

TRANSCRIPT

ECONOMIC DEVELOPMENT AND INFRASTRUCTURE COMMITTEE

Inquiry into local economic development initiatives in Victoria

Mansfield — 13 February 2013

Members

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Cr R. Bate, Mayor, Mansfield Shire Council (sworn).

Cr BATE — First of all, I welcome the Committee, and I thank the members for their time this morning and indeed their time today. I am sure that everyone who was on the bus trip found it extremely interesting. It was also nice to hear some of the comments you made as to why you have chosen to be at this shire. I therefore pass on my congratulations to Ian, Judy and the team for preparing our submission, which you clearly found informative and attractive.

My job, really, is to just provide an outline. My presentation will be followed by other presenters who are industry specific, and I think they will be able to drill down a bit on some of the things that I will touch on. It is really to give you an overview of what the shire is about and flesh out what we discussed this morning, and also look at what we see to be the role of local government and its relationship with the State Government. Inevitably we will also touch on some federal issues, where you could be of assistance.

The DEPUTY CHAIR — Just before you do, Councillor, there are a few formalities on our side of things; there are a couple of technicalities we have to go through. So I will briefly interrupt you and then knock those over before we throw to you. We note the apologies of our chair, Neale Burgess, who unfortunately fell ill overnight, and from Mr Geoff Shaw.

We welcome everybody to what is a formal hearing of the Economic Development and Infrastructure Committee's Inquiry into local economic development initiatives in Victoria. I thank the council and its staff for organising this event. We also acknowledge the presence of the local member, Dr Bill Sykes.

Councillor, the quality of your council's submission stood out not just among the regional councils but among all of the state councils in terms of the degree of its exactitude as to where the council is going in relation to the terms of reference of our inquiry. We thank you for that, and in that regard we thought it was appropriate to come and learn firsthand a bit more. We look forward to your presentation here.

The first thing I have to do is tell you that whilst the evidence you give is protected by parliamentary privilege, any comments you make outside the hearing are not afforded such privilege. You should feel free to be free and frank in the room, but perhaps not so free and frank outside the room, unless you have very good lawyers. What we do is give witnesses the opportunity to either be sworn in or take an affirmation, and then we ask you to deliver your presentation. In doing so, I ask that you indicate your name, the capacity in which you appear here and your position within that organisation. Feel free to take us through your submission.

Cr BATE — I am presenting on behalf of Mansfield Shire Council. My role within the council is councillor for the Jamieson ward and for the duration of this year mayor of the shire. I am going to provide a very brief outline of the shire's current programs, opportunities and challenges, looking at them in the context of our principal industries. To a great degree I hope that will provide some further context to what you heard in your visits this morning.

As I suppose you have already gathered from our submission, our primary economic drivers are primary production, tourism, manufacturing and other industries, and tree changers. I will spend a little bit of time on tree changers in particular a little bit later. To start with the primary industries sector, primary industries is probably the historic driver of this shire, and it remains a major employer. As I suppose you are to a degree aware, one of the largest sectors is grazing — beef cattle predominantly — and now we have considerable growth in seed and horticulture, and you were lucky enough to see one of our principal horticulture ventures this morning in Murphy Fresh. We also have a number of vineyards. Historically we have had a fairly heavy involvement with the timber industry, although that has been declining, as I suppose it has been around much of the State, for some years now. The sector values range from \$44 million to \$66 million, and the reason for that disparity is the first is the Australian Bureau of Statistics figure and the latter figure is given by the Victorian Farmers Federation's representatives. I suppose you could say that the variance is a result of the methodology by which the figures are gathered, and to a degree it depends on the source. My own reference to the local stock and station agents suggest that it is probably overstated at \$66 million but understated at \$44 million and therefore sits around about the mid to high 50s.

There is a high retention of income within the local area. Most of our primary producers are owner-operators — for want of a better term — and as I have said before, it is a significant employer. What has tended to happen historically with our primary sector is we have seen greater consolidation of farms — and that is economically driven — and so we have ultimately seen a reduction in owner operators, a reduction in employment to some

degree, but a lot of those owner operators have moved on to become contractors back to the industry, and I suppose that is representative of much of rural Victoria.

