Inquiry into Local Economic Development Initiatives in Victoria

On behalf of the Mornington Peninsula Shire I am pleased to respond to the Inquiry with this submission. This submission highlights opportunities and threats to our region and the consequently the Victorian economy. The Mornington Peninsula has distinct and unique attributes that can provide present and future generations with healthy, sustainable lifestyle options.

Executive Summary

The Mornington Peninsula economy is highly diverse where micro sized enterprises predominate. There are very few medium or larger scale enterprises. Local economic development initiatives reflect the environment that exists in the region. There is no perfect ‘one size fits all’ in terms of government program initiatives or even local Economic Development Unit structures. In a dynamic society staying nimble is crucial. As such flexible programs with adaptive delivery models are bes placed to support and nurture local economic development activity.

The Mornington Peninsula plays a major role for the state in the tourism and agriculture sectors. To change long established Land Use Planning Zones could have severe, unintended consequences to the local and the Victorian economy. If the six million visitors p.a. to our region do not like the ‘over development’ of the region, where will these visitors go? The answer is most likely interstate or overseas, a loss of over $1billion to the State’s economy, translating to thousands of jobs being lost. The Mornington Peninsula can be a ‘Maritime Burgundy/Provence’ if nurtured with the right planning controls and increased funding in tourism destination marketing.

Food production is a life sustaining fundamental to any community and economy. The Bunyip Food Belt project is pivotal for this state’s population and economy now and into the future. Our region is blessed with suitable agricultural soils with ‘eternal’ secure water through the Eastern Treatment Plant’s recycled water. Grow food where food grows best is the sustainable option for food security. Our region delivers in this regard. We have a sustainable competitive advantage in our region that all governments should protect.

Jobs growth in our region can be achieved through investment in marine infrastructure, i.e. boat launching ramps, piers, jetties, marinas, dry boat storage. With this investment over the next ten years a further 64,000 boats will be manufactured, sourced, accommodated and serviced in Victoria. Existing boat registration fees can cover these essential investment costs.

Collaboration around regionally significant infrastructure projects will drive and sustain local industry competitiveness and productivity. The Southern Melbourne Regional Development Australia Committee’s ‘A Framework for Supporting Growth & Sustainability in Melbourne’s South’ Plan is a landmark, foundation agenda. Support for the identified projects from all levels of government is vital to ensure regional competitiveness.
Access to world class education is vital for a highly skilled workforce. Sadly, public transport for our young adults to the education facilities is inadequate. We recognise there is no panacea to remedy the situation but we need to see more government investment in public transport to improve access equity.

**Background and Key Statistics**

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
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<tbody>
<tr>
<td>Land mass</td>
<td>720 sq. kilometres of which 70% is Green Wedge Zoned</td>
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<tr>
<td>Coastline</td>
<td>190 kilometres, 10% of Victoria’s coastline</td>
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<tr>
<td>Population</td>
<td>150,000 residents</td>
</tr>
<tr>
<td>Settlements</td>
<td>40</td>
</tr>
<tr>
<td>Activity Centres</td>
<td>12 with Hastings, Mornington and Rosebud as Major</td>
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<tr>
<td>Rateable Properties</td>
<td>95,000</td>
</tr>
<tr>
<td>Absentee Owners</td>
<td>35,000, with an estimated 25,000 being holiday homes</td>
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<tr>
<td>Economy</td>
<td>$11.3 billion</td>
</tr>
<tr>
<td>Tourism Sector</td>
<td>$1 billion +</td>
</tr>
<tr>
<td>Marine Sector</td>
<td>$1.6 billion, which includes Cerberus Naval Base</td>
</tr>
<tr>
<td>Food/Fibre Sector</td>
<td>$600 million wholesale farm gate production est.</td>
</tr>
<tr>
<td>Labour force</td>
<td>77,000 [DEEWR Small Area Labour Markets June 2012]</td>
</tr>
<tr>
<td>Unemployment</td>
<td>4.7%</td>
</tr>
<tr>
<td>Tourism</td>
<td>4m day trip visitors 2011/2012</td>
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<tr>
<td></td>
<td>6m day trip visitors with holiday home owners included</td>
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<tr>
<td></td>
<td>1.2m domestic overnight visitors</td>
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<tr>
<td></td>
<td>3.7m domestic overnight stays [i.e. approx 3 nights stay average]</td>
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To assist the Committee appreciate the nature and structure of the local economy, **Attachment 1** summarises our economy via REMPLAN, as at February 2012. As can been seen in this summary the local economy is highly diverse, with businesses in all of the 119 ANZIC sectors. Also in understanding our economy it is important to appreciate that in excess of 90% of all local enterprises are micro based; i.e. employing less than 5 persons.

