Thursday 23 August 2012

Mr Sean Coley
Executive Officer
Economic Development and Infrastructure Committee
Parliament House, Spring Street
EAST MELBOURNE VIC 3002

Dear Mr Coley

RE: RESPONSE TO PARLIAMENTARY INQUIRY INTO LOCAL ECONOMIC DEVELOPMENT INITIATIVES IN VICTORIA

Hume City Council welcomes the opportunity to provide this submission to the Parliamentary Inquiry into Local Economic Development Initiatives in Victoria by the Economic Development and Infrastructure Committee.

Strong leadership and broad vision is provided by Hume City Council to provide local stewardship during the ongoing structural change in the global and Australian economy. Industry transition, sustainability, investment attraction and local jobs for local people are key areas of focus for the economic development programs delivered by Council.

Council is proud of its commitment and ongoing resource allocation directed into Economic Development activity in Hume City, and looks forward to the outcomes of this Parliamentary Inquiry leading to even further support for the delivery of local economic development initiatives.

Yours sincerely

DOMENIC ISOLA
CHIEF EXECUTIVE OFFICER

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Hume City Council welcomes the opportunity to contribute to the Parliamentary Inquiry into Local Economic Development Initiatives in Victoria, for the Economic Development and Infrastructure Committee.

Hume City has three designated principle population centres at Sunbury, Broadmeadows and Craigieburn and is one of the fastest growing municipalities in Victoria. Land uses in Hume City are diverse, comprising established and new residential development, major industrial areas and commercial centres. Industry transition and sustainability, investment attraction, accelerated participation in the digital economy and local jobs for local people are the key areas of focus for the economic development programs delivered by Hume City Council.

As home to over 11,000 operating businesses employing more than 90,000 people, Hume City Council makes a substantial and ongoing commitment to economic development, delivering an extensive range of programs and activities that support and engage with business and industry and aligned State and Federal Government agencies to ensure economic prosperity for the community.
Hume City is a major business and employment hub in Melbourne’s North providing 3% of Victoria’s GDP. This submission also reflects the ongoing structural change in the global and Australian economy and the impact this has on Hume as an economy in transition along with the challenges and opportunities this presents. Strong leadership and broad objective vision is required by Hume City Council to provide stewardship during this complex period in economic history.

Hume has a long association with traditional manufacturing supported by migrant labour with many iconic Australian producers featured strongly. In recent years, due to global restructuring, traditional manufacturing has experienced decline as cheaper overseas labour and inputs have turned business models upside down. However, other industry sectors are taking on a more important role as Hume’s economy continues to diversify and adapt. For example, food manufacturing, health services, transport and logistics, and skilled trades are increasingly generating wealth. The need to respond to declining natural resources is also driving business change.

With many locational attributes, Hume is home to a wealth of innovative companies, is experiencing significant population and business growth, has strong transport infrastructure, a rich multicultural heritage, high quality employment land stocks, hosts Melbourne Airport and includes the Broadmeadows Activities Area. The latter is undergoing significant revitalisation as part of its evolution into the ‘Capital of the North’.

Council is strongly committed to positioning Hume as a place for business to prosper, directing the necessary infrastructure to support business, assisting businesses to become more environmentally sustainable and providing leadership that supports new investment. The Hume Economic Development Strategy 2030 guides Council’s economic development activity in support of the Council Plan 2009-13 and the Hume City Plan 2030 (2009 update).

A wide range of economic development programs are delivered by Council in accordance with the Hume Economic Development Strategy 2030 which focus on business efficiency and sustainability, attracting new investment and improving local employment outcomes. There is substantial opportunity for the State Government to further enhance its role in supporting and guiding regional economic development.

The following Recommendations are made to the Committee:

1. That the State Government support the development of a resourced and integrated Regional Economic Development and Employment Plan which will provide specific direction and resourcing for local and regional areas.

2. In recognising Hume as a designated growth area, that the State Government energetically promotes and supports new business development and relocation to Hume City.

3. That the State Government supports local business to grow sustainably through local procurement.
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Hume City is located approximately 20 kilometres north-west of the Melbourne City centre and is one of Melbourne’s key gateways, providing a vital transport network that leads to Australia’s eastern seaboard. Hume City has an area of 504 square kilometres and is bound by the Merri Creek, Maribyrnong River, Western Ring Road, Calder Freeway, Jacksons Creek and the foothills of the Macedon Ranges.

Hume City is also one of the fastest growing municipalities in Victoria. Land uses in the City are diverse, comprising established and new residential development, major industrial areas including manufacturing and logistics, commercial centres, Melbourne Airport and its environs and substantial tracts of rural land. Hume City has three designated principle population centres at Sunbury, Broadmeadows and Craigieburn.

