

TRANSCRIPT

ECONOMIC DEVELOPMENT AND INFRASTRUCTURE COMMITTEE

Inquiry into local economic development initiatives in Victoria

Dandenong — 27 February 2013

Members

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Mr M. Foley
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Witnesses

Ms S. George, Manager, South East Business Networks (sworn),
Mr K. van Boxtel, Manager, Revitalising Central Dandenong (sworn),
Mr J. Bennie, Chief Executive Officer (sworn), and
Ms P. Brennan, Economic Development Coordinator (sworn), Greater Dandenong City Council.

The CHAIR — Good afternoon. Welcome; thank you very much for being here. Some of us have met before. Welcome to the public hearing of the joint-party Economic Development and Infrastructure Committee's Inquiry into local economic development initiatives in Victoria. The evidence you give today is protected, but anything that is stated outside these proceedings is not offered the same protection. Also, the evidence you give will become part of the public record.

I now ask you to give your names and positions in the organisations and whether you are actually representing an organisation today or are here on your own behalf.

Ms BRENNAN — I am probably complicated. I registered myself as Paula Brennan because that is my work name, but my legal name is Rechner, which is why I swore under Rechner. So, I am Paula Brennan, and I am the Economic Development Coordinator at Greater Dandenong City Council and I am representing the council.

Mr BENNIE — I am John Bennie. I am the Chief Executive Officer at the Greater Dandenong City Council. I am here today representing the views of council.

Ms GEORGE — I am Sandra George. I am the Manager, South East Business Networks, which is a business networking arm of Greater Dandenong City Council. I am here representing the council.

Mr van BOXTEL — I am here on behalf of Greater Dandenong City Council. I am Kevin van Boxtel. I am the Manager of Revitalising Central Dandenong.

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

Mr BENNIE — Thank you very much, Chair and members. We thank you for the opportunity, and it is our very great pleasure to host you here today. We hope that in coming here today you have seen a bit more of our city and the region as a whole, which is an important part of our presentation. You have received our written submission; in that you would have seen extensive references to EDU, economic development; SEBN, South East Business Networks; and RCD, Revitalising Central Dandenong. I have brought today the heads of those three units, and if there are any questions or there is discussion later, my colleagues will be able to assist me in responding.

I also know that there are three principal questions that you are seeking to answer. They are: 'What is working well and why?', 'What is not working well?' and 'How can this be changed, and how best can state government assist local government, peak bodies and local businesses et cetera?' Then having noted those questions I will move on and give you perhaps an overview of our presentation, highlighting a couple of key areas that I think are important, and in doing so potentially answer those questions.

There are five key elements, from my point of view, in responding to all of these issues. They are in no particular order, but they revolve around: structure; informed business support; capacity; regional cooperation; and infrastructure. In relation to structure, we look at that from two points of view. Certainly from the organisation's point of view, what you see before you today I guess is a reflection of the structural impetus that council has on economic development and business support through our municipality. Indeed in our presentation we have emphasised to you that even in the last nine months we have revisited and changed that structure so that the group of people and units is now called Greater Dandenong Business. We think that is another way of, I guess, converting economic development, business support and place making and place revitalisation into something that is more focused on putting impetus on businesses in Greater Dandenong — so making businesses in Greater Dandenong greater through our efforts and support.

There is another aspect to structure, and that is: how do we structure and/or facilitate and coordinate the very many associations and groups and interests, some of which you will be hearing from this afternoon? That is something over which we do not have a lot of control. But we have worked deliberately and collaboratively over a long period of time to seek to align the many association interests — just to name a few: SEMMA, South East Melbourne Manufacturers Alliance; the DRTA, the Retail Traders Association; and the Chamber of Commerce. It goes beyond that to include groups like South East Melbourne Innovation Precinct and the Southern Melbourne Regional Development Australia Committee — of which I am separately Chair — in terms of pulling all those interests together. The one success I think we have had with those groups is that all would agree that we are all in the business of making Greater Dandenong a better and stronger place. If Greater

Dandenong is a better and stronger place, then the region is a better and stronger place. Whilst we all may have separate responsibilities, we are at least unified in our objectives of making this a better place economically and in a whole range of ways.

