

TRANSCRIPT

ECONOMIC DEVELOPMENT AND INFRASTRUCTURE COMMITTEE

Inquiry into local economic development initiatives in Victoria

Dandenong — 27 February 2013

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Mr M. Foley
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Cr S. Mayer (sworn), Mayor,
Mr D. Hovenden (sworn), Chief Executive Officer, and
Ms S. Jackson (affirmed), Manager, Economic Development, Frankston City Council.

The CHAIR — Welcome to the public hearings of the joint parliamentary Economic Development and Infrastructure Committee's Inquiry into local economic development initiatives in Victoria. The evidence given today will be protected by privilege, so anything that you say today does have privilege covering it. However, anything you say outside this hearing will not be covered by that. Also, your evidence will become part of a public document. Could you state your full name and whether you are appearing on behalf of an organisation or on your own behalf?

Cr MAYER — My name is Sandra Mayer, and I am appearing on behalf of Frankston City Council as the Mayor.

Mr HOVENDEN — I am Dennis Hovenden. I am the Chief Executive Officer, Frankston City Council.

Ms JACKSON — Sam Jackson, and I am the Economic Development Manager at Frankston City Council.

The CHAIR — Could I now invite you to make an oral presentation.

Cr MAYER — Thank you very much, Chair. Good afternoon everyone and thank you for inviting us here today to speak to Frankston City Council's written submission on the parliamentary Inquiry into local economic development initiatives. In accordance with the terms of reference for the inquiry, Frankston City Council provided a written submission to the inquiry on 3 September 2012. In that submission Frankston City Council acknowledges the incredible importance of economic development to our local community. The ability of our local residents to transition from education through to gaining meaningful employment and the ability of our local businesses to source a skilled workforce are critical to the social fabric, liveability and prosperity of our community.

However, it is not just the community of Frankston city that is of consideration here. The commercial and industrial precincts within the city result in Frankston city having a reach that extends beyond the municipal boundary. Indeed, with health and education, retail hubs and a concentration of government services, the Frankston city centre has traditionally been and continues to be the regional capital of the Mornington Peninsula, but it is not just the Mornington Peninsula region in which Frankston city plays a key role.

Through strategic alliances with councils from throughout Melbourne's south-east, Frankston City Council is proactively working with its neighbours to address key issues to improve the health and wellbeing of the greater region, not just individual local government areas. It is critical to look beyond the municipal boundary and at more of a regional approach, as the visitor, the business operator, the employee, the student, et cetera, do not observe or limit themselves to municipal boundaries. It is also important to recognise and build upon best practice — for example, our Splash Card initiative, the Frankston Visitor Information Centre and Frankston TV, all of which have won national awards.

Recognising the importance of a regional approach is even more important to Melbourne's south-east when considering that 29 per cent of Victoria's population — 1.4 million people — live within the region; nearly a quarter of the State's jobs are based within the region; 80 per cent of individuals employed in the region also live in the region; the value of the regional economy is in excess of \$142.5 billion; and the region contains four of the State Government's declared central activities areas — Frankston, Dandenong, Ringwood and Box Hill — two TAFEs, Swinburne and several campuses of Monash University. This is why the inquiry is an important and unique opportunity for councils and regions to work collaboratively with the State and Federal Governments to leverage off each other's programs and avoid duplication of services for the betterment of all. With this in mind, we should be working towards shared goals and objectives that balance all facets of a sustainable community. I thank you for this opportunity to speak to our submission, and I welcome the opportunity to discuss our submission in more detail or respond to any questions that you may have.

The CHAIR — Thank you very much.

Mr FOLEY — Thank you, Mayor and officers, for the submission last year and for taking the time and trouble to come today. By looking at the terms of reference, I think you could broadly assume that what we are looking at is what local government's role in economic development is, what is good about it, what is not too good about it and what could be better about it. From your point of view, based on your submission and your presentation today, what are the things that the good people of Frankston are looking to partner with, whether it

is different levels of business, the private sector or different levels of government, to drive economic investment?

