

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

Staff

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

Witnesses

Mr P. Dowling, Executive Officer, and
Mr M. Solomon, member, South East Melbourne Manufacturers Alliance.

The CHAIR — 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 being protected by parliamentary privilege; however, any comments you make outside this meeting will not have the same protection. The evidence you give will become a matter of public record.

I ask you now to state your names and the positions that you hold in the organisation, if there is one, and whether you are appearing on behalf of that organisation or you are here on your own behalf.

Mr DOWLING — Paul Dowling. I am Executive Officer of SEMMA, and I am authorised to appear.

Mr SOLOMON — Martin Solomon, Owner of Britannia Metal Industries and a board member of SEMMA, and I am authorised to appear.

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

Mr DOWLING — Firstly, I suppose I had better provide you with a very brief overview of SEMMA — what we are and who we are. SEMMA is an independent alliance of in excess of 200 manufacturers from this region. It was formed in 2003 because predominantly small-to-medium enterprises did not believe they had a voice. As I said, today it has in excess of 200 members, it has a board of 14 duly elected members and it is subject to membership fees.

It was born on four pillars which remain relevant today. The first pillar was to influence government apolitically on manufacturing issues only. The second pillar was to market the region and its capability because we have some fantastic capability in this region, but because the region, like manufacturing generally, consists of about 94 to 96 per cent SMEs, it is not that visible. Our third pillar was to create opportunities for members, be it finding project work or finding opportunities amongst members and those sorts of things. The fourth pillar was to help members grow and sustain, and to fulfil that we work through South East Business Networks. So SEMMA itself does not provide any training, any tools or any knowledge to its members, but it does it through South East Business Networks, which is part of the Greater Dandenong City Council.

The CHAIR — Is that your presentation?

Mr DOWLING — That is our introduction.

The CHAIR — Fantastic.

Mr FOLEY — We have met — I am pretty sure — some of your members today in our travels, and this inquiry's terms of reference are all about how local economic development strategies can be promoted and particularly the role of local government. We have heard some pretty good stories and some not-so-good stories. In terms of a simple report that might say what is done well, what is done badly and what could be done better, as an approach, what is your view as to how local economic development strategies, from your manufacturing sector's point of view, could be enhanced, particularly — but not exclusively — by local government being better at what they do?

Mr DOWLING — In terms of economic development I think local government is the key; it is the nucleus. We are extremely fortunate in the city of Greater Dandenong where we have a council that is aware of the contribution of and the necessity for manufacturing as part of its lifeblood. I think you will find that there are probably other areas that do not acknowledge this, and therefore they are not prepared to put in strategies that will help develop and promote manufacturing. As I mentioned before, SEMMA is for the south-east region, so we primarily take in the cities of Knox, Monash, Kingston, Greater Dandenong, Casey and Cardinia, and all of those municipalities are different in their approach. As I said, the Greater Dandenong City Council is extremely focused — albeit it is heavily reliant — on manufacturing as an employer. It is very strategically focused on manufacturing and what it can do for manufacturing.

I think the key to success here is that the smart councils understand that they cannot do it themselves. With respect, they do not have the specialised resources, and the key to this region is that everybody works together. You have obviously met some of the organisations, but there are no secrets, there is no guardedness, there is no lack of ability to collaborate and work together. Everybody works together. If you like — I am very pictorial — there is a model we have, and that is what we see as the key. That is the local government — in this case the

Greater Dandenong City Council — there is SEMMA, which is an independent alliance; and there are our alliance partners.

You will find an alliance partner is anything, anyone or any organisation involved in manufacturing that has got the same principles and ethics that we have, and it could be from your Chisholms to your Monash unis, to your LLENs, to your DBIs, to your Enterprise Connects et cetera. We all work together because each has various resources, but not one single body alone has the resources. So the smart organisations realise how to work off those resources. In SEMMA's case, Greater Dandenong City Council is a supporter of SEMMA. It provides us with an office and pays for the telephone and a bit of admin support. It does not do it itself; it works off other organisations. To us, this is a model that should be replicated around Australia — definitely around Victoria, but around Australia as well.

Mrs PEULICH — Are SEMMA staff paid by Greater Dandenong City Council?

Mr DOWLING — A very small amount. SEMMA's financial model is about six streams of finance, so we are not reliant on any one stream for our sustainability.