Can I also give you an anecdote. I remember a number of years ago when I worked in another place, the Manningham City Council, as CEO. I spoke to Ian Macfarlane, who at the time was Minister for Small Business in the Howard Government. I asked him a pretty obvious question, 'What role can local government play in supporting business?', and he was very quick to respond and say, 'Just get out of the way.' I think it is important that I share that, because I think it is about structurally understanding the role that we can play and clearly understanding the role that we cannot play. I think we spend a lot of time coming to an understanding of where we can add value to business and the economy in our municipality and our region, always being mindful that we are not business proprietors or business operators; we do not know other people's businesses, but we are here to support and encourage them.

The second point I want to touch on is informed business support. It links to the first because it is about knowing and understanding the role that we play. So through the groups that you have represented here — and primarily I would say economic development — it is about understanding the statistics, understanding what levers we can pull or what levers we should not pull or cannot pull or cannot influence in terms of making the economy in Greater Dandenong even stronger than it may be — so, understanding your product, I guess, in a business sense.

We would urge all businesses — we do say from our experience and of those who have actually been involved in business, businesses that traditionally spend more time working in the business rather than on the business — to know your product, know what it is that you are seeking to achieve, and for us in our businesses we are looking to add value as we progress that. All of that can assist us and our council in terms of informed decision making — so, the decisions of council, the policies, the strategies, even the rating strategies that we have. Differential rating, I know, is another matter that the State Government is looking at at the moment. It is an aspect that we might want to tease out a bit, but it plays an important role in Greater Dandenong in terms of being part of the way that we operate that adds value to the way that we deliver services and make our own contribution to infrastructure improvements.

Capacity is the third point that I want to raise. For us in council it is about having the resources to actually make a difference. If you are going to be in this game, be serious about it, not be bit players. Again, I have been around long enough to know that at the time of amalgamation of local governments it was strongly encouraged that all councils have economic development units. But having worked in other places I was never quite sure what the real value was of some of those economic development units, including tourism units, that are often aligned with those groups. But I have now been at Greater Dandenong for seven years, and I knew from day one about the real value of what a committed business support group can do to assist and support business.

Once you decide you are in that business and you can add value, it is then about being properly resourced, and I commend the Council of Greater Dandenong for allocating adequate resources. I will share with you, because I guess it extends into the issue of what revenue we raise and then how we may spend that, the fact that 51 per cent of the revenue from rates in our city comes from non-residential ratepayers. Our total revenues are about \$140 million a year, but \$80 million of that is from rates, and \$41 million to \$42 million of that is from non-residential ratepayers — the business community — manufacturers, industry, commerce, retailers and all of those sorts of groups. Whilst that is a disproportionate amount of the revenue stream and we certainly do not spend that proportionally on the expenditure side, it gives us the capacity to do what these people and their teams do and do what I think this council can do in terms of supporting the local economy. That is the issue of capacity.

Again we are very strong believers in regional cooperation, and partly through my role as Chair of the Southern Melbourne RDA Committee and our further roles in terms of right across the board here: membership of SEMMA, South East Melbourne Manufacturers Alliance; membership through Kevin in Mr Guy's central activity areas groups and those sorts of things. We are as committed to growing and supporting the region as we are Greater Dandenong because, as I said at the outset, what is good for the region is good for Greater Dandenong and vice versa. I think unless we are committed to that we are missing a great opportunity for us all to be involved in building and developing the region.