Mr HOVENDEN — There are obviously three levels of government and — with respect to economic development — at times it can become a very busy arena. I think, both at a local government level and at a community level, there needs to be a clearer understanding of the roles. I accept that from time to time it will be necessary for all three levels of government to work together to drive what is in the vision of the nation, the State or the community. However, on those occasions where we have separate individual roles, I think they need to be clearly defined. When there is common ground and we are all working in the same space — we are obviously trying to attract private investment and overseas investment, for example — we must ask who is going to take what role to facilitate that discussion and ultimately achieve success?

I have been in local government for 30 years now, and I have spent many of those years talking about red tape. Numerous governments of all persuasions have put forward to local government the concept of reducing red tape. Sadly we are still wrapped up in a lot of red tape, so I think we need to be ever vigilant to try to reduce the amount of red tape, avoid duplication, understand a clear role for each level of government and private industry, and then give a commitment to work together to achieve a successful outcome. Strong communication is a hallmark of that.

The State has released an economic blueprint for Victoria that it communicated through a recent media statement. The State needs to communicate that and needs to determine what the role for local government is within that blueprint. Then we need to stick to our roles, acknowledging that on occasion we will come together. We need to work out what it is we want to do as a state to develop and then government — which is at the forefront of that — needs to work out what it believes is the best fit and where the best location and/or local government position to take advantage of is, whether it is an increase in manufacturing, in education or in the provision of health and medical services.

At a federal level Minister Crean talks about the patchwork economy. We have to avoid a patchwork economy through a structured approach where we are spreading the economic benefits right across the State and, importantly, right across local governments. At the moment you have local governments in natural growth corridors. You have the city of Casey, one of our neighbours, which will go from 250 000 to 500 000 people over the next 30 years; you have the city of Whittlesea, which has 140 people a week moving into its municipality; and then you have Frankston, which is trying to take advantage of population growth and to get ready for further growth. They need to be brought into the game at an appropriate level. It is not an easy issue to tackle, but we have to get it right, because if we do not, we run the risk of continuing to perpetuate the patchwork economy in economic development.

Mr FOLEY — With your 30 years' experience — and I do not want to verbal you, but essentially you said that with local government being, legislatively, a creature of the State Parliament, the Government of Victoria needs to determine the role of local government in economic development, or words to that effect. Are you saying that should this report come up with a recommendation about a consistent approach as to what local government should be doing, and perhaps equally should not be doing, in economic development — not that there is going to be a one-size-fits-all approach — and if the Government of Victoria were to say, 'The role of local government includes economic development as defined by these broad criteria, and we require you to do it via this reporting mechanism or that reporting mechanism', what would be your view on that?

Mr HOVENDEN — There are a number of comments. We are in it together. If we are not in it together, local government and state government standing side by side, I think we run the risk of getting it horribly wrong. We have to know what each other is doing so we have that clear role. At a local level communities often scratch their heads and try to understand why local government is involved in economic development. If you have a look at community satisfaction surveys in relation to local government right across Victoria, one of the key three low areas where the community marks councils down is economic development. They do not understand and they do not appreciate — —

Mrs PEULICH — Mark them down as not achieving enough?

Mr HOVENDEN — Mark them down in terms of not achieving enough. They do not understand why they are in — —

The CHAIR — They are critical of your performance?

Mr HOVENDEN — They are critical of the performance because, in part, they do not understand the importance of why local government is involved in economic development — —

Mrs PEULICH — Or is that extrapolating too much?

Mr HOVENDEN — Yes. And they get frustrated by the fact that local government can, like state government, pour a lot of energy and effort into resourcing economic development. Sandra will tell you that often you can work on something for two or three years and in the end you get up from the table and nothing happens. So there is a sense of that frustration. But local government can assist state government, and state government can assist local government. It is a partnership. If you have not got it right and it is out of balance, you run the risk of duplicating and not understanding each other's needs. I think the better way of doing it is through a cooperative approach with clear direction and clear guidelines on who is going to do what, and then an even clearer understanding of when the two worlds come together when we are pursuing an economic development goal.

