

TRANSCRIPT

ECONOMIC DEVELOPMENT AND INFRASTRUCTURE COMMITTEE

Inquiry into local economic development initiatives in Victoria

Geelong — 13 March 2013

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Cr K. Fagg, Mayor (sworn),

Mr P. Bettess, General Manager, Economic Development, Planning and Tourism (sworn), Greater Geelong City Council.

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 given today will be protected by parliamentary privilege; however, any comments made outside the hearing will not. This transcript of the proceedings will become a public document. For the record, could you state your name, the position that you occupy and also whether you are appearing on your own behalf or on behalf of an organisation.

Cr FAGG — My full name is Keith Andrew Fagg. My title is Mayor of the City of Greater Geelong. I am appearing on behalf of Greater Geelong City Council this afternoon. My purpose in being here today is to welcome the Committee to Greater Geelong. As we always say, we are the City of Greater Geelong: we are the Geelong metropolitan area plus a very large, wide, diverse municipality going right from Anakie in the north to Breamlea and St Leonards in the south and the east.

The CHAIR — Mr Mayor, are you the only one giving evidence from Geelong City Council?

Cr FAGG — No, not all. Peter Bettess, who is the General Manager of Economic Development, Planning and Tourism, is also appearing

The CHAIR — The comments I made before apply equally to Peter. We now invite you to make an oral presentation.

Cr FAGG — Thank you, Chairman Neale. Once again, I welcome the Committee. My role here this afternoon is to officially welcome the Committee to Geelong and to say how pleased we are to host you here. I understand you had a tour of a number of our major industries and companies in Geelong to give you a feel for our community. My purpose in being here is also to state on behalf of the council how important economic development is for our community. Geelong has a rich tradition of manufacturing and primary industry involvement. We have a wonderful port, great access to rail and road networks and a domestic airport which hopefully in the future will become an international airport. So Geelong's economy has a great tradition, and it is strong. It has challenges, like any economy, but we in this council are looking to be as practical as possible with the future. Peter Bettess will give the bulk of the evidence to the Committee.

The timing of your visit is very good from my point of view personally because at the council meeting last night we decided to establish a body we are calling Enterprise Geelong. Enterprise Geelong is really taking our economic development unit and lifting what we do, becoming more proactive in what we are doing both in Australia and the world, particularly in the subcontinent and Asia, and doing what we can to take Geelong to broader markets. We understand we need to diversify and, as I said before, become smarter in the range of industries we target. While our economic development unit does some fantastic work already with industry, by giving our economic development work a brand, which is Enterprise Geelong, and a bit more resourcing, we are hoping that we can lift our economic development efforts and help diversify and strengthen our economy. Underpinning that, from my point of view, is that by growing and diversifying our employment base we can increase the number of people employed in Geelong, and that reduces disadvantage in our community. There is a direct link, I believe, between unemployment and disadvantage, and if we can provide more employment opportunities for our people, recognising we are in a changing economy, we will actually be helping our community, improving social cohesion and having a better outcome and a better community.

In Geelong recently we were delighted to be voted the fifth most livable city in Australia, and we celebrate that. That has confirmed the things that we in Geelong already felt: that our facilities and our lifestyle here, our education, health and all the other aspects of life in Geelong were of that order. We would like to take Geelong higher up that list. However, we are very pleased to be no. 5 and will work towards 4, 3, 2 and eventually to no. 1. I know Peter Bettess will give you much further information about Geelong, but we see ourselves very much as Victoria's second capital city. While we are a regional city, we actually are a capital city. While we have challenges, we have many things going for us which we will be putting out to a broader audience to encourage both employment growth and investment in our community.

There are challenges here. We have a wonderful north-facing waterfront, but the CBD needs refreshing and revitalisation. There are a number of projects underway. Again, the city will embrace tourism, particularly as the Vision 2 project is coming to its end. The city will pick that up and with this task force will actually take that work forward, working with property owners and other people to work at improving our CBD, because while

our municipality is diverse, everybody relates to the CBD at some stage: for shopping and whatever they need to do.