The principal challenges that they face: the first that was mentioned may come as a little bit of a surprise, but it is the right to farm. There is a lot of pressure on the primary producers within this shire, and I am sure elsewhere. As we see a migration of tree changers and others into these shires, you will inevitably get conflicts about land use, which in turn will drive planning issues. It is the capacity of farmers to take some surety in their ability to continue to operate in the way in which they operate which I think is one of their ongoing concerns.

One of the other big concerns — and perhaps more of concern in this shire than elsewhere because some 60-plus per cent of this shire is state land — is control of pest species. Many of us have the State Government as a neighbour, and while I would like to say, ‘You are a good neighbour’, you are not, and the efforts to control pest species are under-resourced and underfunded, and the net result is that private landowners tend to bear a significant share of pest species management, as does the council, particularly in the areas of interface with state land road verges et cetera. It is a major focus for the primary producers, but it is also a major focus for our private owners and for the council.

The cost of farming — and this is something you have repeatedly heard this morning — and the availability of labour are big issues, and I thought the visit to Murphy Fresh really summarised that. It is not just about being able to get labour, it is about being able to get local labour, and the downstream problem with that is the availability of affordable accommodation that allows that labour to be other than itinerant and therefore more reliable.

Tourism has been and remains a cornerstone of our economy. I must emphasise that if you could possibly look at Mansfield in another light, you would say that probably our biggest industry is the service industry. But when you see the primary production and tourism figures, I understand that the revenues generated by those include the service industries that supply those principal industries. Tourism generates approximately 1.2 million visitors annually and \$320-plus million in terms of visitor spend within the Shire.

We are extremely lucky. I would like to see that we are solely responsible for the attractions of this shire but we did not do Mount Buller, we had some help in Eildon Weir and I do not think we had a great hand in the Jamieson, the Goulburn, the Big, the Howqua and the Delatite rivers, but these provide the major drawcards for this shire. It is a great place to live, and I think once again there was a consistent theme that came out of our visits to local industries this morning — they choose to be here and that is why they are here. In order to do that they are prepared to face some of the difficulties and struggles that come with being sited here.

Buller is becoming very much an all-year-round destination. It is still predominantly winter but there is no doubt that Buller and its immediate environs are becoming increasingly attractive in summer. Lake Eildon is a huge drawcard. There is boating and fishing, and we have an extensive houseboat population here. It is a great place, but in recent years one of the big challenges for the lake is that it is first and foremost an agricultural water supply and increasingly — since it has been declared a potable supply — the capacity to guarantee lake levels to a degree that I am sure the tourism operators would like to feel we could is extremely limited.

Rivers, fishing and canoeing again are very solid contributors, particularly through a lot of the outlying communities. Our bush, through hiking, camping, four-wheel driving and horseriding — and I have to add, the politically incorrect pursuit of hunting — is a major economy driver for the state. This is without doubt the capital of Sambar deer hunting in Australia and that brings a lot of weekend tourism in. And of course our history, both pastoral and in particular mining when you get through the upper Goulburn, is extensive, and we still have operating gold mines within the Shire.

The tourism challenges — whether you are a climate change believer or a climate change sceptic, our primary tourism drivers are impacted by weather. The Shire has to live with that and our operators have to be able to plan around seasons of plenty, as we have had in the last couple of years with the weir being pretty well full, and the seasons we have seen for the eight or nine years prior to that when the weir reached a low of about 8 per cent. That has a huge impact on the tourism operators, particularly when we go through a protracted drought.

Access to the Shire is not bad but again it is limited to people driving themselves or coming in by bus. The lack of rail is historic. There is nothing we can do about it, but clearly that would have been beneficial from the tourism perspective. The Australian dollar is now a challenge. Interestingly it is a bit of a two-edged sword and

with the dollar currently at about US\$1.03 — or it was this morning — overseas destinations are becoming increasingly inexpensive. It does not matter whether you are a skier, a fisherman or whatever, it is not hard to calculate a break-even point of one to two weeks in Australia and you can head off to an overseas destination at that cost. The other side of the high Australian dollar is that it is making us less competitive in the overseas tourism market because Australia is becoming an expensive destination. That is having just as much of an effect on our local tourism as it is elsewhere in Australia.