Mr SHAW — There is another way of looking at this. You mentioned how local government can work with the State Government and they can each know what the other is doing, but a lot of the discussions that we have had have been about how local government can influence or provide initiative for businesses that are already in the area or that attract businesses to the area. Sandra mentioned meaningful employment for the people of Frankston who go to Monash and Chisholm and our high schools. How are we going to house them in Frankston and how are we going to encourage businesses to come to Frankston when there are policies through different local governments — and Frankston is one — which would restrict those initiatives?

On one side you want jobs: 'Bring us jobs, give us a government department, give us whatever.' But when we ask, 'Where are you going to house them?', you say, 'Oh no, we are not going to house them. We do not know where to house them. Just bring us jobs.' It is a very simple thing, I think, for local councils, because they have the ability to grant permits and applications as far as planning issues are concerned. I think you have two conflicting things there. I hear that you want jobs in Frankston, and we want big jobs in Frankston, and yet when someone says, 'Yeah, great' with housing, there are issues there with the planning department.

Mr HOVENDEN — I do not want to monopolise. I have an answer, but — —

Ms JACKSON — It is not just gaining jobs, it is gaining the right jobs and not trying to get every single job. It is recognising where the local government area has an area of strength and building upon that. Frankston City Council recognises that we have various strengths in the likes of health and wellbeing, education, tourism et cetera, so we are working with our business community to attract more businesses and employment opportunities in that realm. Like every council within Victoria, we work on the same planning scheme provisions and the same basic zoning, so in that regard we are recognising that we do not necessarily want the heavy manufacturing and therefore we do not have those zones within our municipality. That is how I would address or respond to that question.

Mr HOVENDEN — Mr Shaw has asked a very direct question, so I will give him a very direct answer. I agree wholeheartedly that we cannot sit here and look across the table towards the next level of government and say 'You need to help us out' if we are not prepared to help ourselves. I fully understand over the journey in local government the frustration that planning departments right across the State can incur with both investors and people who live within our municipality. Since arriving at Frankston the journey has begun to improve those processes, because it is no good talking about all the things that Sam and the Mayor have spoken about: you say to the world that Frankston is open for business, and then the very first thing that happens when your fiscal investment dollars come to Frankston is you find that the door starts to shut.

I think we need to be very respectful of the planning scheme, not only at a local level but also across the State. We need to be always be respectful of that and the processes that are attached to the planning scheme; however, we should be prepared as a local government authority to sit at the table with those who want to come and invest in our municipality, with the support of other levels of government, and at the very least explore it with an open mind within the parameters of the planning scheme, the Local Government Act and any other piece of legislation that binds us at local government level and you at the state government level, work through it and imagine if we could work through and solve some of the issues. Then we send a clear message that Frankston is

a municipality where you can actually go and sit down and get a fair hearing and get people with an open mind willing to explore the possibilities, and ultimately perhaps the investment dollars will be put into Frankston.

If Frankston has a desire to truly be the regional centre of the Mornington Peninsula, then it must be proactive in its approach, it must be proactive in its thinking and it must be prepared within the parameters and the boundaries of legislation to look for solutions rather than obstacles.

Mrs PEULICH — I will ask two questions, if I may. We actually visited some businesses this morning in the city of Frankston, on site visits, and they were quite inspirational. But from them and from others the report has been that there is an element of frustration with Frankston City Council. All of them agreed that perhaps establishing a one-stop-shop for business would actually be very useful. Is that something that you could respond to? Is it something that has been contemplated?

Mr HOVENDEN — I am certainly happy to respond through you, Chair. I think that is a great idea. Interestingly, one of your terms of reference is about the differences between rural and regional as against metropolitan. At the council that I have just come from — the Swan Hill Rural City Council — we established that. People come into the room with an expectation that they want to invest, they want to create the jobs that everyone in the State wants to see, they want to create a new lifestyle and they want to create a positive impact within our municipality, so when they walk into the room you need to have all of the suitable players in the room. If a person is setting up a business and wants to invest in our municipality, they should have access to the planning department, they should have access to the CEO, they should have access to the people who are involved in the provision of infrastructure — all in the room at the one time, right from day one, sitting around the table again exploring. Not saying no — exploring. ‘Here is the plan’ — and I do not think anyone sitting in the room would suggest that the first plan, the first time everyone meets, evolves through the conversation to an end result where the investment is put into the municipality, but it is a great starting point if you are all together on the starting line talking about the same thing.