Being a regional contributor, it is about avoiding duplication and avoiding competition, and between Kingston and ourselves you are probably aware that together we contribute something like 35 per cent of state domestic product. We do not get that through competing with one another — ‘Who is going to get this business?’ It is about collaborating and working together and talking about the heartland of manufacturing Victoria as being in the municipalities that include Kingston and Greater Dandenong. Whilst it is almost a natural phenomenon to be competitive with other municipalities, we have to try to put that parochialism aside and work towards growing and supporting what is in the best interests of our municipality but also our region. Businesses may come here, and if they do not reside in Greater Dandenong, so be it. If they reside in the region, that is what we should be aiming for, because again what is good for the region is good for us. It creates more jobs and more opportunities for us to grow.

Let me touch on — and perhaps finalise before I ask others to fill in the many gaps that I am sure I will have left — infrastructure. I know that is probably an area of enquiry you have. I would say from a Greater Dandenong point of view: build it and we will capitalise on it. In other words, if our other partners — the state and federal governments primarily or the private sector for that matter with something like EastLink — build infrastructure, we will endeavour to capitalise on it just as we have done with EastLink, one of the greatest pieces of infrastructure to be implemented in this region. We are progressively — and if you ask me for the data, I cannot give it to you today — certainly looking to capitalise on that by the growth of Dandenong South businesses, including potentially in due course rezoning of certain areas in the south of our municipality that are going to capitalise on the accessibility.

You may have heard this statistic before — and I cannot remember it precisely, but I remember enough of it to make the point, I think — that prior to EastLink there were in the order of 360 000 jobs within a 20-minute drive of this city. Post EastLink there are over 700 000 jobs within a 20-minute drive of this city. That has benefits in two ways: there are benefits to our city in that there are many more jobs open to our community to access; it also has benefits for the business community, which has a wider pool of people to draw from. So there is no doubt in anybody’s mind that something like EastLink as an example has been significant.

More locally there is the Dingley bypass, which we call locally the Dandenong bypass. Again, this is not yet complete, but when it is complete it will add significantly in an east–west sense to what EastLink has contributed in a north–south sense.

In relation to the entire revitalisation of central Dandenong, I know you have not had time today, but we might have time later for you to get a closer sense of \$290 million of state government investment in revitalising a pivotal activity centre in this region.

There are many other things, including grade separations. Again we would speak very positively about the impending grade separation of Springvale Road and the Dandenong rail line. I am sure you have heard the statistic that in the peak hours of any day Springvale Road and all other roads that cross the rail line are closed for 40 minutes in the hour, and as the number of trains increase on the Dandenong line this could potentially grow to 45 or 50 minutes. For all of those periods you can understand the downtime and the adverse impact on the economy from north–south vehicle or truck and freight movements along those routes. Whilst grade separations are very expensive, they are also most beneficial.

I will come back — perhaps as a closing point because I am sure I am pretty close to time — and point to some work that Kevin is doing. He was appointed as Manager of Revitalising Central Dandenong. That role is the responsibility of Places Victoria, but we play a role in working and collaborating with them and looking at how we can locally add further value to what they have done. We have done that ourselves by investing \$15 million in this site, \$27 million in upgrading the Dandenong Market and \$62 million in building a new municipal office and civic space across the road. We will have invested many more millions over the life of the revitalisation, so we feel at the end of the day we are probably going to punch dollar for dollar with the State in terms of the net investment we will have made in these areas. This is not to say that the revitalisation of Dandenong will ever be complete — it never will be; it is an evolving and ongoing thing. But we are moving Kevin’s focus now to Springvale and Noble Park, because they are also activity centres that need to be revitalised. When we then look at Springvale we are already planning for how we can capitalise on the grade separation. How can we work with VicTrack and other state departments to say, ‘We have this great grade separation; how are we now going to incorporate those into the vital revitalisation of those activity centres?’

Chair, that is an overview, and I might stop there and ask my colleagues if there are any key points they would like to make in a minute that might remain to emphasise any point; otherwise we would be happy to take questions or have discussions.