Policy and regulation — we will speak a little more about this but in particular the capacity to look at new types of tourism. We will speak shortly — we have already touched on it this morning — about the capacity to exploit some of the tourism opportunities within public land, and that requires a certain change in government policy. That would have a very beneficial impact on the Shire.

Last but not least there are the facilities. This shire does what it can, but with everything from boat launching ramps to public toilets to waste management there are a wide variety of imposts on tourism at a local level. It is really not a problem that the Shire can solve on its own and in some ways some of those policies, particularly in relation to waste, are only fixable at a state level. Carry-in, carry-out — I can only describe it as an optimistic policy with regard to waste on public land. Carry-out tends to mean to the nearest town and drop it where you can.

Construction is one of our largest manufacturing industry sectors. It probably reflects the growing popularity of the Shire as a place to live, and that results in two types of construction. One is new dwellings and the other, which is a fairly significant portion, is the conversion of holiday homes and part-time dwellings ultimately into permanent dwellings as increasingly people look to this shire as a place to retire to on a permanent basis.

We have had some very successful niche manufacturers, and you have met three of them, I think, this morning. We have a reasonably solid base in metal fabrication, we have some work in the wood products area, cabinetry et cetera, and as you have seen this morning, a growing food industry which is a major employer. With respect to challenges — and once again you have heard some of these this morning — the availability of skilled employees is a particular issue. It does not matter who you speak to — and I have spoken to other manufacturers beyond the three we have seen this morning — that continues to be a major challenge. One in particular brought out an apprenticeship but there is a lack of willingness of young people today to enter into apprenticeships. It is a bit like my computer here — it just wasn't worth working.

The lack of take-up of apprenticeships is a concern, and Paul Sladdin, who will present later on today, I think will be able to add some substance to that. As it was described to me, a lot of the kids nowadays can see short-term income potential that exceeds that which they will gain in the term of an apprenticeship. They chase the quick dollar as opposed to the long-term qualifications and the dollars they bring.

Inevitably there are planning barriers and conflicts and in the Shire, which relies significantly on tourism and its natural beauty to attract both tourists and residents. We have to be very careful about the types of industries we bring to encourage within the Shire. Thus far I think we have been successful in doing so, and I think the next point probably has assisted us — that is, the distance to material supplies and markets. Clearly this is not a shire where heavy manufacturing is going to be essentially economic, purely and simply because of the transportation and other distance barriers that exist.

I probably would not get through a discussion of small business without a reference to WorkChoices and the impost that has made on small businesses, their hiring and the flexibility of their hiring. Finally, the compliance cost for SMEs is also something that is spoken about. There is the necessary paperwork. I will not sheet this totally home to the State Government — I am sure we at a local government level have our share of the compliance issues, as does the Federal Government — but you will not hear a small business that does not talk about the issues and the impost of compliance.

I want to spend a little bit of time on tree changers, because to me, and I am sure to councillors particularly in the outer communities, this has very significant potential for this shire. There are a couple of key barriers. We are a shire that historically has had around about a 50 per cent non-resident ratepayer base. We have a considerable community that drives up every other weekend, takes their place in their holiday house, and drives home on Sunday night. We are starting to see members of the baby boomer generation making a more permanent move up here. Over the last few years we have certainly seen a lot of those holiday homes go

through extensive renovations — which is a construction industry driver — as people prepare take up full-time residence in the Shire.

There are a couple of reasons for that. Not only is it a great place to live — depending on whether you are me or some of the other hotheads around here — it is just 3 hours to Melbourne; I have heard others say it is 2.5 hours. The other thing is, again — partially because of the Shire's environment — we have never had a real problem attracting doctors who like to ski or dentists who like to fish, so our service industry is well advanced compared to most other rural shires of a similar size; we are extremely well served. Is it served well enough? That is arguable. But certainly in comparison with a lot of regional Victoria we are.