It is no good, and it adds to the frustration, if a council has a meeting and the first part of the meeting is with the planning department and they go away and solve the planning issues, or potentially do so, and then the infrastructure department comes in and has a whole set of new things that the person has to deal with. Time marches on, and people wanting to come into the city with investment get frustrated by that and may look to go somewhere else. So again we need to sit at the table. If it involves the State Government at an administration level or working with our members of Parliament or going to the minister, then we should get them involved in the discussions very early. That way we will get a good result. So your idea of a one-stop-shop is a good one, and it should be explored. It works in other settings, and I think it could definitely work in all local governments if you are prepared to look for a solution.

Mrs PEULICH — You have the Iron Man event coming up. We were there last year. I know some of the councils downstream are not really doing much to piggyback on the opportunities that such an event may present for some of their businesses, whether it is accommodation, hospitality, restaurants, packages or who knows. Obviously there are a lot of people who also fly in for the event. Tourism could take advantage of promoting packages and so forth. Has the Frankston City Council seen any positive planning for that opportunity, either within your municipality and businesses or adjoining municipalities?

Ms JACKSON — This is the second year. The first year of the event was a learning curve for everyone. We had people thinking of the filming of the next Robert Downey Jr film on the waterfront. Now people understand that it is a triathlon event — and a significant triathlon event. We have the business committee working a lot more closely with us. Last year we had issues particularly relating to road closures and understanding what impact that would have on the business committee. We have been able to instil that information and that knowledge with the local business committee so that they can make the decision as to how they wish to respond, as well as us encouraging them with various opportunities to participate and maximise the benefit on the day. Things like that are producing a greater understanding of which businesses are going to be open on the day.

To that end, we are generating a map for visitors so that they get some comfort that if they go 10 metres off the track, they will be able to get a coffee within 5 minutes as opposed to waiting an hour on the track. We are also getting our local businesses to package, given that the athletes and spectators — particularly those who are coming from overseas and interstate — are potentially going to be here for a week doing reconnaissance on the

course, so we are getting them to understand what is available for them to do whilst they are staying. That it is not just about a trip to Melbourne, it is a trip to Melbourne's south-east and surrounds. Whilst the athlete is doing a reconnaissance on the course, this is what the support crew — and we understand that each athlete generally comes with about three-and-a-half support crew members — can be doing. They can go to the McClelland gallery or the wineries et cetera. We are putting a single message out there so that people can be better informed about what they can do whilst they are here.

We are asking those businesses that are negatively impacted upon on the day to also take note of what is happening in the week leading up to the event. The experiences from other cities that have had similar events is that trade may be down on the day, however there is a peak in the week leading up to it because of those additional visitors to the area. We estimate that at last year's event there were 30 000 people there, and we are certainly hoping that there is going to be an even bigger number this year.

Mrs PEULICH — And do we know what the average length of stay for those 30 000 people is?

Ms JACKSON — We do not have those stats yet. With the change of ownership of the operator for the event we are still going through some teething problems. The new Quest Peninsula on the Bay, in the former Peninsula Centre, unfortunately will not be opened in time for this year's event; however, it will be fully opened in time for next year's, so we will be able to do much more significant packaging. It will have restaurants et cetera. Certainly our hope in the longer term is that the ironman becomes a Frankston–Mornington Peninsula-based event, because the information we are hearing from the councils further north is that it is yet another road closure — another cycling or running event on the road. We welcome it and we want to work very closely with our partners down in Mornington Peninsula Shire Council and get the event fully contained within the municipality, because it is something that we are really excited about and want to embrace.

Mr HOVENDEN — Mr Chair, can I just add to what Sam said from the more strategic viewpoint that I have? Firstly, I think the council should go and talk to Mr Walker. Ninety-five per cent of the ironman event is within our municipality, and I have a view that Frankston should become the Asia-Pacific Ironman capital of Victoria.

Mrs PEULICH — And Geoff Shaw can be the icon?