Hume City is home to over 11,000 operating businesses employing more than 90,000 people, and as such Council has designed an ongoing and responsive suite of programs and activities that support and engage with industry and aligned agencies to ensure business development and economic prosperity and employment.

A thriving and prosperous community can be achieved through strong economic growth, creating diversified local employment opportunities across a breadth of industry sectors and reducing the need for extended travel. Providing a proactive and supportive environment to sustain and expand existing businesses in Hume will attract a diversified range of new business investment and create opportunities for residents in Hume to take up employment in these businesses.

In view of this, the Hume City Council Plan 2009-2013 articulates the Strategic Objective to: Provide a proactive and supportive environment to sustain and expand existing businesses in Hume, attract a diversified range of new business investment and create opportunities for residents in Hume to take up employment in these businesses.

It is in this context that the Hume Economic Development Strategy 2030 has been developed, and is aligned to the Council Plan, enabling development and achievement of shorter term actions that respond to emerging economic and community stimulus, while continuing to support the long term Strategic objectives of the Strategy.

Since the global economic downturn in 2008 there have been significant business closures and job losses in the Hume region. Most redundancies have been in the manufacturing sector, and have flowed through supply chains and distribution, in particular the auto industry and component manufacturers have been hardest hit. REMPLAN scenario modelling shows that with every 100 jobs lost, industrial, consumption and multiplier effects result in tens of millions of dollars lost to the economy and have an ongoing detrimental impact on flow through to other industries, which in turn filter through the broader community.
Working on a regional level is key to our broader aim of building capability and prosperity, and in this endeavour we work progressively with a number of strategic regional partners including Northlink, and the Northern Metropolitan group of councils. Reports such as the 2009 Melbourne’s North: the new knowledge economy report, prepared by the National Institute of Economic and Industry Research (NIEIR), provide a framework for policy and action and recommends strategic interventions, essential to ensure the development of the future prosperity of the region.

This response to the Parliamentary Inquiry into Local Economic Development Initiatives in Victoria Terms of Reference, provides a summary of the work and commitment Hume City Council has made to the ongoing support and development of economic development activity in Hume and the region.
Hume’s Local Economic Development Initiatives

This section provides an outline of Council’s economic development activities which have been developed through the guidance of the Hume Council Plan\(^1\) under the targeted direction of the Hume Economic Development Strategy 2030\(^2\).

Part a) examine the range of existing local economic development programs being carried out in Victorian municipalities

The Hume Economic Development Strategy 2030

_The Hume Economic Development Strategy 2030\(^2\)_ encompasses a robust understanding of the present day situation and challenges, as well as guidance for the future development of the economy. The Strategy provides an important understanding of local, regional and global issues being faced in the economy with particular relevance to Hume City.

The northern Melbourne economy is evolving from a traditional manufacturing past to a knowledge economy future that includes retention of high-tech manufacturing. Small to medium size enterprises (SME’s) are particularly vulnerable in times of transition and economic uncertainty.


The region’s population encompasses many cultures and offers a workforce with an increasing level of skills and qualifications. Diversity and creativity feature strongly in the inner areas, some of which are noted for their arts and entertainment offerings, while the outer areas are increasingly home to both business and residential development.

Hume City is composed of a richly diverse community, representing many cultural, ethnic and social experiences. Approximately one third of residents were born outside of Australia, and almost 25% were born in non-English speaking countries. Residents within Hume City represent over 140 different countries with 36% of the population speaking a language other than English. This growth area traverses the state’s major industrial and employment region, with nearly one quarter of all jobs in the north-west region of Melbourne situated in Hume. It is therefore the gateway to vital international and interstate markets, particularly in relation to high value added manufacturing exports.

Council’s vision for Hume is of a strong, diversified and vibrant economic area that is both locally and globally connected. In time Hume will be recognised for its innovative, globally competitive industries and businesses, the diversity of its employment and business opportunities, commitment to environmental sustainability and the high levels of employment of its residents. It will gain a positive reputation for its commitment to addressing social and economic disadvantage and facilitating pathways to work.

**In supporting the vision there are four Strategic Goals:**

1. Position and promote Hume as a place for business to prosper
2. Partner to build and maintain a globally competitive Economic Infrastructure
3. Support existing Industries and enterprises to prosper and develop sustainably
4. Strengthen Council’s capacity to lead economic development in Hume, through partnership and stewardship.

Flowing from these strategic goals, there are three key priority areas to which resources and effort have been, and will continue to be attributed and which direct the portfolio of economic development activity for Council. These three priority areas are:

1. Facilitate accelerated participation by the broader Hume community in the Digital Economy
2. Provide an active Investment Attraction Framework
3. Prioritise Local Jobs for Local People

Council drives these through ten local economic development activity portfolio’s outlined below.
Guided by priority 1- Facilitate accelerated participation by the broader Hume Community in the Digital Economy.