We have a very good hospital that offers a wide variety of services and two very good medical clinics that are extremely well staffed, so there is an encouragement for older members of the community to come here and be safe in the knowledge that every time they have a problem they are not going to have to drive 3 hours to Melbourne.

The potential of this tree change community is considerable. It is not just in terms of their impact on the construction industry. Obviously these are people who have been partially responsible for the way in which the retail sector of this town has changed, and I think many service areas have become more sophisticated. The expectations of the weekend Melburnian tend to be a little bit different to those of traditional residents. They will drive an increasing range of services, and in some cases because of the skills they bring they will actually add to the variety of services. From a council perspective it does two things: it increases our rate base and it increases our property values, and that in turn has an impact on the rate base. I think sometimes we underestimate the new businesses and the expertise they bring to this community. One of our challenges is to successfully tap into it and marry it to or engage existing local businesses with some of these tree changers, who could have a lot to offer, even if only in an advisory capacity.

We have challenges that tend to be fairly generic. I do not think there would be a rural shire in this state that would say that this current 40-hectare issue is not one of the biggest issues they have to their development. I know this is a problem that is understood on both sides of the house. We have been able to effect a short-term solution with the assistance of Minister Walsh. However, it is fair to say that the successful VCAT challenge prior to Christmas demonstrated that it is not a bulletproof solution and the longer term solution to the 40-hectare issue can only be found in legislation. It is a challenge for both sides of the house to bring that around if you do not want to see shires like ours basically brought to their knees in terms of future development.

Essentially saying to both existing and future landowners, 'You cannot build a house unless you have 100 acres of land', is a real difficulty. What is more, it could probably be regarded as unfair in many ways to those families who have held less than 100 acres safe — or they believe safe — in the knowledge that they could build a house on it. Finally, of course the arbitrary use of 40 hectares does not take into account topography, soil type or anything like that. The impact of a near-vertical block comprised of plain granite is totally different to a flat block of sand alone, and yet this arbitrary 40 hectares is being used to beat local shires over the head in terms of future development. That has to be addressed.

The other challenge to which I have referred is development of national parks. We believe there is room for development with the national parks, and you heard some potential solutions discussed this morning when out at Crawford Catering. High-value, low-impact destinations within national parks should be something that can be considered and should be supported by state government policy. It would certainly be a boon to us and to others.

Regarding access, you will never get away from the impost to both state and local governments of continuing to maintain a high standard of at least arterial roads and to make sure that access to this shire and what it has is continued.

There is a lack of public transport not only into this shire but intra this shire. We have communities like Woods Point, which is in my ward, and Tolmie which are reliant on self-help. In the case of Tolmie there is a locally generated transportation sharing initiative called Toast, and in the Woods Point case there is a bus service which is its essential lifeline to and from Mansfield and essential services. They are critical to the sustainability of this shire.

Other challenges include distance to markets. I have covered most of these. I have already referenced the strong Australian dollar in terms of the tourism market.

I want to spend a little bit of time on a challenge that is not immediately obvious if you do not live in this shire. A considerable area of the Shire has no digital coverage. When you consider that many of the State's emergency services, their bushfire warning systems et cetera, are predicated on mobile phone coverage, you understand how lonely it is when you are somewhere up from Kevington or around Tolmie or even as close as Goughs Bay and you have no digital phone coverage.

This is the era of a digitally driven economy. It does not matter whether Paul Sladdin and MACE are delivering courses, which in many cases are digital by nature — our schools are digital in their nature in terms of coursework — or whether it is just products and services offered by our medical facilities et cetera, bandwidth is everything. The sorts of bandwidth that people enjoy within the urban area of Melbourne are a dream to much of this shire. Although the NBN is being rolled out with almost glacial slowness, it is starting to have an impact on some of the outlying communities, but once again it cannot be relied on as the principal form of communication.

The biggest problem that we have in this shire and potentially in this country — and it is not a state difficulty; it is a federal difficulty — is the universal service obligation. While it places an obligation on Telstra to provide standard telephone services, it does not say how. It does not matter whether it is a copper wire or a member of our Indigenous community with a cleft stick and a message in it, as long as they provide that level of communication they do not care; it is not good enough. Our role with you is to form an effective communications vehicle.