Mr HOVENDEN — If Mr Shaw wants to be the icon, we would encourage him to do that. We put a lot of effort in, and yes, we do reap the benefit. However, if this committee is about economic development opportunity — and I know we have to spread it around — when you do 95 per cent of the work perhaps you might be entitled, with the greatest respect to our friends in St Kilda, to have the last 5 per cent. Then you can start to market Frankston as the Ironman capital of Victoria. You do not just think about the event in the week leading up to it and on the weekend, but you work with the business community to package it in a way that gets the ironmen and women to come back when they are under less stress and have the time to look around Frankston and the Mornington Peninsula.

You involve the business community by not only getting coffee on the day but by starting to package for all year round, so that you invite people back to Frankston. Then if we want to build on it — and Frankston needs to develop niche markets — perhaps we can turn to our friends at Monash University who are very much into sport psychology and into the physical side of sport. They developed a centre for excellence relating to ironmen and women that researches, firstly, the reasons why they undertake such a gruelling activity; secondly, what things are happening to their body during the course of the event; and thirdly, what is happening during the recovery time. So you start to build Frankston into a true regional centre not only for sport, not only for business and economic development, but also for health, education and training relating to an ironman event. If you package it together, you have got yourself a good deal, and that is how you undertake economic development.

Ms JACKSON — And if I may also build further upon that, with the regional aquatic centre being opened in 2014, it is a perfect opportunity to consolidate the health and wellbeing reputation of Frankston. Since the Ironman event came to Frankston last year, membership has doubled at the Mornington Peninsula Triathlon Club, which is the local triathlon club. So it has actually had a significant impact upon community engagement and participation as well.

Frankston has had a long history in sports and health and wellbeing. It used to be the start of the Melbourne Marathon, so that is why the route was selected. There used to be half-ironman events which went into the

Mornington Peninsula. Those memories and that reputation that we used to have are really reinvigorating, and we can further consolidate upon that. Our partner, Monash University, used to be the home for Triathlon Victoria up until about six months before the Ironman came to Frankston, believe it or not, and we want them back. It is again further consolidating Frankston as the home of Ironman.

Mr FOLEY — I will let the Mayor of the City of Port Phillip know that you probably will not be applying for the chief executive officer position that I saw advertised recently at the City of Port Phillip.

Mr HOVENDEN — I think Mr Foley might be trying to get me into trouble with my mayor. As I remarked last week at a significant event, I am the CEO of Frankston City Council and I am very proud to be.

Mr FOLEY — That is only fair. Your submission that you gave us today ends up by saying that ‘Frankston City Council requests that the State Government continue to reaffirm and appropriately resource their commitment to the polycentric city model to arrest the potential for a ring of disadvantage on Melbourne’s outer edge.’ Immediately preceding that are the unemployment figures for the ring right around metropolitan Melbourne. Then in the items under the heading, “‘Broadbrush” approach’ you identify ‘The decisions to amend expenditure in the education sector’ and ‘Proposed reform to the planning zones’ as two key contributors. Can I ask you to identify when you talk about the changes in the education expenditure sector, and the TAFE areas in particular, what you see as contributing to the potential for that ring of disadvantage through those TAFE changes?

Ms JACKSON — Certainly. Since we made this submission we have been provided with further information as to the impact of the TAFE funding readjustment. However, we know that it has had significant impact on the local TAFE within the Mornington Peninsula–Frankston area. There were significant cuts in relation to specific programs, particularly hospitality, tourism, customer service, retail and those sorts of programs, which are critically important to the type of economy that we have within Frankston and the Mornington Peninsula. To apply a broadbrush approach and reduce the number of places that are available in those sectors without having consideration to the impact on the local economy I think is a little challenging.

Mrs PEULICH — So, Sam, you would advocate shifting the resources away from the skill shortage areas where we have moved those resources to the areas that do not generate jobs?

Ms JACKSON — Certainly.

Mrs PEULICH — So you are advocating that?

Ms JACKSON — Yes.

Mrs PEULICH — Well, I would not be advocating it.

