

# TRANSCRIPT

## ECONOMIC DEVELOPMENT AND INFRASTRUCTURE COMMITTEE

### Inquiry into local economic development initiatives in Victoria

Dandenong — 27 February 2013

#### Members

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

Mrs I. Peulich  
Mr G. Shaw

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

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Executive Officer: Mr S. Coley  
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#### Witness

Ms S. Ferguson, Manager, Economic Development, Kingston City Council.

**The CHAIR** — I welcome you to the public hearings of the joint-party Economic Development and Infrastructure Committee's Inquiry into local economic development initiatives in Victoria. The evidence that you give today will be protected by parliamentary privilege, but any comments you make outside the room will not be. Your evidence today will become a part of public record. Suzanne, could you please state your whole name, your position and whether you are appearing on behalf of an organisation or yourself?

**Ms FERGUSON** — My name is Suzanne Ferguson. I am the Manager of Economic Development for Kingston City Council, and I am representing the council at this hearing.

**The CHAIR** — Thanks, Suzanne. I invite you to make an oral presentation.

**Overheads shown.**

**Ms FERGUSON** — Thank you. Kingston appreciates the opportunity to present to this committee. Council places a lot of value on economic development, particularly recognising that the wellbeing of the community is very much linked to the success of the local businesses. Within our submission I outlined a number of criteria that we use to determine what types of activities in economic development we will get involved with. I think everyone appreciates that there are limited resources and that we prefer to be involved in things where we can have a direct impact that maximises the economic outcomes and is achievable and realistic from a local government perspective. Most importantly it involves active partnerships. Most of the things council gets involved with involve active partnerships and are integrated across the whole-of-council activities. Economic development within Kingston City Council works very closely with strategic planning, infrastructure, traffic management and the like.

In Kingston's submission we outlined the eight pillars of Kingston's economic development framework. I will not go through the details again, as the Committee already has this. What I will do instead is outline within some of those priority areas what some of the real key issues and priorities for Kingston are.

The National Broadband Network is something that Kingston has been advocating very strongly for. We understand that it is a federally-funded initiative, but we have been working for quite some time on a digital economy strategy and NBN readiness. We have just undertaken a survey with our businesses — particularly in our key manufacturing area of Braeside — where they are telling us that they desperately need broadband. So we are continuing to advocate for the Mordialloc exchange to be prioritised for the delivery of the NBN. Unfortunately at this stage it is not even on the three-year program, so our key business precinct is not yet recognised on the program at all. That takes in the whole of Mordialloc, Braeside, Chifley Park on Moorabbin Airport, Dingley's Redwood Gardens and up into Clayton South and Oakleigh — basically the key business areas within Kingston. That is a clear focus.

Council has committed and employed a part-time person — an NBN officer — to work on this. It is not just about the national broadband for businesses though, it is also about a connected community so that the community members have the skills to get the jobs that will eventuate from the new economy.

Kingston has adopted a number of structure plans for our activity centres. Unlike Frankston, Dandenong and Ringwood, we do not have a central activities district. We do not have a CBD. Instead we have a number of smaller activity centres, and we have taken a holistic integrated strategic planning approach whereby everything comes together for those structure plans. We are starting to see some of the benefits of that, particularly in the Cheltenham precinct where there are a number of private sector investments happening at the moment. That is working well.

You heard from Dandenong council — and I will not go into it in a great deal of detail, but regional collaboration and partnerships is absolutely fundamental to the way we work in south-east Melbourne. There are a couple of major ones. One is the Melbourne South East Regional Strategy, which Dandenong council talked about, with the 10 councils basically down the EastLink corridor. There is also the south-east Melbourne innovation precinct, which involves a partnership with Monash University, the CSIRO, the Australian Synchrotron and the Small Technologies Cluster, as well as the four councils that congregate around that. I am very pleased that the Federal Government has actually recognised the work that has been done and has named one of its first industry innovation precincts as the south-east Melbourne manufacturing precinct. It basically builds on the type of work that we have been doing for the last four years in that precinct. We also collaborate a

lot with industry associations. In fact we had a forum this morning with the Australian Industry Group on a sustainability network. That is an ongoing partnership that we have with the Australian Industry Group.

I refer to a whole business sustainability framework, recognising that perhaps the word 'sustainability' has been captured a little bit. When we talk about business sustainability we are talking about it in a much more holistic sense. For a business to be sustainable it needs to reduce its costs in energy, waste and water, but also to adopt new business models and take up the new technologies, so that we have a whole focus on sustainability in that sense. That is so that these businesses are around in the long term.

Kingston runs a number of network groups. We do not do it under a separate banner like South East Business Networks. We do it just under Kingston City Council, but membership of these groups is not restricted to people within the city of Kingston. The CEO roundtable meets on a monthly basis and it does draw CEOs from small-to-medium companies from across the area. The majority are from Kingston but there are a number from elsewhere: one from Sandringham, one from Mulgrave, and there was a member from Hawthorn, so it really does not matter where they actually come from.