1. National Broadband Network (NBN)

The digital economy presents Hume with a unique opportunity to open up new markets for engagement and growth. In addition, it will continue to change how we interact and socialise—people can now connect, collaborate and participate online in previously unanticipated ways that enrich their lives. The impact of the digital economy will also include new and emerging uses of technology, use of information communication technology (ICT) and e-business skills. In addition, the organisational changes enabled by technology are expected to have an increasingly significant role in achieving productivity gains. For businesses, the digital economy can provide opportunities to engage more efficiently with suppliers, and expand and better serve their customer base.

Active participation in the digital economy requires a community which encourages and succeeds in creating a high level of information uses, increased investment in innovation using information technology and a strong focus on information technology skills development. An ubiquitous, affordable, fast and efficient telecommunications service is recognised as key to the development of a knowledge economy in many areas, particularly Hume, and the rapidly developing parts of the region. The National Broadband Network (NBN) will enable local industry and business to compete in an increasingly globalised economy, and rollout of the NBN has commenced in Hume through the suburb of Tullamarine and in new development area of Craigieburn.

For Council, this represents the first step in:

1. Advocating for accelerated establishment of a next generation broadband infrastructure throughout the City.

2. Supporting communities to use this infrastructure to best advantage to create improved, valued and innovative learning, employment and business opportunities.

3. Encouraging digital innovation and digital initiatives through case studies and examples, local champions and events that connect with others in the community, business and education to encourage participation.
2. **Events and Training**

Council has designed and implements an annual calendar of events that provide a breadth and variety of industry support and engagement and include:

1. Twice yearly Mayor’s Leaders Lunch, which bring together key employers and provide opportunity for strategic conversation.

2. Twice yearly Business Breakfasts which attract up to 240 attendee’s and provide a fertile space for industry networking.

3. Key LGA participant in the Northern Business Achievement Awards (NBAA) Regional Business Breakfasts which support and highlight shared regional industry and training activity.

4. Industry Round Tables which harness industry sector challenges and success and provide council with more on the ground knowledge.

5. The Hume Annual Business Awards which provide Council with an opportunity to acknowledge the breadth of innovative and successful businesses in Hume City.

6. Women in Business events bring together successful business women from the region and provides an environment for sharing knowledge and experience.

Ongoing training activities across all sectors are aligned with Department of Business & Innovation, through Small Business Victoria and Kangan Institute and provide SME’s with training and business improvement opportunities throughout the year.
Hume has a long association with traditional manufacturing supported by migrant labour with many prominent Australian producers featured strongly. In recent years, due to global restructuring, traditional manufacturing has experienced decline as cheaper overseas labour and inputs have turned business models upside down. However, other industry sectors are taking on a more important role as Hume’s economy continues to diversify and adapt. For example, aero-engineering, health services, transport and logistics, and skilled trades are increasingly generating wealth. The need to respond to declining natural resources is also driving business change.

The City has many locational attributes. It is home to an increasing number of innovative companies, is experiencing significant population and business growth, has strong transport infrastructure, a rich multicultural heritage, high quality employment land stocks, is home to Melbourne Airport and features the Broadmeadows Activities Area. The latter is undergoing significant revitalization, reinforcing its role as Melbourne’s ‘Capital of the North’.

The framework will actively drive new investment in Hume, leading to jobs growth and improved economic prosperity. The project will contain several components, from review of existing process and resources, to development and implementation of new initiatives. It will support a whole of organisation collaborative approach and will aim to strongly promote the locational advantages of Hume, while presenting a professional, agile and customer focused approach by Council to respond to the needs of prospective businesses and supporting the expansion of existing businesses.
4. Business Sustainability & development through supporting low carbon industries and energy efficiency programs

Hume’s Business Efficiency Network (BEN) was initiated in 2008, and has developed into a significant clean-tech knowledge and business efficiency hub, with a current membership of more than 500 business and individuals, and the only one of its kind in Melbourne.

The region has the recognised manufacturing skills, educational capacity and know-how to become a premier manufacturer of environmentally sensitive products. Growth in this sector will rely on the existing skills of the inner parts of Melbourne’s North for design and research while the new outer areas are well placed to manufacture these products.

However, many of these opportunities will only be available to innovative companies if government encourages the growth of environmentally responsible industries. If new communities in the north are developed to high standards with energy savings across all buildings and on transport, these savings will make local economies more competitive and sustainable.

The BEN helps Hume businesses to embrace environmentally sustainable practices to reduce their carbon footprints, save money through efficiencies and network with each other.

The BEN is focused on the following objectives:

1. Create low carbon businesses
2. Stimulate a diverse economy
3. Support and promote innovation
4. Provide a wide scope of opportunities to support business learning. BEN activities focus on energy, water and waste reductions.