Local government has a limited capacity to drive economic development, but it has a very important role. The capacity that local government has to coordinate industry groups to get — I shudder to use the term — a holistic view of what is going on in the Shire is critical to the ability of state and federal governments to deliver services effectively. There is no doubt that the squeaky wheel is often the one that is best serviced even though it may not necessarily be the most immediate need.

We have the capacity to coordinate and consult with local industries, and I think we can be a very effective conduit to government — I use that as opposed to gatekeeper — for both assistance and policy. We clearly have a role in planning to ensure that we have sufficient zoned land stock available. We can facilitate planning approvals. All of these things can make development of industry a lot easier. We can promote tourism and industry. We can act as an advocate in key areas, such as telecommunications, roads et cetera. We can assist through our procurement policies. All of these I think are motherhood sort of statements.

From a state government perspective, I suppose our plea is: work with us and through us. I am not describing local government necessarily as being a filter or gatekeeper, but do come to us in the regional development role and find out what the opportunities are. Minimising red tape has been the topic this morning. To our industries and to our government, help us at a federal level in key advocacy roles. I know that is not easy, but particularly in communications and these sorts of areas. Maximise funding with a rural emphasis.

Most rural councils do not have the resources available to them to advocate as effectively and universally as the larger urban councils. That is just a statement of fact. We do a very good job with what we have, and you being here today is an example of that. But if it is just left at the status quo, we will always be on an unfair competitive basis as we seek to get a reasonable slice of funding and assistance. We simply ask that you bear that in mind and that there be some effort to allocate, pre-allocate or put an emphasis on rural and regional councils when deciding where funding is to go.

Finally, could planning schemes please reflect local dictates or local circumstances? The '1 for 40' again is probably one of the classic examples of that situation. There is no 'one size fits all' in planning, and the State and its planning authorities have to be very aware of that.

I think I went 2 minutes over time.

The DEPUTY CHAIR — You did pretty well. I thank you, Mayor, for your contribution. We might ask a few questions — there are a few issues to follow-up. In terms of the role of local government and this committee's broad terms of reference, I think it is fair to say that we have been surprised by the — the politest

way I can put it is the variation of focus on economic development between local governments. It is front and centre in some local government's views, but it hardly gets a look in in others, in terms of a deliberate focus of what local government should be about. I think it is also fair to say that we have been a bit surprised as to how that has been reflected at a peak level and the patchiness of it. In a sense that is why your submission stood out: the holistic approach, everything a part of the economic development strategy. How do you think, from the relatively small but seemingly together local government area that you have, that that broader issue of how local government advocates and has a role for economic development could be dealt with?

Cr BATE — We do what we do out of necessity. You and I both pay rates in the same council in Melbourne. A lot of those rural councils struggle to spend the money they raise; therefore economic development is not a primary focus. We do what we have to do, and that is why economic development is very much front and centre for the long-term viability and survival of this shire.

Mrs PEULICH — Sorry, I think he means metropolitan councils.

The DEPUTY CHAIR — Yes, it is not just regional ones. Indeed there was a review last year of Buloke which raised some questions. We have been particularly surprised as to — not using the Port Phillip City Council as an example but that sort of approach whereby the money just keeps coming in and the focus is not on what the council can do to drive investment opportunities in any number of areas. I suppose from our point of view, looking at the Shire's example, what you have shown in today's submission is that economic development is at the forefront of your thinking as a small council. In some big councils it is, but from what we have been able to see, it is not a consistent theme in how local government goes about its business. That has been a bit of an eye-opener for us so far.

Cr BATE — As I was saying, I think a lot of it is needs-driven and a lot of it is simply the proximity to the industries. When you are in a large urban council you can be several layers separated from the industries that are trying to survive and prosper. We are meeting them every day at the supermarket, and that proximity means that we get a lot of feedback. Some of it is occasionally positive, but it is always regular.

The DEPUTY CHAIR — Fair enough.

