

TRANSCRIPT

ECONOMIC DEVELOPMENT AND INFRASTRUCTURE COMMITTEE

Inquiry into local economic development initiatives in Victoria

Geelong — 13 March 2013

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Mr M. Sanders, President, Geelong Chamber of Commerce (sworn).

The CHAIR — Welcome to the public hearings of the joint-party Economic Development and Infrastructure Committee’s Inquiry into local economic development initiatives in Victoria. Evidence that you give today will have parliamentary privilege, but anything that you say outside of this hearing will not have the same privilege afforded to it. The transcript of today’s proceedings will also become a matter of public record. Would you kindly give your name, the position you hold and whether you are appearing on behalf of an organisation or on your own behalf.

Mr SANDERS — Mark Sanders. I am President of the Geelong Chamber of Commerce and representing the Geelong Chamber of Commerce today.

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

Mr SANDERS — Thanks for the opportunity to present here today on behalf of the Chamber. We were established in 1853, and we are one of the largest and oldest chambers of commerce in Australia. We currently have a membership base of 660-plus businesses in the Geelong region. We are continually growing. We are looking to be at around 800 by the end of this year and up to 1000 by the end of 2014.

Within that membership we have some corporate partners that are sponsors of the Chamber but also a good cross-section of Geelong businesses in terms of size and sectors. Approximately 90 per cent of our members are in the micro and SME sector size, and we have good representation of most major Geelong businesses as well, whether private or public. We represent all industry sectors, including professional services, retail, tourism, hospitality, media, building and construction, manufacturing, wholesale, transport logistics, security, financial services, health, education and utilities. A range of not-for-profits are members; ICT and creative enterprises also make up our membership.

We have a strategic plan, and our mission is to be the voice of the Geelong business community, working to protect, support and encourage business growth opportunities in the Geelong region. We strive to achieve the objectives of our strategic plan through four main pillars, which are making connections, providing information, education and advocacy on behalf of our members. We are a membership-based organisation, so everything we do is about delivering benefits to our members and the broader Geelong community.

In terms of our key activities, which I think give a good snapshot of what we get involved in, we have recently — in the last couple of years — established the Geelong Retail Network and also the Geelong Young Professionals Network. We have attracted some federal funding in recent times to establish an initiative called Small Business, Smart Business, which is to be a one-stop-shop for business information across the Geelong region, extending down to the Surf Coast and the adjoining municipalities, Golden Plains and Queenscliffe.

This year we have taken over the Geelong business excellence awards, and that is really about promoting and recognising business excellence in the Geelong region. It is an awards program, but it is very much a business development exercise for entrants as well. It is about making Geelong businesses better. We run a one-day conference called ‘From passion to profit’, which is about providing opportunities to small businesses particularly, with information and a range of other sorts of educational, awareness-raising presentations about more contemporary ways of doing business.

We also run monthly after-5 networking events. We are attracting somewhere between 250 and 300 businesspeople for networking and business-to-business interaction on those evenings. We also run regular education and professional development sessions for owners and employees of businesses. Sometimes we run those ourselves. Sometimes we facilitate other organisations and individuals to run those for our members. Overall we run over 40 events every year of varying size and content, so we are kept fairly busy.

We work closely and collaboratively with Greater Geelong City Council; G21; the Committee for Geelong; VECCI — we are involved with VECCI quite closely; the Geelong Manufacturing Council; a range of other networks that exist in Geelong, such as the Australian Sports Technologies Network and the ICT Geelong network; and other state and federal government departments and initiatives that they may bring to Geelong. The focus, as I said before, is on benefit to our members in the short, medium and long term. That is what we strive to do.

We see a few challenges facing businesses, not just in the Geelong region but more broadly in Victoria and Australia. I am familiar with red tape. Green tape is something that has also been given a colour. We think

planning and other approvals processes could be simplified to make it a little bit easier to do business. It becomes a bit of a barrier to certain things happening in our community.

In recent times access to finance for growth and to fund projects has become a big issue for businesses. With access to grants for more innovative initiatives that businesses want to undertake there are usually criteria that make it very difficult for smaller businesses to participate to do with thresholds, employee numbers or the number of years that a business has been in business.