The BEN provides networking forums where business can identify commercial opportunities in clean tech and business innovation, meet potential partners or consultants and identify low carbon business opportunities that will assist them to profit.

It provides detailed knowledge of Government funding, financial support and consultancy support in delivering clean tech advantages to your business and can provide you with introductions to those services.
5. Plenty Food Group (PFG)

In 2002, a key group of stakeholders in Melbourne's North initiated a Food Cluster Group now recognised as the Plenty Food Group (PFG). The group comprises small to large, local and national food manufacturers, education and relevant industry bodies, and is co-ordinated by the Cities of Hume and Whittlesea.

Close to Melbourne International Airport, Hume Highway, Tullamarine and Calder Freeways, and Western Ring Road for easy access to Melbourne's CBD and port, PFG and our region's manufacturers are ideally located within this world class infrastructure for local, national and international distribution. The PFG acts as a primary conduit to and from local food manufacturers to provide valuable benefits and services to the food manufacturing industry and related businesses. Council, through the PFG has developed over 1,600 industry contacts which include industry groups, buyers, suppliers, Government, education bodies and all food industry related enterprises and people.

Within the Hume Whittlesea catchment, more than 140 food manufacturers employing over 6,000 people are actively involved in the PFG. Businesses vary in size and type, producing a range of product for the retail, food service and hospitality industries for local, national and international markets.

Many achievements and benefits delivered by the PFG include:

1. Providing key business support and advice
2. Assisting to achieving national and international market growth
3. Key export contracts to Asia and the Middle East
4. Development of www.plentyfoodgroup.com.au as a key marketing tool with the online Business and Product directories
5. Showcasing our industry products at national and international trade exhibitions
6. Providing additional marketing assistance and benefits to manufacturers
7. Strategic relationships built with key industry bodies, State and Federal Governments, education and employment groups
8. Successfully lobbying and receiving Government grants to support our local food industry
6. Tourism development and support

Drawing upon the broader region, *The Hume Tourism Strategy 2011-15* emphasises developing new tourism experiences, involving local people in tourism product development and facilitating stronger relationships between Council and the local tourism industry. It also encourages a greater sense of ‘local tourism’ ownership by all stakeholders, raising the profile of Hume as a quality repeat visitor destination and further developing the ‘Visiting Friends and Relatives’ segment.

Council’s role in supporting tourism is very much a strategic and facilitory one. It includes: visitor servicing (e.g. resourcing the Sunbury Visitor Information Centre (SVIC)), providing regional tourism leadership, supporting local events, brokering new partnerships, advocacy to government, helping new tourism product to be established, auspice training for operators and promoting Hume’s tourism assets.

Council works with a number of bodies nationally and in Victoria that are charged with advancing the tourism sector. Each offers a range of resources to the industry including relevant information about networking, promotion and business opportunities.

**Sunbury Visitor Information Centre**

The Sunbury Visitor Information Centre plays an important role within Hume’s tourism industry. It aims to enrich visitors’ experience by informing them of what to do and see and where to stay, ultimately increasing the amount of money (yield) spent in the region and contributing to the regional dispersal of visitors.

The Sunbury Visitor Information Centre also plays an important role in educating local communities about the importance of tourism in their region and encourages people to “look in their own backyard” and discover parks, walkways and other local attractions.
Guided by priority 3- Prioritise Local Jobs for Local People

7. Labour Market programs and local jobs for local people

In advocating for Local Jobs for Local People, the Hume Jobs and Skills Taskforce has recently been established by Council. The Hume Jobs and Skills Task Force provides a sustainable partnership and governance structure to realise this objective.

The role of the Hume Jobs and Skills Task Force is to provide strategic stewardship for Hume City in planning and leveraging whole of government and community support to address and tackle high unemployment, socio-economic disadvantage and inter-generational dependency in Hume City. In doing this it advocates for initiatives that will create close links between employment and training service providers and employers.

The Task Force is currently working on three demonstration projects, the results of which will help to inform and provide direction to the group.

These projects are:

**JobLink 3064** – An innovative partnership project, with direct sponsorship from Stockland Australia and the leadership of Council, utilising the employment opportunities that are emerging in and around Highlands Shopping Centre in Craigieburn, to train and place local people into these local jobs. This is an employment partnership model that brings together and activates strong collaboration by a major property development corporation, Council, a TAFE and Job Services Australia agencies.

**Construction projects** – There are many development and infrastructure projects taking place in Hume City. Council along with the Victorian Government are engaged in initial discussions with developers to identify social procurement and local employment opportunities during the construction phase of these developments, and the ongoing employment opportunities and any opportunities for social enterprises for any ongoing maintenance work particularly in areas of asset maintenance and garden maintenance.