Ms JACKSON — I know there was a lot of concern in relation to fitness. I know we have just spoken about health and wellbeing, and there seemed to be a lot of TAFE qualifications being given out in personal training and that caused significant concern to the State Government. However, the broadbrush approach that seemed to be taken at the time has significantly impacted on our service delivery and the skills shortages within the Frankston and greater Mornington Peninsula region.

Mrs PEULICH — They just need to refocus. They will get more money.

Cr MAYER — I can speak personally. I did some courses last year, a certificate IV in leisure and health and also in community services, through a private provider. It was not in my municipality. They had one teacher, they struggled to get teachers in and they did not have any learning materials. I had to go and google the answers. Obviously you go out and do your 150 hours of placement, but I was going out and looking after people with disabilities, vulnerable people, and I did not feel confident or qualified.

The CHAIR — When was that?

Cr MAYER — Last year.

Mrs PEULICH — That would be before the reforms had taken place?

The CHAIR — You started last year or you finished last year?

Cr MAYER — No, it only went for a few months. One of them was a course done at home and the other involved going to school once a week for the community services. With the leisure and health certificate you are looking after people with disabilities, and there was no requirement to have a certificate III in aged care. I had started that course but not finished it. So I actually went into the workforce and I did not feel confident in my skills. I was doing personal care as well. You are doing a placement there. They are really tearing their hair out at these places, the people who have taken on the courses. They are trying to give out materials. They have students ringing them up and saying, ‘Where’s my next book for the next unit?’ The teachers are being stretched. They are struggling to get good teachers in, and people are leaving left, right and centre.

Mrs PEULICH — The reality is that more money has been allocated to the TAFE sector. What has happened is that money has been moved from areas where there is an oversupply of skills and where people cannot get jobs to areas of national skill shortage, where jobs can actually materialise at the end. The overall total amount has actually not been cut. It will be up to the TAFEs to refocus what they do in order to protect an income stream.

Mr SHAW — And RTOs as well.

Mrs PEULICH — And RTOs as well.

Mr FOLEY — Perhaps the Mayor’s experience does not reflect that.

Mrs PEULICH — That was before the cuts.

The CHAIR — Probably.

Mr HOVENDEN — Mr Chair, personally, when I took up the role at Frankston City Council a number of people said to me, ‘Why are you going to Frankston City Council?’ Yes, I have heard all the stories about our municipality, but since arriving at Frankston City Council I have seen that there is enormous potential. I do not for one moment shy away from the fact that there are community and social issues that need to be addressed. The council, the State Government and Federal Government will do that, and we will do our best to address those issues. Just as there are those issues, there is enormous potential in my municipality that is untapped, and the answer lies in the council working closely with the State Government and the Federal Government to realise that potential.

Only just yesterday we were involved in a discussion about the electrification of the Frankston line to Baxter, for example, which is connected then to Frankston, the heart of Frankston, the CAA and the reshaping of the business district. We were talking to Mr Shaw about looking at and taking full advantage of one of our magnificent assets, which is the foreshore. We know that we have unemployment levels that are at a higher level than the State average, so we have to do something about that. We have to prioritise what our major efforts are going to be and importantly then stick to those priorities and not, if we see a better offer coming along, be fooled into thinking it might be better.

The council is working and is just about to release what it sees as its priorities, which fits into your economic development model here. There are great opportunities. It is in the hands of the council to, in part, bring home those opportunities and find our niche. I believe that the council should be placed alongside the other regional centres that are often highlighted — Bendigo, Ballarat and Geelong, for example. Frankston has a clear role. If Frankston, in cooperation with the State and Federal governments, puts together a proper plan and sticks to that plan, I think Frankston could in fact be a part of the solution to some of the things that Minister Guy is currently looking at, and that is the pressure of Melbourne. Frankston should be seen in a positive light for the solutions that it can provide. How we work together — that was at the top of the discussion; how do we achieve it? We have to work together. If we do work together, I think we will produce results.

Mr FOLEY — Well said.

The CHAIR — Thank you for being here and for imparting your knowledge. In the next couple of weeks you will get a transcript of today’s proceedings. Feel free to make any alterations that you believe are required from a grammatical point of view or punctuation, but not to the substance of the document.

Mr HOVENDEN — Thank you.

Witness withdrew.