I think we are in a period when consumers are very cautious. There is a lack of spending. People are saving; they are not spending, and that is certainly coming to the fore in Geelong and for our members. There is a big expectation from consumers that it is almost a discount-driven economy. It might be because there are online options, but there is a constant desire to seek discounts and things on special. That is having a big impact as well. Obviously the Australian dollar being so strong is having an impact.

There are other things too, like keeping up with technology. We are certainly not a backwater in Geelong, but our members are busy doing business and probably do not keep up with technology like they should. We are always trying to introduce them to and keep them up-to-date with what they need to know. We have seen the public sector shrink, or look for savings in the way that they go about business, and that has a flow-on effect within the supply chain to our members and other businesses in Geelong generally.

Expenses seem to be going up all the time, beyond the control of businesses — insurance, WorkCover and power and utilities. There is nothing unique there for Geelong, but certainly it has a big impact on the business community. Labour rates and penalty rates also have an impact on the ability of businesses to open the hours, the times of day and the times of the week that consumers may want them open. Margins are decreasing; profitability is decreasing.

In Geelong — and this is not a big issue — what we hear from our members in the business community is that there is a bit of confusion and duplication between different organisations and departments within government. That may become a barrier to accessing things that are available to or become a distraction for businesses going about their daily activities.

In terms of opportunities for business, it is not all negative. Geelong is a pretty amazing place to live. There are great educational institutions, at a high school and university level. We are a smart city, and we are becoming smarter, but we are in that transition period, moving from a manufacturing base to another economic foundation for our city. We have Deakin, we have Barwon Health and we have the CSIRO. They are all doing pretty amazing pieces of research. There is a lot of research. The next step is to commercialise some of those ideas. That is an ongoing thing, and it has really been ramping up in more recent times.

Geelong has the opportunity to be — and in many ways already is — a logistics hub, with rail, air, port and road. We just heard about the port of Geelong from Patrick, and that is obviously a very key piece of infrastructure for the city. There is a bit of revitalisation going on at the moment and being prepared for the future. One aspect is the Geelong CBD itself, and then there is the work that is happening in the northern suburbs and other areas of Geelong. They are very important for Geelong being an equitable community. There is no point having some areas of our community thriving and other areas of our community not thriving. There needs to be a much more even approach.

We are very much looking forward to the Enterprise Geelong concept that is coming up. As you may be aware, we have our first directly elected mayor — a popularly elected mayor — whom you would have heard from today. You would have met Keith, I am sure. One of Keith's platforms, which he came in on, was to establish Enterprise Geelong — so, a redefinition of the economic development model, I suppose, for the city. I know in some of what Keith has been talking about the SME sector is a big part of that as the future employment/growth centre for regional cities particularly. The big employers, I think, are having a decline in employment numbers year on year, whereas the SME sector tends to be the growth area. The SME sector, which is the core part of our membership, is really what we consider — I think this term is used a bit in Australia — the engine room of the economy. It needs to be supported as such as much as possible.

That concludes my oral presentation. Thank you.

The CHAIR — Thank you very much.

Mr FOLEY — Thank you Mark. On the issue of the broad-based membership and the issues around — I think you used the phrase ‘duplication and confusing of accessing support’, presumably from government, together with the access to grants, could you explore that a bit more and explain what some of the practical difficulties of that are — which parts of government — and how you got around those, perhaps?

Mr SANDERS — Yes. That is really the basis for us putting in for some funding for the Small Business, Smart Business initiative. It is to provide that clarity so people can just pick up a phone or interact with us to sort of navigate their way through to getting to the services or the information that is needed. There is so much information out there that businesses do not know. They are just sifting through the information to find out what is relevant and important to their business. There is just way too much information. It is to help people navigate through and get to what they need to get to in terms of compliance or going beyond compliance and actually being about business growth and expanding into new markets or whatever the case may be — becoming better businesses, basically. Between federal, state and local government, I know local government is really the sort of on-the-ground conduit for a lot of services. We would see ourselves in the same vein — as a conduit for state and federal government initiatives where the rubber hits the road, so to speak, and to be in touch with the needs of the local business community and the conditions that exist in Geelong.

What I said about duplication and confusion — I think businesses get overwhelmed by the amount of information and where to find information, and ultimately they do nothing and maybe miss out on key areas of compliance they should be focusing on and possibly missing out on growth opportunities and expansion opportunities as well.