Mr FOLEY — We thank you for your presentation, and from the discussions we had with a limited number of stakeholders I think there is a reflection in your business community of the emphasis the city places on business. Your presentation seems to have been reflected in what we heard this morning.

This inquiry is about, as you said, what is good, what is bad and what can be done better in relation to local government's role, in particular in economic development strategies, jobs, growing the economy and growing the resources available in the community. I think it is fair to say that we are arriving at a conclusion that it is patchy across local government, that some do it better than others and that lines on maps that define cities are sometimes used as an excuse for why there is not an emphasis in particular areas. In that regard, having a look at your role as chair of the regional body, the Southern Melbourne RDA Committee, its strategic plan and the centres of activity of both Dandenong and Frankston, the port of Hastings, improved public transport and the key priorities that are set there, how do you think local government's combined efforts in a regional economic zone for want of a better phrase could be better utilised, given the limited resources that each level of government has?

The CHAIR — We want an absolute answer in 30 seconds, please!

Mr BENNIE — I have to say in all honesty: continuing to do what we are currently doing. To give a couple of examples and again to come back to your earlier point — not your question, I know — within this region there are 10 municipalities, and if you look at some of the inner municipalities, which include Port Phillip, you need to ask: what are the economic imperatives there? The answer is that they are what they are but they are vastly different to what might exist in Kingston, Greater Dandenong and Frankston — the central groups — and then in the dormitory suburbs of Casey I can understand how it would be a little different again.

I return to where I said to keep doing what we are doing. In this region, even going back to pre-amalgamation days, some of you might be familiar with the term MOPARS — Mornington Peninsula arterial road strategy — where VicRoads were always very satisfied — and continue to be satisfied — that rather than having to deal with 10 annual submissions in relation to arterial road priorities, the councils actually get their heads together and agree key arterial road priorities on a regional basis. So VicRoads says, 'Thank you very much. You have done most of the work for us.' It is very hard to achieve that because councils say, 'What about Smiths Road, because it's not a regional priority and we may never get that up?' This is where it comes back to a maturity among local governments to say what is good for the region is good for our municipality. And again, to use a local example, the upgrade of Thompsons Road, one of the most vital east-west links, connects Kingston with Greater Dandenong, with Casey and with Cardinia, so it connects the bedroom suburbs with the jobs in the west of the region.

I do not know whether that answers your question, but from a regional point of view I can see that there is a real commitment to collaboration. I can be accused of spruiking loudly about Greater Dandenong — it is my job — but I am pleased that most others would recognise that Greater Dandenong — principally as an activity centre — is regarded as the capital of the south-east. So that takes the competition aspect out of the equation. No-one else is vying for the role that we can play, given this level of state investment, as being the capital of the south-east, but we recognise as well that there are others that play a vital role in that being seen as the outcome.

Ms GEORGE — Could I just add to that, the business networking support that is delivered is not just for companies, located in Greater Dandenong; it has always been on offer for companies across the region. So companies participate from Kingston, from Greater Dandenong, from Frankston, from Monash and from Bayswater. Whilst the strongest number obviously are from within the Greater Dandenong and Casey area, they do come in from other areas where they do not have that same sort of service. Their supply chains are here, their customers are here, so it is a natural thing.

MR van BOXTEL — I might say very quickly too that there is a joint strategy as well — the Melbourne's South East's Prosperity for the next generation, which runs up until 2030. Eleven councils in this region have actually got together and identified those key strategic alliances in terms of future investment in things like the port of Hastings and Dandenong as the capital of the south-east; they all feature in that strategy. That strategy

was refreshed about four years ago and will continue to be refined as things are delivered and new opportunities become available.

Mrs PEULICH — I have two questions. Could I say, John, you are an outstanding spruiker but you are also a man of action, so I hate to say anything positive for fear that your councillors might read it and you might be tainted with faint praise, but you are a leader in your field and I think what you have been doing with business — and all business — is an exemplar, and we would certainly like to see a lot more of it, and of course assisted by what SMEs in the local area call Sandra — the ‘little dynamo’. Today during site visits there was enormous and lavish praise of what you have done.