The Rising Stars Roundtable was a new concept that I started 18 months ago, in recognition that the baby boomers are retiring. There are a number of the next generation taking over from their parents, but their opportunities to grow in a management sense are fairly limited. So the Rising Stars Roundtable brings together either young, entrepreneurial, new CEOs or those who have just stepped up and taken over from dad. Most are in manufacturing but some are in service-type businesses. These are professionally facilitated round tables, where the businesses pay for their membership on a cost recovery basis.

The Kingston Business Women's Network is a highly successful network that also draws from a reasonable area around Kingston. It meets on a bimonthly basis and also has two luncheon meetings per annum. I mentioned the sustainability network, and the other network that we run is Meet your Mates, which is based in the industrial precincts to try to bring the businesses in those precincts together so that they actually learn who is in the area and hopefully develop supplier alliances. They run across the Mordialloc–Braeside precinct, the Clayton South precinct and the Moorabbin–Cheltenham precinct. Whilst it is not across the municipality, just because you are not in the specific location it does not mean you cannot attend.

Kingston runs a large number of business education workshops and events. We use a lot of the state government Business Victoria workshops. In fact almost every workshop that we run is booked out and has a waiting list. We do courses across the gamut, such as Starting Your Business; marketing; financial management; online business and many others. The other thing we run in partnership with the Glen Eira City Council is the Mentor Partners program, which has been running now since 2003. That is where we match volunteers, often retired experienced business people with small-to-medium companies who put their hand up for a six-month partnership with a volunteer mentor. The concept is really to help them take the next step.

From a Kingston point of view our companies are slightly different from the ones that are involved in the city of Glen Eira, because Glen Eira is more of a small retail- and service-type area. Some of those types of businesses join from Kingston as well, but there are also manufacturers, which might have 20 to 30 employees but who just need some additional support to take the next step. The mentors give their time voluntarily and they develop quite a strong relationship. We have had some really great outcomes from that program.

The reason I wanted to put this journey to work map up is that Kingston, like Dandenong, is a major employment destination. You can see where the workers come from into Kingston, and by the same token where Kingston residents go to work. You can see, for instance, that we draw from a significant area around the south-east with people coming into Kingston to work. There are a lot of people who work locally, but due to the train line a number of Kingston residents also travel into the city for work.

This brings us to an area the Committee was looking at as to where or what sort of additional state government assistance would be required. Freight and transport infrastructure is absolutely fundamental to the south-east of Melbourne, and that applies across the whole of the south-east. Transport infrastructure is needed for freight, but it is also needed for good commuter access, because I suppose from a property and residential point of view Kingston is priced out for many of the employees who work within our municipality. They can no longer afford to live within the municipality. They need to travel in from the growth suburbs and they need to have access to

the employment that is within our municipality. Our employers need them to have the skills required, but they also need them to be able to get to work on time. It is an important thing.

In addition, investment in training and skill development for the workforce is vitally important. The requirements are changing. There is a much higher focus on advanced manufacturing rather than factory floor-type activities. That is where we believe the future of Kingston lies and where the future of the south-east manufacturing area is. It is around advanced manufacturing, and therefore quite significant skills are required to accommodate that.

Kingston, together with other municipalities in this area, has significant automotive industry exposure. Often people think about the automotive industry as being in Broadmeadows, Geelong, the Holden plant and where they construct Toyotas in Altona, and so on. The reality is that significant automotive component manufacturing is happening in the south-east, and I think there is serious risk for our region. A sense of urgency is needed to assist some of those companies to transition into other areas. I visited a company a couple of weeks ago where they used to have 400 employees. They are down, I think, to 120 to 130 employees, and they admitted they had had their head in the sand. They are almost totally focused on the automotive component sector. That puts them at significant risk should one of the car manufacturers decide that they were no longer going to manufacture here. It is an area that we in the south-east need to work with the State and Federal Governments to address as a matter of urgency. We must recognise that these companies may not be around in the future unless they transition those skills into other sectors. That is possible, but it needs to happen quickly.

The other area my council wanted me to raise — again, it is not something the State Government can affect directly — concerns some developments around Moorabbin Airport that have a significant capacity to undermine the activity centre structure plans the council has put in place. There is a proposal now that there will be a big Wesfarmers development on the corner of Centre Dandenong Road and Boundary Road. That is a Coles supermarket and Officeworks and Kmart — a whole heap. The impact that will have on Dingley Village, which is waiting to have — —

**Mrs PEULICH** — And our supermarket.

**Ms FERGUSON** — Yes, and their supermarket.

**The CHAIR** — You will have to rule yourself out of this discussion, Inga!

**Ms FERGUSON** — It will have a significant impact on the investment decision of the owner of Dingley Village, which happens to be a privately owned centre. So if there is any advocacy that the State Government can have with the Federal Government on those sorts of matters — I am not sure that will have much of an

**Mrs PEULICH** — It is sort of at a standstill, isn't it?

**Ms FERGUSON** — Dingley is, yes, and I would suggest that that is because they are going to be investing significant sums of money and a competitor is going to be just down the road, and they probably have deeper pockets. That is my submission, and I open it up to questions.