**Industry projects** – Hume’s manufacturing industry is going through transition, and the aim of this series of initiatives is to be proactive and to up skill existing employee’s and recognise their existing skills to then to assist them to transition seamlessly into alternative employment.

A dedicated team within Hume City Council is focused on the implementation of a range of employment and learning strategies that will seek to increase the economic participation of our residents.

The success of the roles that the team undertakes are reliant on fostering and strengthening strong partnerships between industry, the two tiers of government, vocational support providers and social support services.
Identifying opportunities in industry is also a prime objective for job creation and so the members of the Employment and Learning Team undertake some direct service delivery which is designed to value add to the existing service system rather than replicating the services provided by funded providers.

The Employment initiatives that Hume City Council is involved in include:

1. Broadmeadows Employment and Training (BEAT), a drop in outreach job search support service which operates weekly, and
2. Passport to Work and Jobs in Vogue which are programs aimed at equipping long-term unemployed residents with tools and techniques to shift their behaviours and make positive changes that will enable them to move forward into employment. 60-70% of participants obtain sustainable employment as a result of their participation.

Another innovation is the formation of the Employment and Learning Committees (ELC) which are also coordinated by Council. There are currently two ELC’s servicing the Broadmeadows/Craigieburn area and Sunbury.

The ELCs are formal committees comprising most local employment service providers, Centrelink, Hume City Council representatives, and Federal Government representatives (DEEWR). The ELCs provide a forum that strengthens employment opportunities and the agency network across the postcodes for which they were established. Through genuine collective commitment of committee action they advocate for and take the lead in launching initiatives that provide local employment opportunities to local residents.
The work undertaken by the ELC 3047 has raised awareness of the severity of youth unemployment and has demonstrated that working collaboratively can strengthen employment outcomes for jobseekers residing in the 3047 postcode. Youth Jobs Front 30 in 47, (developed as a reference to the postcode) was established with the ambitious goal of placing 30 young people into employment in 47 days. The ELC, working with the Hume Youth Commitment, other community agencies and employers exceeded this goal, placing 37 youth into paid employment in 47 days.

In addition, the work of Council in delivering the outcomes of the Learning Together 2030 Strategy contributes to improving local employment outcomes, expressed in the goals of:

1. To embed a culture of learning in Hume City.
2. To strengthen pathways to learning, employment and shared prosperity for the Hume community.

In this regard the two Council strategies, Hume Economic Development Strategy 2030 and Learning Together Strategy 2030 complement and support each other.

Strategic partnerships and a whole of government and community approach is imperative in ensuring the success of Local Jobs for Local People as well as recognising that local solutions are needed to address local issues.
8. **Industry liaison, promotion and communication**

Hume has developed a number of key mechanisms for engaging with and building strong, affiliated relationships with business and industry. Through consistent and responsive communication and promotion Council is well positioned to support existing and new investment in the region. Through an ongoing program of industry visits, follow up action and promotion Hume is well positioned to build trust and provide long term support.

Key industry liaison, promotion and communication include:

1. A quarterly Economic Update publication, which is read by almost 5,000 SME’s, government and allied interested parties.

2. A monthly E Update online newsletter which provides connection and information flow of more current and time limited material and programs.

3. A weekly program of industry liaison and visits across SME’s throughout Hume City, which provide excellent and ongoing flow of information and engagement.

4. Website information and provision of up to date data and research.

9. **Retail and Home Based Business development activity**

The retail industry employs nearly 8,000 people in Hume. The City has a diverse mix of Shopping Centres, from the major retail centres of Broadmeadows, Craigieburn, Gladstone Park, Roxburgh Park and Sunbury to the large number of neighbourhood centres meeting the daily needs of local residents.

Other shopping centres across the city are located in Campbellfield, Dallas, Greenvale, Meadows Heights, Sunbury, Tullamarine and Westmeadows.

Council is committed to facilitating growth of these centres by actively supporting the development of trader associations, promotional mechanisms, e-commerce activity, and by providing a program of ongoing seminars and workshops to further develop the skills of the retailers and to assist them to navigate through the transition of on-line retail.

Craigieburn town centre is a recent major project, and incorporates $330m of investment by Lend Lease. It is currently Australia’s largest retail development, with approximately one third of the nation’s investment in the sector.
10. Place Management

In April 2010 Hume City Council appointed a Sunbury Place Manager. This role is responsible for managing a wide range of issues, challenges and opportunities that face the Sunbury Town Centre. Areas of focus for the Sunbury Town Centre include the delivery of the Sunbury Town Centre Plan, facilitation of streetscape improvements and ongoing advocacy regarding Sunbury rail electrification, town centre and commuter parking, addressing escape expenditure to other areas of Melbourne, traffic management and walking and cycling improvements.