Mrs PEULICH — Thanks, Mark. I commend you on your presentation; it was very comprehensive. I think the fact that you have been instrumental in organising 40 events in a year is a remarkable effort and an exemplar to perhaps some of the other chambers of commerce we are aware of. Are you the main chamber of commerce? Are there others? Are there traders associations and so forth?

I note your comment about the competing voices of people and there being a lack of clarity as to where you can access information. One of the ideas we have been throwing around for some time is to cut back the red tape and the green tape and perhaps provide greater support in terms of businesses understanding their compliance obligations, risk mitigation and all of that sort of stuff, which occupies far more of an owner’s time or an operator’s time than it should. I also note that you have a number of representative organisations in Geelong. You have G21. I commend the City of Greater Geelong for Enterprise Geelong, and I think Mayor Keith Fagg could not be a better person to actually drive that initiative, given his very significant background. You have the Committee for Geelong, you have yourselves and no doubt there are others. Not only do you have the competing voices from other levels of government, how do you guys interface with one another? Are those voices competing as well, and which should be the paramount voice?

Mr SANDERS — There are few questions in there. There are other traders associations and smaller chambers within the Geelong region. There is the Lara Chamber of Commerce and Industry, for example.

Mrs PEULICH — Are they your affiliates?

Mr SANDERS — They are affiliates, and we have reciprocal membership. That is a bit of a model that we promote — reciprocal membership of each other. Everyone has their own. I describe it as 80-20 — there is a core business, and then there is 20 per cent which is non-core and overlaps, perhaps, with other organisations. It is really about forming views and taking positions on things. We represent our members, but in other forums we represent the views of Geelong, if we are going to state government or federal government. We will not necessarily take a lead on those things; that is where G21 or the Committee for Geelong perhaps may take the lead on some of those issues, and we will be there as a supporter. Our 80 per cent, if you like — our core business — is about Geelong businesses. It is more an internal focus rather than an external focus, whereas I think the other organisations have more of an external role to play in the bigger picture for Geelong and the big infrastructure plays et cetera.

Mrs PEULICH — Good delineation. Thank you.

Mr CARROLL — Thanks, Mark, for your presentation. You raised the program Small Business, Smart Business. The State Government, through RDV, have a whole range of programs with which they are trying to help local government — infrastructure-type projects, such as streetscape upgrades and the like. How can the

State Government assist you more? What relationship do you have with the State Government, whether it be with RDV or any other departments? Do you literally have a close relationship with regional offices, where you meet, talk about the issues and get assistance for any of your chamber members?

Mr SANDERS — It is probably more on an as-needs basis and acting as a conduit to find the right person. Sometimes that person changes, so then you have to form a new relationship or have a new dialogue to understand where things fit in again. To give you an example, there have been lots of conversations in the last 12 months about establishing an incubator in Geelong — a business incubator for micro and small businesses. It is a bit entrepreneurial — maybe a co-working space sort of idea as well. There are private people talking about that within the Geelong community. I know Keith, the Mayor, is also talking about an incubator concept, probably not for the CBD and probably not for our members but for other sectors of the Geelong community. The Chamber intends to take a lead role in harnessing all those ideas and all those voices and accessing some RDV funding to do some feasibility and project planning for what might happen down the track.

I have had conversations with RDV, for example, where they are almost saying, ‘Bring us projects. We want projects’, and they have trouble connecting with business. That is where I think the Chamber has a role — we have probably come to this in more recent times. We are an ideal organisation to provide that link between the businesses and those great ideas that are out there and RDV or whoever the funding source might be. That is something we have sort of taken on board a lot more in recent times. It is, again, finding that pathway and getting to the right people and understanding the eligibility criteria at a different level to what the business person themselves might and then putting together an application. There is a lot of time that goes into that as well.

The CHAIR — Thanks Mark. On behalf of the Committee, thank you very much for being here. We really appreciate your time and your efforts and certainly the information you provided. No doubt it will be very informative when we are putting together our report and our recommendations. Within the next couple of weeks you will get a transcript of today’s proceedings. Please feel free to make any corrections you think are required grammatically or to punctuation, but not to the substance of the document. Thank you again for your time.

Mr SANDERS — Thank you for the opportunity.

Witness withdrew.