**Mrs PEULICH** — I have just a couple of questions. I think Dandenong council said that \$42 million out of their \$140 million budget was drawn from rates paid by business. Are you aware of what portion of Kingston council's total rates are drawn from — —

**Ms FERGUSON** — I do.

**Mrs PEULICH** — And if you are not, are you able to forward it to us?

**Ms FERGUSON** — Yes, I can. I will get the accurate figures. I am advised that it is around a \$100 million rate base with about 13.5 per cent drawn from the non-residential area, but I would prefer to confirm that for the Committee. Kingston has, I think, 8000; I did not actually get that data. Just bear with me for a moment.

We have 12.2 per cent of our rateable properties being non-residential, so there are 69 600 in total, with 8496 non-residential. It is not as high a proportion as Dandenong, but I would need to get the dollar values because that is different from the actual rateable ones. I will take note of that.

**Mrs PEULICH** — That would be great. The other side of the coin is: how much does Kingston spend on economic development?

**Ms FERGUSON** — How much is council money and how much is other money? That is an answer I would need to get for the Committee. Kingston has been the treasurer of the Melbourne's South East group since its inception, so we hold that money and pay it in and out, which then actually elevates the amount that looks like it is coming from Kingston.

**Mrs PEULICH** — But exclusively from Kingston?

**Ms FERGUSON** — Exclusively from Kingston? I would need to find that out for the Committee. I think it is between \$600 000 and \$700 000 in total.

**Mrs PEULICH** — Thank you for that. It could be a slightly small, vigorous, more robust unit, no doubt, under your leadership.

**Ms FERGUSON** — Yes, we do as much as we can with the resources we have.

**Mrs PEULICH** — I understand that. I have one other question. It may be something you are aware of that perhaps might assist. I know there is a significant shortage of IT skills in the area. That is the feedback I am getting. There are a number of IT companies that are actually interested in putting money into training, especially of young women because there is a shortage of young women who are going into information technology careers. Is there a school that jumps to your mind, or an educational facility, that might be well suited to becoming an IT centre of excellence in that Kingston area?

**Ms FERGUSON** — A part of the mentor partners program that Glen Eira has been doing for some time and which we are joining this year is where third-year Monash University IT students will work with local small businesses on IT solutions based on what the business wants. That will give those IT students from Monash University real-world experience in a business environment. So that will be happening. I guess the institution within our region is really Monash University, and they do have a very strong IT area.

**Mrs PEULICH** — Is there a secondary school?

**Ms FERGUSON** — With an IT focus?

**Mrs PEULICH** — It may not have, but it could fill a need, a niche.

**Ms FERGUSON** — There could be. I would not know, but it is — —

**Mrs PEULICH** — Maybe just put it at the back of your mind. If you think of anything, I would be more interested in hearing.

**Mr SHAW** — How do you guys interface and work with traders associations and chambers of commerce?

**Ms FERGUSON** — As I said, Kingston does not have a large CBD. In fact we have one active traders association, which is Mordialloc, and they have a special charge. They employ a person on a part-time basis to work with them. Of the other centres, last year we ran a program in Chelsea and for a while the traders would come together, but even with council support you would end up with three or four turning up to a meeting. It was the same when we ran a program in Moorabbin, which at the time that it was running was more about the structure planning process and what Moorabbin should and could look like. They came and participated during that program, and those businesses said to us they are happy to come together as required, but they are not interested in meeting or forming a particular group.

My experience over the many years I have been at Kingston is you cannot force them to meet and to collaborate. Mordialloc is probably our most successful centre. The traders get together themselves. I go to some of their meetings, if invited, but they are a very dynamic group. Mentone has gone through stages when it was dynamic. At the moment they are not an active group, so we do not really have many traders associations like that. Some years back we looked at whether or not we should have a broader manufacturing or industrial chamber of commerce. The feedback we got was that most of the businesses were members of their own

industry associations, whether it be VECCI, AIG, the plastics industry, automotive, or VACC, and that they did not see a need for another group in their own area. So yes, we do not have many of those types of organisations.

**Mr SHAW** — Thanks.

**The CHAIR** — On behalf of the Committee can I thank you very much for being here today and for giving us your presentation and the benefit of your knowledge. You will be sent a transcript of today's proceedings within about two weeks. Please feel free to make any alterations you believe are needed to punctuation or grammatical errors, but nothing to the substance of the document. Thank you very much.

**Ms FERGUSON** — Thank you.

**Witness withdrew.**