The position is a partnership between Hume City Council and the Department of Planning and Community Development’s Creating Better Places program. Hume City Council adopted the Sunbury Town Centre Plan in June 2008. This plan identifies future development opportunities to meet the needs of the Sunbury community. The Plan provides directions to investors about preferred locations for investment. The Plan is Hume City Council’s vision for the Sunbury Town Centre and encompasses: built form, preferred development areas, public transport, streetscapes, parking, walking and cycling, traffic management, retail diversity, housing and demographic change.
The Role of Local Government

This section explores the critical role that local government plays in the practice of economic development and the interplay of State Government.

Council plays a crucial role in supporting the economic development of Hume.

It does this by:

1. Providing a strong and clear vision that encourages new investment articulated in the *Hume Economic Development Strategy 2030*.

2. Supporting Regional Development Australia (RDA), a partnership between the three levels of Government to encourage the growth and development of Australia’s regions. RDA committees build partnerships between governments, regional development organisations, local businesses, community groups and key regional stakeholders to provide strategic and targeted responses to economic, environmental and social issues affecting the regions of Australia. Hume works closely with the Melbourne’s North RDA advocating for the area’s interests.

3. Promoting the opportunities for industry locating in Hume and the advantage of its key strategic assets in transport and knowledge based infrastructure. It does this in conjunction with the Department of Business and Innovation.

4. Providing leadership in the identification and delivery of soft and hard infrastructure across the municipality.

Part (b) examine the appropriate role of local government in generating economic development and review the allocation of responsibility in this area with the State Government;

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5. Supporting the accelerated roll out of broadband services and uptake by the broader Hume community. The NBN is being rolled out in Tullamarine in late 2012.

6. Supporting the development of business incubators and encouraging business innovation activities.

7. Bringing Hume businesses together to facilitate business to business activities.

8. Developing stronger regional networks that influence decision makers across industry and Government and achieving more orderly, equitable and environmentally sustainable development.

9. Encouraging businesses to increase productivity

10. Introducing environmental sustainability initiatives to Council assets and service delivery.

11. Continuing to assist businesses with information and forums that enable them to better manage the environmental dimensions of their business and rapidly adapt and transition to a low carbon future.

12. Working with business and education providers to enhance opportunities for tertiary and technical skills of residents so they can better access local and regional employment opportunities.

13. Working with education providers to enhance secondary schooling achievements for local students in accordance with the Learning Together 2030 Strategy.

With the need for substantial business investment in Hume there are significant opportunities for State government to further support regional development, in particular the development of a regional employment strategy, industry enhancement programs and industry investment mechanisms that support specific regional strengths and opportunities and are delivered in partnership with Local Government.

Other areas have been identified such as:

1. The creation of mechanisms for more direct involvement of DBI and State Government in the economic development of areas like Hume.

2. A greater focus on the relocation of State Government services to Hume.


4. Increased local procurement for government goods and services from regional manufacturers and service providers.
Barriers to Local Economic Development

This section provides insight into the importance of local and state government working in synergy for the best possible outcomes.

Part (d) identify the barriers to local economic development, including compliance costs for business and planning delays, in operating in local municipalities and develop solutions to address these barriers;

Strategic Planning

Melbourne's dependence on the CBD and inner areas of Melbourne for employment and economic growth is a well understood issue with significant research having identified an imbalance between inner and outer areas, and the south and east and north and west of Melbourne. Research by SGS Economics\(^4\) showed that in 2010, the inner and middle ring suburbs of Melbourne had 55% of the economy with outer areas (9.1%) and growth areas (7.9%) only 17%.

More significantly, despite a number of planning strategies in recent years aimed at delivering a more balanced growth, the trend for the greatest economic growth to be concentrated in a small number of areas. Research by SGS again showed that 45% of jobs growth between 2001 and 2010 was in areas with the existing areas of high job density, notably Melbourne CBD, Kew and Monash. This imbalance has been widely regarded as the reason for the stressed and congested road and public transport network with any spare capacity created being utilised quickly by commuters rather than businesses.

In growth areas, which have seen the highest proportion of new housing development in recent years, economic growth and development has been slow with these areas only achieving a 7.9% share of economic activity. With these same growth areas anticipated to accommodate some 750,000 extra people in the coming 20 years (60% of Melbourne’s growth) it is important that this trend is reversed and the planning directions identified are supported by genuine measures and interventions aimed at delivering more distributed economic growth.

Barriers to Economic Growth in Growth Areas – Lack of Commitment from State Government

For some time the planning of Melbourne has sought to achieve a more balanced distribution of economic activity through the identification of Central Activity Areas and through zoning of large swathes of flat land in areas with existing or potential accessibility to major road network. However, this planning framework has and continues to lack a comprehensive set of supporting measures, incentives and investment packages from State Government to attract and enable the necessary private sector investment, particularly in growth areas.