The CHAIR — Can I ask a quick question. We had some evidence given to us today that indicated there would be a desire for a greater horizontal integration, so even wider than your district or your region. The evidence that was given to us today specifically talked about interaction between a manufacturer here and one in Ararat. The way I described it earlier was: what do you think would be the best animal to achieve that outcome — whether you think it is a desirable outcome — to enable people to be able to integrate and to collaborate across broader areas? Is your organisation able to expand to that, or to enable that?

Mr DOWLING — Our organisation can be replicated anywhere. We sadly have offered to do that even around Melbourne. The drawback to that is that as a generalisation we only have a very short-term vision. SEMMA was exceptionally lucky in that South East Business Networks had been going for well over a decade before it was born. So manufacturers like Martin had already had the experience of being in a room and having the confidence of working with other manufacturers when it was born. To replicate you need — first of all — the desire, but secondly patience and a long-term vision. So to answer your question, you could replicate it — have a body, whatever that would be — and as I say my preference is that the local council would generate it, not run it.

Mr FOLEY — Auspice it.

Mr DOWLING — Auspice it; that is the word. And it really comes back to the real desire of, say, in this case manufacturers to be involved. There has to be a desire and a need — and that is why SEMMA kicked off. In its birth the council facilitated two breakfasts and then said, 'It's over to you guys. Run with it, or shut it down'. Again, the passion of people like Martin in the district and so on was there, and it started.

The CHAIR — Thank you very much. On behalf of the Committee, we are really appreciative of your time and the evidence that you have provided today. It really is enlightening to get a view of a body that is operating so successfully and has the support that you do of the Greater Dandenong City Council.

Mrs PEULICH — And is held in such high regard.

The CHAIR — Of course it is, and I think that is instrumental in and will be instrumental in where we go with our inquiry, so we are really appreciative of your time and efforts. You will receive a transcript of today's proceedings in about two weeks. Please feel free to make any grammatical or punctuation-based alterations, but nothing to the reality of the document.

Mr DOWLING — Thank you.

Mrs PEULICH — Thank you. Thanks, Martin.

Mr SOLOMON — I appreciate, Inga, that you mentioned I was here.

Mrs PEULICH — We appreciate the fact that you are here. And on the site visits we were involved in this morning the energy amongst the manufacturers was quite amazing.

Mr SOLOMON — Just a side point on Neale's comment about whether it could be replicated. Bringing the group together, there is an amount of trust that has been built up over a number of years in the SEMMA organisation, and it is that trust that allows people to come together. You saw Todd Hartley in the presentation before. On one side of the fence he is a competitor of mine — a significant competitor; we compete in the same space for the same dollar — but we sit around the same table, discuss the same things and share information and details about our businesses and how we can both improve together, leveraging off each other and our own experience in metalwork. It is a small niche. I think that is a powerful thing about how the organisation has brought a number of people together in an environment that does not engender competition but avoids dog-eat-dog.

The CHAIR — Do you think that can be partially attributed to the fact that you are manufacturers?

Mr SOLOMON — Yes.

The CHAIR — My view is that you guys seem to be in there for the long haul, and therefore there is more cooperation than there may be in an environment where it is just kill and be killed.

Mrs PEULICH — Like retail.

Mr SOLOMON — I also think we clearly understand the fact that we are not just competing with each other. We are competing nationally, certainly, and also internationally more and more now. We are not worried about each other and each other's space.

Mrs PEULICH — But there are reasons that people develop trust. You referred to smart organisations, and smart organisations are run by smart people. If you were hiring someone for a position in SEMMA, such as yours, what are the top three qualities or characteristics that you would be looking for?

Mr DOWLING — For my position?

Mrs PEULICH — Yes.

Mr DOWLING — The ability to be able to communicate with manufacturers. Yes, that does mean they have a different language, but they also have a different mindset. The second would be to be able to communicate with outsiders to match. That is a very important property. Probably the third would have to be the ability to think forward a little bit. When I said everything takes time, a by-product of that is that if we start working today on something, we will not see the benefits of that for years to come. So if you start working on today's problem today, it is going to be history and you will have wasted your time. Therefore it is tomorrow's challenge.

Mr SOLOMON — We have to take a very long-term view. You do not pay back millions of dollars worth of machinery in 5 minutes.

Mrs PEULICH — Thank you.

The CHAIR — Thank you very much, gentlemen.

Witnesses withdrew.