We have a number of things happening in our community. We are at a very interesting, exciting stage in our history as a community, and our economy in particular, and underpinning that is the industry and employment that our people experience. We are keen to also make it possible for more people who live in Geelong to work in Geelong. There is a large workforce that goes from Geelong each day to Melbourne, and we would like to think in time we could employ a greater proportion of our people who live here in Geelong. With those few words, I welcome the Committee. We appreciate you coming to visit us, and I am happy to hand over to Peter Bettess, who will give further evidence on behalf of the city, unless you have any questions for me at this stage.

The CHAIR — I think we might keep the questions to the end, if that's okay.

Cr FAGG — Sure, okay. Thank you.

Mr BETTESS — What I propose to do is present the evidence via some slides, which I will speak to as we go through. My name is Peter Bettess. I am the General manager of Economic Development, Planning and Tourism at the City of Greater Geelong.

Overheads shown.

Mr BETTESS — One of, I suppose, the strengths and also one of the challenges that Geelong faces is the proximity to Melbourne. It is probably one of the things that distinguishes Geelong from some of the other regional centres, in that you are only talking about 75 kilometres. That means that it is a lot more convenient for people to live in Geelong and work in Melbourne. It also creates issues with, I suppose, the commerce and trade that happens between the two cities in terms of the road links, rail links and the other infrastructure that is required to support the growing population.

Some of the work the city has been involved in through the G21 Regional Growth Plan has shown that by somewhere around 2030 to 2050 that western part of Melbourne will have a population the size of Adelaide's. That presents a unique challenge for Geelong, because at the moment when you look at that western part of Melbourne there is no logical community centre that has the sorts of facilities that Geelong has, and so Geelong has an opportunity to really play a significant role in being, if you like, the community centre for that whole western part of Melbourne. I think that is one of the interesting issues to be addressed in the work the government is doing on the metropolitan planning strategy at the moment.

In terms of the city's economic development unit, at the moment it comprises 10 staff and has a budget of around \$880 000, which includes the salary costs, and as the Mayor said, last night the council agreed to establish Enterprise Geelong, which would take the current economic development unit to another level. The funding that the council has in mind for that is in the order of \$1.1 million, so it is about a \$266 000 increase on the current amount allocated.

Geelong is Victoria's second-largest city, and it is also the 11th largest urban centre in Australia. The city of Greater Geelong comprises 1240 square kilometres, so it is a very large area, taking in all of the Bellarine Peninsula, except for Queenscliff, and stretching from just between Barwon Heads and Torquay right up to Anakie and out west just beyond Ceres.

The new initiative that the council is undertaking in the economic development area is the establishment of Enterprise Geelong. The model that the council signed off on last night — and I have a copy of the council report which I can tender as evidence and leave with you — goes into a lot more detail. The model is that the unit would be headed up by an executive director and it would have an advisory board. One of the important features of that advisory board is that it will be a skill-based advisory board, so what we are hoping to achieve is the skills of the people who are on that board actually directing how Enterprise Geelong might focus its attention, but also to bring contacts and other features to Geelong that can really start to create jobs and up the economic development activity in the municipality.

The second initiative which is being proposed, but has not yet been through the council, is the establishment of a central city task force. When you look around the central city there has been significant change in the central city over the last few years, particularly with the establishment of the Westfield Geelong shopping centre, which

has really concentrated a lot of the retailing into that centre, which means that there are a lot of vacant shops. The city is actually undergoing a transformation. It is changing from being a traditional retail-based centre into more of a higher order entertainment activity centre, and particularly with Deakin University focusing students in the waterfront campus — and there is a proposal to grow the number of students significantly over the next few years — it is creating a whole transition, if you like, of the city. We are just in the early stages of that transition, so this central city task force is focusing on how we can make the most of what Deakin is doing in the city, how we can address some of the current issues that people perceive as being problems in the central city and to really stimulate economic development activity within the central part of Geelong.

One of the continuing initiatives that the council has is what we call the Geelong Ring Road employment precinct. This is an area of about 500 hectares of industrial zoned land. It is zoned an industrial 2 zone, which is the heavy industry-type land. It is just out where the ring-road comes off the highway out there. Of that area, the council owns about 130 hectares, so it is roughly a third.