Indeed the latest Growth Corridor Plans (June 2012) were released with great attention paid to the importance of distributing jobs and economic activity beyond the current agglomerations to growth areas. This was most evidently reflected in the ambitious but appropriate job numbers and large areas of land set aside for employment activity in these plans. And yet, the Growth Corridor Plans are not supported by any State Strategy for the delivery or implementation measures for economic growth in these areas, no increases in budgets for State funded infrastructure and no commitment by State Agencies to deliver any of the outcomes outlined in the plan. The Growth Corridor Plans also provide no guidance or articulation about what actions or interventions State Agencies will make despite stating that the scale of jobs will depend on “decisions by individual businesses and public sector agencies” (Page 6 – Planning for Employment and Industry in Growth Areas).
**Investment in Infrastructure**

The relationship between high quality hard and soft infrastructure and economic development is a well-rehearsed theory and proven concept in Melbourne. The agglomeration and concentration of economic activity in Melbourne outlined above is widely acknowledged and attributed to the quality and quantity of the hard and soft infrastructure within these areas relative to other areas. The most well-known examples are the construction of transport schemes like Citylink, the Western Ring Road, the City Loop, Box Hill Station and Eastlink and the resultant scale of economic and employment growth in these areas that has followed are further testament to the importance of infrastructure delivery.

Despite this, in growth areas where some 60% of new housing development is planned to occur\(^5\), there is no commitment to deliver the infrastructure necessary to unlock and facilitate economic activity. In Hume, this includes new train stations, upgrades to critical arterial roads and freeways, major utilities infrastructure as well as new regional scale health and tertiary education. More significantly, there is no indication of when this commitment will be given meaning that others involved in investing in economic development activities are uncertain about what, how and when to invest themselves.

This lack of commitment is a significant barrier to economic growth and development for a number of reasons. Firstly, it stifles and limits private sector investment as developers and businesses delay or postpone their investment in such areas in favour of areas where the infrastructure is in place and the market is more certain. This ensures that land identified for employment generating uses in the well intended growth plans remain vacant and undeveloped resulting in the large tracts of vacant land around Melbourne whilst business activity continues to grow in a few established areas.

Secondly, it results in increased congestion and further saturation of the transport infrastructure which currently provides the only marginal competitive advantage as the existing and new residents utilise the freeways and arterial to access the jobs elsewhere. In Hume, which has one of the highest jobs to resident ratios of all the growth areas, over 40,000 people leave for work every day to access work with 90% doing so by car. In the future this is anticipated to increase significantly with severe consequences on the quality and efficiency of existing infrastructure. Indeed, transport modelling undertaken by Hume City Council with DOT shows that the level of congestion will increase and potentially increase trip times by 30%.

Thirdly, it severely limits the potential work of Local Government in growth areas to promote and market their areas as they can only talk of *potential* future infrastructure and a continually deteriorating existing infrastructure.

Of greatest concern is that cost of providing this infrastructure is well beyond the current budgets and spending capacity of State and Federal Governments even if full development contributions are made. Work undertaken by Hume City Council calculates that the State infrastructure bill in the Hume area alone far exceeds $75 million each year for the next 30 years.

**Key infrastructure projects required in the Hume area to enable economic development include:**

1. Upgrades to major arterial roads including Somerton Road and Craigieburn Road to maintain travel time and accessibility to the freeway network that is critical to support investment attraction and jobs growth in the Hume area;

2. Upgrade to Sunbury Road and Bulla Bypass to maintain or improve travel time from Sunbury Melbourne Airport and unlock 150 hectares of land for employment in Sunbury;

3. Electrification of train line to Lockerbie to unlock potential of new development and deliver a new large scale activity centre and potentially 8000 jobs;

4. Construction of Bus Rapid Transit corridor along Aitken Boulevard to unlock public transport accessibility to over 800 hectares of employment land and a major activity centre capable of delivering 30,000 jobs;

5. Redevelopment of the Broadmeadows Train Station to permanently change the perception of Broadmeadows to prospective investors and help unlock potential of the Broadmeadows to fulfil its role as Melbourne’s Capital of the North as well as land capable of delivering 10,000 jobs;

6. Delivery of a major tertiary education facility in Sunbury and Hume Corridor to deliver a diversity of jobs not currently offered in the area and more significantly address access issues to tertiary education in the Hume area;

7. Delivery of a major health facility in Sunbury and Hume Corridor to deliver a diversity of jobs not currently offered in the area;

8. Delivery of regional parks along Merri Creek, Jacksons Creek and Emu Creek to improve the amenity, reputation and perceived quality of life of Sunbury and Hume Corridor and in turn attract new investment;