Mrs PEULICH — Mayor, thank you very much for your submission. First of all the formal one — obviously your verbal submission today, your evidence. It is high quality and it is holistic, without using a trendy term. I would like to thank the council officers and the councillors who have made today possible. I do share a view, despite being on opposite sides of the political fence, that a lot of the councils in metropolitan Melbourne are asleep at the wheel when it comes to economic development. I would agree with you that there are lots of good examples, of which obviously Mansfield is one, where necessity is the mother of invention when it comes to what you do in economic development. I would like to compliment you on what you do. No doubt today has been very informative for us and very enlightening, but you have probably come away with some additional ideas as to how Mansfield can do it better. I think that is fantastic, especially in terms of its perhaps collecting and harnessing information with regards to specific sectors and how to use that to inform your council strategy. So well done.

The other comment you made was that one of your concerns was the cost and supply of labour, the reluctance of young people to take up apprenticeships and all of those issues that are obviously reflected in the national skills shortage, which contributes to the high cost of construction and so forth. I think you made reference to WorkChoices. I think you meant to say, 'Federal industrial relations laws have been too inflexible', and I would agree with you — just for the matter of record.

You also mention that state governments have typically been bad neighbours, in particular in relation to pests, and also that climate is a very important factor to industry and economic development in Mansfield. Are you able to comment, first of all, on the impact of natural disasters on economic development opportunities or otherwise in Mansfield? Secondly, could you elaborate on pests a little bit and also comment with it on whether fuel reduction is somewhere where there has been an improvement.

Cr BATE — Natural disasters: from memory, Mansfield Shire has been the victim or the recipient of four significant bushfires in the last 12 years. Certainly I know they have been through our area, and we have had floods. It has not had a huge impact on economic development per se other than that it necessarily diverts local

and state government funding. If you had not had to spend it on that, in some cases you could have spent it on economic development.

In terms of the pest issue, it gets down to pest plant and pest animal species. The major issues up around here are inevitably things like blackberries, broom and serrated tussock — you name it, it is there somewhere. Because so much of the Shire is on state-owned land, the resourcing to control those pest species both at state level and through to shire level is not adequate. That is not to say: ‘Will it ever be adequate? Could you have enough money?’ It is a massive problem. But it is purely and simply to say that more could be done, and certainly it could be given a potentially higher priority in some of the state budgets than it currently is.

Mrs PEULICH — And fuel reduction?

Cr BATE — I would not like to make a comment on fuel reduction. It is something better directed to the CFA. I think, as a generic comment, I have never heard anyone say we have had too much fuel reduction, except possibly some environmentalists. I would say that we seem to fall short. I know that we fall short on fuel reduction targets year after year. That is not necessarily the fault of the DSE. Quite often those fuel reduction targets are subsequently unachievable because of either local or environmental pressure, and sometimes, I must add, from within some state government departments such as Parks Victoria.

Mr CARROLL — Thank you, Mayor, for your presentation. One thing I noticed when I was reading through Mansfield’s presentation was Mansfield Secondary College seemed to have got some praise for their school-based friendships scheme.

Cr BATE — Yes, correct.

Mr CARROLL — Today two out of the three businesses we saw directly raised the issue of finding labour and keeping labour in Mansfield. A direct role of the State Government is education, TAFE and the Victorian certificate of applied learning. If there is one message you could give us that we need to take back to Parliament in our report, whereby we could assist you in terms of helping support an educational institution like Mansfield Secondary College to grow that school-based apprenticeship scheme, to help promote the agricultural business and get young people from the local town into the agricultural business, whether it be Murphy Fresh or the cherry farm across the road, what would be the message you would give us that we could put in our report? How could we assist to make Mansfield a great place to study, live and work, and have young people stay in the town and become successful employees?

Cr BATE — I am going to defer to Mr Sladdin, who will shortly speak on behalf of MACE, although I can in one very brief statement say ultimately it will get down to funding and the recent reduction in funding for course preparation and course development, but I am sure Paul will be able to elaborate on that.

The DEPUTY CHAIR — Thank you, Mayor, for your submission. You will receive a copy of the transcript in a week or two. Whilst it is open to you to check that for typographical errors, the substance of the matters are not available for you to change. Once that has been sent back, it will become a public record in due course. Thank you for your submission today.

Cr BATE — Thank you very much.

Witness withdrew.