That does not mean that there are no areas where improvement can be made. I am impressed by and commend all that you do in terms of your interface and engagement with large business and industry and with SMEs. The scenery in relation to small business — retailers and so forth — is a little more chaotic, and there does not appear to be a way of bringing together their concerns, which are not just with you but with the other stakeholders, whether it is VicRoads, whether it is Places Victoria and so forth.

I know at one stage Casey City Council pulled together a structure called economic forums. What they did was that they brought in the traders associations and the chambers of commerce and they met periodically — I do not know whether it was once a month or once every two months — with council and other stakeholders, and they used that to feed into the strategic directions and action plans.

Are you able to perhaps comment on how you do interface with small business, and where you see that that is going? And Kevin mentioned the study that you are commissioning in collaboration with other councils. I have read that and I commend that, and what I see is a very patchy result in terms of what is done with that study for the local municipal implementation. Are you able to comment on that and see how we can actually get such valuable information to better inform what is done at those partner municipalities?

Mr BENNIE — If I can leave question 2 to Kevin, and Paula will add something to that as well. About question 1, I simply say: thank you for the compliments, but I am not delusional and I know that anything we are able to do in Greater Dandenong is due to the 1000 great staff that we have who are all committed to the community.

I will add to that answer, though — as well as others perhaps contributing — that we also embrace continuous improvement, and we know where we have areas that we can improve upon, and that is probably an area that we need to improve.

There has been a long history of working with individual associations, which we must acknowledge are separately incorporated and autonomous and have the ability to do what they want to do, but it is probably over the last two years that we have realised that we can do more collectively. Again, we have had enough meetings with all those groups — and I am not just talking about SMEs and others specifically, except for their representative groups — but everyone is unified in the view that we all need to work together for the benefit of the region and the municipality, although we might have discrete and specific interests that we might have in all of that.

Our mayor will be hosting a working dinner in about three weeks’ time when we are putting together the chairs of a whole range of groups: SEMMA, the Committee for Dandenong, the Chamber of Commerce and the Retail Traders Association, and again it is part of embarking upon a new process of engaging more closely with all those groups together.

The RDA has facilitated, over the last three or four months, a series of discussions with all the organisations to say, ‘Let us not divide and conquer, let us be united in terms of what is best for the region’, and that is work in progress.

Can you remember the second question?

Mrs PEULICH — The collaboration between, I think, 10 councils putting in five grand each or something like that, and what happens with that, perhaps from their own perspective, and perhaps from your partners.

Ms BRENNAN — I will talk on that one. With the Melbourne's South East regional strategy I have been actively involved in that group for many years — almost since its inception — and I was certainly actively involved in both the first strategy and the revised strategy, which does not go into quite as much detail but certainly revisits some of the key areas of priority for the region.

That was always intended to be fairly high-level, looking at regional issues along the lines of transport infrastructure, transport linkages and things like the port of Hastings, rather than issues that perhaps we would deal with as individual councils — whether on our own or in partnership with one, two or three of our neighbouring councils.

The activities that have gone on within the Melbourne's South East group and within that strategy have been somewhat limited by the resources that each individual council can put into it, and we all know that there are a few leaders within that group who have done the majority of that work. That has varied over a period of time as to who — based on the structure of the organisation at any one time — is able to allocate suitable resources, because it is extra on top of the projects that you are delivering locally. But the fact that the group has gone for so long and are all committed to that strategy is really, in essence, showing that there is that support for a region and building the opportunities for us to do smaller projects within the region, but not necessarily across the entire region. As John pointed out, there are certain issues that would be relevant perhaps to Whitehorse and Maroondah that would not be as relevant to Kingston and Greater Dandenong.