One of the challenges in that area — and the council inherited this land from the former Geelong Regional Commission, and when the councils were amalgamated the council assumed ownership from the regional commission — is that the land has not been serviced, particularly in terms of drainage and also sewerage services, and the cost of servicing that land is very high. That is one of the reasons why it essentially sat undeveloped for probably 20 or 30 years. But when you actually look at the land it has fantastic attributes in terms of access to standard gauge rail, access to the freeways, access to the port and access to Avalon Airport. It is ideally placed for major element activity, but as I said, one of the things that has prevented that has been the costs of servicing the land. The council, over the last few years, has been putting a lot of effort into developing the services for that land, but once again the council is constrained by the cost and the need to make sure that it is spending the money where it will get a return in the fairly near future.

Some of the statistics: the city has around 215 000 residents — that is a 2011 figure — and it is looking to have an increase of about 58 000 residents over the next 15 or so years. It has a current annual growth rate of around 1.7 per cent and it has a labour force of around 101 000 people. The unemployment rate is around 5 per cent, and that is for the municipality as a whole. In certain parts of the municipality it is much higher, so there are pockets of disadvantage where the unemployment is much higher. One of the key things we are hoping to be able to do with Enterprise Geelong is to turn that around. There are 12 000 workers who commute to Melbourne for work each day, and there are about 3600 who commute the other way — from Melbourne to Geelong — for work.

In terms of the business make-up, there are in excess of 15 000 business enterprises and there has been significant diversification of the Geelong economy over the last 10 years. In particular there has been a shift from manufacturing to service sectors and of those service sectors, particularly health and education. The major employers are no longer Ford and Alcoa. The major employer is Barwon Health. The Department of Education and Early Childhood Development follows, then Deakin University; Greater Geelong City Council; Woolworths supermarkets; Ford; Target; Catholic Education; Karingal, which is a disability service provider; Cotton On; G-Force, which is a recruitment firm and also does outplacements; the Transport Accident Commission; and Avalon.

This next slide gives a rough breakdown of the different sectors in the economy. This is actually an older slide, so they would have changed slightly from this slide, but it gives you a rough idea. What it shows is that manufacturing is still a major part of the economic make-up but that retail trade, health and education are catching up very fast. Tourism is one of the major growth sectors. There are over 7 million tourism visits per year to the Great Ocean Road, and a lot of that is through the Geelong–Bellarine area. It represents over \$1 billion coming into the local economy. Another growth sector is biotechnology, and I would particularly like to mention what is known as the Geelong Centre for Emerging Infectious Diseases. This is a joint venture between the CSIRO's Australian Animal Health Laboratory, Barwon Health and Deakin University. The council has been the sponsor of that. It aims to create a centre of excellence in Geelong where the facilities of those three organisations can come together to look at diseases that move from animals to humans — things like the hendra virus, bird flu and all those types of diseases.

A particular attribute of Geelong which is almost unique in the world is that the animal health laboratory is located here. That facility is, I believe, one of about four in the world that contain these very infectious diseases. It is really making best use of that facility. To date it has really only been used for animal health, but this is

starting to move it from animal health over to the flow-on into human health. Other growth sectors include timber processing and food processing, particularly viticulture and aquaculture.

Looking at some of the major infrastructure that exists, there is the port of Geelong, which is a bulk handling port. You will hear more about that from the port later on. There is Avalon Airport, and you will also hear more about Avalon later on. The city also has access to the standard-gauge rail line. It goes through out at north Geelong. Deakin University is based here. It recently moved all of its graduations to Geelong, so it is very much Geelong focused. There is the Gordon Institute of TAFE and there is the CSIRO animal health laboratory. There has also traditionally been the division of textiles and fibre technology from the CSIRO, based out at Belmont, which has recently moved from Belmont out to Deakin University's campus at Waurin Ponds. That research centre is now moving from the traditional, natural fibres into a lot of the more high-tech fibres, particularly nanofibres and carbon fibre. That is a very important research facility that is also capitalising on having Deakin University located in Geelong.

The other attribute that Geelong has is lifestyle. This is one of the key features that attracts a lot of people to Geelong to live. It is possible to have all sorts of different types of accommodation within about 20 minutes of the central city. It also has access to some of the best beaches and other natural areas that you would find anywhere. It also has internationally recognised schools and training facilities, and it is Victoria's largest regional health services provider, through Barwon Health. Looking at the building and construction elements, there is in excess of \$297 million worth of commercial and industrial development carried out in Geelong annually. There are approximately 2000 new residential approvals per annum, which is worth about \$550 million, and the median house price in the city of Greater Geelong in 2011 was \$360 000. In the building and construction sector that represents a 4.9 per cent growth in the 12 months from 2010–11 to 2011–12.

