Even though we have the super-pipe and water that has been provided to Ballarat, with the projected growth and usage rates, by 2044 Ballarat will be in a negative situation again. Therefore our advocacy and the work that we are doing through our sustainable living task team is looking at innovative ways in which stormwater harvesting, replenishment of the potable water supply et cetera can be done. The Ballarat West employment zone is a good opportunity, and also the growth zone around that.

The second point is that with developer contributions, the tension around that — particularly when we are looking for developers to invest — is the commerciality of it. They are making a significant investment in the development of property in the region, and in regard to the commerciality of actually putting that investment in, building a house and then getting market value for that property can in a lot of cases cause a negative situation for developers, therefore they are not prepared to put the risk in. So it is just finding that balance. As Judy has said, perhaps getting that investment up-front and doing it in a collaborative way between all of the stakeholders might be a good innovative way of doing it.

**The CHAIR** — I thank you both very much for your presence here and the evidence you have given. You will be sent a transcript of today's evidence. Feel free to make any typographical or grammatical changes that you think are appropriate, but nothing to the structure of the document. Also we should thank you in conjunction with the council, because I think Ballarat is very well served by people who truly care about this community, and that has been on show for us in both the council's evidence and yours. Thank you very much.

**Ms VERLIN** — Thank you for the opportunity. Can I leave these documents for you, please? Thank you.

**Witnesses withdrew.**