Similarly, Kingston, Greater Dandenong, Knox and Monash councils have been involved very heavily in the south-east Melbourne innovation precinct, but still within and representing the Melbourne's South East group. So the four city representatives on that group are representing the entire Melbourne south-east region of 10 when they are acting on that group. It has built the linkages and provided operational opportunities within the region, but not necessarily across the entire region. Yes there could be more done, of course.

Mrs PEULICH — I was going to say: is there more value by drilling down into some of that?

Ms BRENNAN — And we would love to, and the group is actually looking very closely at its structure at the moment and how perhaps that can be resourced more heavily from the councils in order to have a driving force. That is probably what any group like that needs, an individual driving force that will lead all the partners on their strategic journey. That sort of answers the SME one, I think.

Mrs PEULICH — Thank you. Yes.

Ms BRENNAN — But regarding the small to medium enterprises and how we engage with them from the Greater Dandenong City Council point of view, we obviously have a variety of different ways that we engage with them and we utilise a fairly extensive business magazine rather than a business newsletter. We have a 24-page full-colour glossy mag.

Mrs PEULICH — We just saw it. Is it called *Stakeholder*?

Ms BRENNAN — *Stakeholder*.

Mrs PEULICH — Very impressive.

Ms BRENNAN — Yes, and we put a fair bit of resources into doing that to make it more than just letting the businesses know what training and those sorts of opportunities are out there. It is a lot more strategic on issues affecting business, getting words from experts and business case studies to try to showcase what the opportunities are for business, and that goes across from big business right down to SMEs. We have had, I will admit, difficulty in engaging with our SME business community over a period of time — a long period of time — with the types of programs that operate successfully in neighbouring areas: things like tax office training, marketing training and all those types of opportunities that are aimed at the micro end, I guess, of our businesses.

We have attempted many different forms and ways of communicating those opportunities, and still with no success, to the extent that we undertook professional market research on two occasions over the last two years to determine what it was that the business community wanted delivered from us in terms of education and training. Keep in mind that this was our own business community and we actually got different results when we

did a sample sector of our surrounding business community, but the city of Greater Dandenong sample sector told us that they got their training and education elsewhere, and some of that did include South East Business Networks, which is branded separately to City of Greater Dandenong — but is clearly part of Greater Dandenong — with its own identity. So from the business community's point of view they were saying that they were not needing that type of training from council because they were getting it elsewhere, from SEMMA and SEBN. With the other types of training, what they wanted from us was online resources, and as a result of that we are putting a fair bit of effort into reviewing and revitalising what our website is going to deliver.

Mr CARROLL — Thanks for your presentation, John, Sandra, Paula and Kevin, and for your assistance with this morning's tours. They were really worthwhile, and I can echo what Inga said, that we heard only very positive feedback. In your briefing notes it mentions a partnership you have with the UK Centre for Economic and Environmental Development looking at place resilience. Can you elaborate on that? And also, John, you raised rate differentiation; if you have any ideas that you think would be worthy for this committee to consider and perhaps include in our report, can you elaborate on any thoughts you have on that? I would welcome that as well.

Mr BENNIE — All right. I will hand over to Paula because she has been the architect on economic resilience. I will just say again that if we had time, we could talk in greater detail. We do not have the time to do that today, but it is what potentially differentiates us from others — the recognition of that broad concept of community wellbeing and resilience that drives our economic aspects. And then I will come back to the differential ratings themselves.

Mr CARROLL — Sure.

Ms BRENNAN — So Greater Dandenong City Council, through an award program for its staff, funded me to go over to the UK. There were a couple of models that we were exploring which looked more at the economic wellbeing of your community, so economic resilience, but the CLES model — the Centre for Local Economic Strategies — in Manchester was the one we favoured. So I went over there and spent some time working with their researchers and looked at the way they measured economic resilience and what the outcomes of that were and what the benefits had been in the UK. We brought that model back and undertook a baseline research project where we connected with the education sector, the health sector, the public sector and the commercial sector through the retail trader associations and chamber, as well as through industry leaders in manufacturing.