In conclusion, Enterprise Geelong is the key initiative that is proposed to take the city's economic development activities to another level. Geelong is ideally positioned for investment in advanced manufacturing, biotechnology, aerospace materials technology, information and communications technology, and food processing. That concludes my evidence, and I am happy to take questions.

The CHAIR — Thank you very much, both of you, for the evidence you have provided. I think, speaking on behalf of the Committee, we were really encouraged by the businesses that we visited today and the clear leadership role that council has taken in promoting those businesses. We are running a little bit short of time, but there are some questions that we have.

Mr FOLEY — Peter, if I could, there are many questions to ask but I will just focus on two aspects. Firstly, there has been some widespread speculation about the long-term future of Ford in Australia. Are there issues around that for the city of Geelong and around those important issues of continuing manufacturing and what looks to be a slow decline in the old manufacturing, allowing for the fact that as recently as this morning the Committee saw the hopeful future of manufacturing? So there is that, and in terms of the tourism visitation strategy that the city referred to in the presentation, how important are the arts and cultural industries to that, in particular the long-mooted prospect of a redevelopment of the Geelong Performing Arts Centre?

Mr BETTESS — I will answer the last question first. My own personal view is that the performing arts centre redevelopment is very important to the economy. The reason for that is it creates a whole lot of spin-off industries that feed off having a very good performing arts centre in a city. At the moment the performing arts centre is probably under what you would expect in a city the size of Geelong. I see that as an important economic driver to encourage all of the industries that go along with the arts and having a vibrant arts culture. That also has benefits for central Geelong in that it encourages the coffee shops, the meeting places, the nightclubs and everything else that you might have as well if you have that type of culture in a city, so I certainly see that as important.

In terms of the question about Ford, I suppose Ford has been progressively downsizing, so while it would be an obvious concern to the city if Ford were to suddenly close, it is also something that has been thought about and planned for. A lot of the changes in the economy were started many years ago as a way of making sure that if there were changes to some of those major employers, there were other industries coming along behind to pick up those workforces.

Mrs PEULICH — I have one question, but before I ask that could you just tell me the size of your budget — the council budget — and the size of your population?

Mr BETTESS — It is about \$260 million.

Mrs PEULICH — And your population?

Mr BETTESS — It is 215 000 — —

Mrs PEULICH — The number of rateable properties?

Mr BETTESS — It is actually in a document that I could leave with you.

In terms of manufacturing industry, Geelong has what is known as the Geelong Manufacturing Council. The economic development unit has very close ties with that council and works with it on a whole range of activities with the manufacturing sector. The interaction with other parts of the economy occurs through a variety of mechanisms. One thing we have in Geelong is a series of industry clusters and through those industry clusters the council and the cluster leaders work on bringing together industries that might be within, say, information communications technology, food processing and so on, to talk about common issues and how areas could be improved.

Mrs PEULICH — Do you lead that or do you participate in it?

Mr BETTESS — It is a bit of both; some we lead and some we participate in, so it depends which one.

Mr CARROLL — Does the council have a digital economy strategy to capitalise on the rollout of the National Broadband Network? You are also in a unique position with your population growth and in having a tertiary institution and the CSIRO.

Mr BETTESS — Yes. The city has worked very actively over the last few years to have the National Broadband Network accelerated and to bring it to Geelong and have Geelong rise up the priority list. That has happened, and the rollout is now starting to occur. One of the things we are engaged in is looking at what benefits of the National Broadband Network — when it arrives, which will probably not be for another couple of years — we can take advantage of that will flow through to businesses. As part of what we call the ICT cluster, as well as independently, we are looking at what opportunities may exist to get the maximum benefit from having that sort of infrastructure in place.

The CHAIR — On behalf of the Committee, thank you very much for your time and effort and for the tour we had today as well. As I said before, it was really educational and in some aspects eye opening. The future is very strong for several of those businesses; in fact probably all of them. Thank you very much to the Mayor and you for your evidence today. You will be sent a transcript. You can look through it for any typographical or grammatical errors, but no changes to the substance of the document are allowed.

Mr BETTESS — Okay. Thanks.

Witnesses withdrew.