9. Full activation of the Somerton Intermodal Freight hub including improved rail access;

10. Development of the Outer Metropolitan Road;

11. Railway connection to Melbourne Airport;
**Staging and Timing of Land Release and Development**

Linked to the above, is the lack of certainty around the staging and timing of development and the provision of Precinct Structure Plans by State Government. In growth areas this is particularly relevant as it places investors and service providers in a position of guessing what development will occur and when. For major utility infrastructure providers this is particularly unhelpful when they are largely limited in their scope to make major investments, meaning that investment is either withheld or inefficiently used. Likewise, for developers and businesses the lack of certainty about development sequencing as another barrier to more dispersed economic activity and reinforces the trend of investing in certain areas.

It is not just the release of land that is a constraint on investment but the lack of measures to encourage or require development once land is released. Whilst no one would wish to see investment wasted in areas or times of poor or no market interest, more needs to be done to ensure and encourage development to occur where land has been allocated, zoned and given planning permits.

**Securing and Holding Land for Development**

Another factor limiting the potential economic development of an area is the inability of State Government to secure land assets for key tertiary or major health facilities and other Government activities in activity centres in new growth areas. Recent plans have been prepared for two significant new communities in Hume with large activity centres. On the request, principally of Council and the developers, land has been shown as having potential for a university and a hospital. However, there are no measures in the plan to secure this land by State Government for these uses. Nor, are there any measures in place to ensure that this land is retained for these uses in the longer term leaving it to the will, patience and financial success of the developers and the influence of Local Government.

**Overemphasis on Industrial Development and Large Acre Lots**

Melbourne’s North and West are generally regarded as the industrial centres of Melbourne. This reputation and image can be seen to limit the range of economic activity and is a significant barrier to economic development and activities aimed at improving the diversification of opportunities in the area. This has been a particularly significant barrier to the work aimed at fulfilling Broadmeadows’ role as Melbourne’s Capital of the North and a genuine alternative for economic activity to Melbourne’s CBD.

Whilst the Department of Business and Innovation have identified Hume as one of strategic importance to the economic future of Melbourne, it reinforces this narrow image and continues to be focussed on promoting the area for industrial development. Indeed, their recent input into the planning for the Hume Growth Area has sought at all costs to ensure that large acre industrial land lots remain the primary source of future employment land supply.

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Local and State Government supporting Economic Development together

This section describes ways that Council and State Government can integrate strategy and resources to ensure local opportunities are maximised.

Part (e) examine ways in which municipal councils and the Victorian Government can jointly support local economic development, enhance and promote employment and attract new investment, especially in localities with emerging economic potential;

Council advocates for the development and support for coordinated and integrated programs that generate improved employment outcomes through actions that involve local businesses and agencies to assist local people to find local employment. There are a number of opportunities to achieve this, including:

1. Council to take a proactive lead role, identifying and tapping into local opportunities by initiating discussions with local existing and prospective businesses and industry to understand their future workforce requirements, and coordinate all stakeholders to prepare, support and equip resident jobseekers for these local opportunities.

2. Adoption of a demand-led and supply-side approach to tackle unemployment and bridge the gap of disadvantaged groups. “Australia needs to move towards an employment and training system which better meets the needs of both employers and jobseekers – one that is dual customer focused and is both demand led and supply sensitive”\(^7\). Taking this approach, training will be developed and offered that is closely linked to the needs of local businesses and industry to ensure that there are real job opportunities upon completion. To be effective, this will require that employers have strong input into the design and delivery of training programs. This will ensure that training meets their specific needs: training can focus on the exact systems and processes used by an employer: work experience can develop the job seeker’s knowledge of a job, and also allow the employer to see the job seeker at work (this will allow recruitment processes to be more effective than those based solely on interview).

3. Workforce development – provides targeted training and support to employers to build the skills of their existing staff. This will ensure that once people enter the workforce there continues to be opportunity for advancement and skill development that will increase the likelihood of workforce retention. In addition, this approach also ensures that the local workforce is able to adapt and build skills that are relevant to changing skill needs of business.

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\(^7\) Lifting participation and employment for disadvantaged job seekers: Demand-led and Supply-Sensitive Reforms - A paper for the ACOSS National Conference by Toni Wren, 29 March 2011. See [www.toniwren.com](http://www.toniwren.com) for information
4. Building into requests for tender the requirement of providers bidding for government business to deliver positive social outcomes. This can mean that writing into contracts the requirement to employ or offer traineeships/apprenticeships for disadvantaged unemployed residents.

5. Increase local procurement for government goods and services from regional manufacturers and service providers.

6. Building on existing relationships and links with the Department of Business and Innovation to form closer resource and information sharing and an integrated Regional Development and Employment Plan.