We brought all that research together and determined what areas Greater Dandenong could improve on to improve the resilience, based on this model, of our community, and the local economic and employment development strategy was informed by that research. We did not publish that research, because it was pretty honest and it does not necessarily serve well to put some of those messages out into the community without there being strategies to address those issues. That came through in the LEED strategy that was endorsed by council just over a year and a half ago and we are now taking action. Some of the projects or activities that have come out of the areas where we thought we could perhaps improve, and it would help with the resilience of our community, were things like social enterprises.

Using a sample sector we have done a bit of work to measure the economic impact of social enterprises as a subsector of our economy, being a business sector, if you would like to call it that, or a subsector. We have now started a social enterprises network — just to clarify, that is not 'networking' — where we have them working together to address issues and to learn from each other, and that has just commenced. We are also looking at providing a mentoring program, a start-up program and perhaps a program that will help social services — that is, those that are funded by some form of grant funding — to convert to social enterprises and be self-funded if that is the way they want to go. We would like to be able to support that.

We recognise that social enterprises is a sector of our business community and that it delivers more than just the economic benefits; it delivers community benefits on top of that. Our initial research says that they employ locally more readily as a percentage than commercial enterprises and that they actually spend locally more readily than commercial enterprises indicated to us that it was a really worthy sector to get some of our focus. That is just the start of some of the things that are coming out of that.

Mr CARROLL — Okay.

Mr BENNIE — On the differential rate — to try again to address what is a very complex subject — our greatest plea in relation to differential rating was ‘Please leave the system alone.’ It is a system that has worked extremely well in this municipality and, I dare say, in others. I have worked in many places that have a much lower level of business involvement which did not have a differential rate, and I see the significant challenges that those councils face compared to those like ours that fortunately have a very strong business and industry base. It gives council the ability to create differentials. In its fundamental format our differential rate is not much different to some others which would be similar to us that work on the basis that there are ratepayers that are regarded as having a higher capacity to pay. I know that could be debated at different times of the economic cycle, but those that have a high capacity to pay, pay a higher rate in the dollar based on the CIV of their property compared to those that do not.

So they are our non-residential ratepayers, as I call them, and there are a couple of categories. Those non-residential ratepayers pay a higher rate in the dollar than those who are not, and we have other elements of differential rates including a higher differential for vacant land in certain key development areas. So rather than people being attracted to land-banking their land, we want them to actually get on and develop it to the extent that a higher rate can influence that. It probably does not, but that is the principle behind it. It is unashamedly about the business community having a greater capacity to pay, which gives us the ability that we need to service and improve our community. We invest \$35 million in a non-developmental year. This year we will invest \$70 million of a capital nature because of municipal building and other projects, but we invest \$35 million per year when it is a lean year and we can only spend that amount because of creating these differentials.

Is that an impediment to business? We do not believe it is. We work closely enough with businesses to understand that as an order of expense it is way down the list for them, but importantly for them we need to keep an eye on the fact that we are delivering infrastructure improvements that are going to ultimately benefit businesses. If all of their rate investment was tipped into only supporting residential communities, then it would not work. But this is about making our own contributions to local road upgrades, drainage upgrades, community facility upgrades and all those sorts of things, and the services related to them.

The CHAIR — We are absolutely out of time. I just have one question I want to put to you. From evidence that we have received, and again repeated this morning, there seems to be a need and a desire for more horizontal integration across industries. This morning we were speaking with a manufacturer that gets a lot of benefit from interacting with other manufacturers, but not necessarily geographically. Councils are geographical animals, as all governments really are in that respect. Can you conceive of a way or an animal that would be able to better serve that need for Victoria’s purposes?

Mr BENNIE — I will let Sandra fill in most of the detail except to reinforce a point that I think she has already made. We tend to take a borderless approach to some of these things. Again our approach to economic development, even though our neighbours are well resourced in that capacity, is as much interested in what is good for the region and other things. SEMMA is fundamentally funded and operated out of Greater Dandenong City Council, but it has members from Kingston and other areas. So I think being open-minded as local governments, to be borderless as much as we possibly can — —

The CHAIR — Excuse me for one moment. The example that was given to us this morning was actually from a colleague in Ararat, so we are not talking just about regional.

Mr BENNIE — Local, but beyond that.

Ms GEORGE — So how they connect better with these areas down here?

The CHAIR — Yes. beyond that. How do we horizontally integrate, rather than vertically integrate. I see what you are doing in Dandenong, and I think it is excellent work — —

Ms GEORGE — The model probably needs to be more replicable across Victoria, and it can be replicated. It is not difficult to replicate the model that we have here, which is like a tripartite agreement, or arrangement, whatever you want to call it. But it is that model of local government, of an independent SEMMA organisation, of the services, and if we are talking about the manufacturing sector, it would be the south-east business networking animal that works cohesively to address the issues across the region.

A lot of the supply chains connect further up into other areas across Victoria, But how you actually connect beyond your general region is problematic unless you have online facilities, and a lot of people do not embrace online facilities — I do not care what they say. We can offer as much online as we like, but they still like meeting, catching up and eyeballing each other, because that is where the relationships are developed and the trust is developed for them to then connect better. However, the actual model we have here, yes it can be replicated.

Mrs PEULICH — We were surprised to learn that the MAV does not have a committee for economic development. We were absolutely gobsmacked to learn that, and they were sort of quite affronted by the question. If they actually saw that this was a really high-need legitimate space for them to occupy, could these horizontal committees, subcommittees, advisory committees, networks or whatever exist beneath that?

Mr BENNIE — They could, but MAV would probably be looking at it the way we look at it — that is, why duplicate the efforts of others?

Mrs PEULICH — To spread best practice.

Mr BENNIE — Yes, but local government has fallen in and out of love with VECCI over the years, and we are back in favour with it. VECCI offered that opportunity, and it depends on us all becoming members.

Mrs PEULICH — They are very keen to move into that space.

Mr BENNIE — It is a space that needs to be filled. It is a question of who is best placed to fill it. It could be MAV, it could be VECCI, or it could be a range of other organisations. So yes, you are right. I would have to close by saying that is in that space of continuous improvement we need to look at. I will give you a good reason why, which I am sure you would be well aware of. We are increasingly attracted to the concept of the Asian century. We either embrace it or we fail; it is as simple as that. With the opportunities that lie ahead in the next 20, 30 or 40 years, we have to embrace it; and part of embracing it is for us to look at horizontal alignment and collaboration, not just within our own regions, but in other regions, and RDAs are looking closely at that.

The CHAIR — Not just in our own country either.

Mr BENNIE — Yes, so it is what then is broader than the region? What is good for the regions, what is good for the state, what is good for the nation, and therefore what is good for each local government body.

The CHAIR — On behalf of the committee, thank you very much for being here.

Ms BRENNAN — Sorry, I did want to add something there. Economic Development Australia is another committee where at a practitioner level best practice is shared.

Mrs PEULICH — Thank you for drawing that to our attention.

Mr FOLEY — Can the details that you have on that international network and the best practice models be provided to our staff, just to alert us to that network agreement.

Mr BENNIE — Yes, we can do that.

Mr FOLEY — I did a quick google and had a look, but if there is any up-to-date material that would be great.

The CHAIR — Thank you very much for being here. You will receive a transcript of the proceedings within about two weeks, and if there are any alterations you believe are appropriate, where there might be grammatical error or anything like that, please feel free to do so, but nothing as to the substance of the document.

Mrs PEULICH — And you cannot incorporate your photos.

The CHAIR — You can, but we will ignore it. Thank you very much.

Mr BENNIE — Thanks for the opportunity.

Witnesses withdrew.