Major employers consist of BlueScope Steel, Esso, HMAS Cerberus Naval College, Ingham’s Chicken Processing, Peninsula Health Services and the Mornington Peninsula Shire.

Our region is a major tourism destination, with attributes of exceptional fine wine production [pinot and chardonnay varietals], quality fine dining [6 Chef’s hats]. We are also a world class golfing destination with 15 national standard courses. The region is blessed with natural endowments such as swimming and surfing beaches combined with stunning rural landscapes. The hinterland is a major food/fibre producing region with over $600 million p.a. of wholesale farm gate production. Food/fibre production includes salad vegetables, apples, berries, cherries, olive oil, avocados and nursery plants. The region has quality fertile soils with a frost free climate and these attributes help produce first grade quality foods.

Tourism is a prime propulsive sector of the local economy and importantly attracts/retains dollars into our region; but also critically within Victoria’s economy. To diminish the tourism appeal of the region with over development or inappropriate planning regulations, then the whole of the Victorian economy suffers. In these particularly challenging economic times all levels of governments should be nurturing regional competitive strengths.

To further assist the Committee in appreciating the local economy and how the Economic Development Unit strategically responds to the economic challenges I have attached our 2009-2014 Economic Sustainability Strategy [Attachment 2].
**Existing Local Economic Development Programs**

The Mornington Peninsula Shire [MPS] generally undertakes local initiatives within two streams, specifically tourism activities and the broader business/industry development role.

Tourism focuses on visitor information services, destination marketing, branding and promotional activities, business excellence/mentoring programs and trade shows. The Tourism Team liaises with 8 Local Tourism Associations and 400 members to ensure relevance of activities with strong foundation support and buy in to cooperative marketing campaigns.

Business Development focuses on Activity Centre Special Charge Schemes, business excellence awards, mentoring programs, skills development programs, rural agricultural programs, industry research, business to business listing, supporting industry groups/associations, regional collaboration and advocacy. The Business Development team works with 5 Chambers of Commerce and over 4,000 local businesses.

Additional activities comprise major infrastructure projects which includes recycled water schemes, telecommunications, transport initiatives and strategic port development planning. The EDU role in these matters can be advocacy, demand aggregation facilitation, strategic planning, research and industry collaboration.

**Appropriate Role of Local and State Government in Generating Economic Activity**

It is completely appropriate for the State Government [SG] and Local Government [LG] to have a facilitative role in generating economic development. Local Government is ideally placed to know what economic development suits the local area, i.e. appropriate and compatible development in sync with local community values and natural competitive strengths. Local Government is responsible for implementing Land Use Zones that enable business activity to occur. Appropriate zoning balances social, environmental and economic factors in a sustainable manner.

LG is best placed to work with local businesses to retain, grow and nurture enterprises. Whilst bringing a holistic, collaborative approach with education and training providers or other institutions that can support business growth. This ‘working at the coal face’ is greatly appreciated by local business which can have a view that SG is often removed from the local practicalities.

State Government is ideally placed to support Local Government needs and initiatives whether that is funding, training, incentives, research, or mentoring programs. There is no ‘one size fits all’ approach or program in the arena of economic development. Every region has its own particular needs; consequently it is crucial that State Government assistance be flexible to support them. This may require devolvement of decision making away from central Melbourne to strategically located regional delivery centres.

The Mornington Peninsula Shire is an Interface Shire however we are considered ‘metropolitan’ by higher level governments in terms of program funding classification. The local community sees itself as rural and this is reflected with the 40 settlements and twelve ‘village’ commercial activity centres. This conundrum restricts our region from a number of government program funding areas, especially in the economic development program funding area.

Therefore if the decentralised SG regional centres have more flexible program guidelines and delivery mechanisms, the Mornington Peninsula could better grow its economic base with programs that suit its profile.
Difference in Roles between Rural and Metropolitan municipalities

Current Shire program activity reflects the rural environment, i.e. tourism and Chambers of Commerce dominate this Shire’s economic development program activity. Yet higher level government funding in these areas is almost exclusively only for defined rural regions. The exception is the Tourism Regional Marketing Program and the recently renewed Street Life program.

To resolve this issue, higher level governments should define each region as the region really is rather than drawing a line and stating that area is metropolitan or rural and then provide program funding based around inaccurate and inappropriate coding. To reinforce this matter, our region attracts up to 6 million visitors per annum and a part of this attraction is driven by our friendly, charming villages. Our region is not eligible for any township improvements [Living Regions Living Suburbs Program] that rural areas are eligible for and it is inequitable that our Shire has to pick up the entire costs to maintain the villages accordingly. As mentioned earlier our region brings considerable tourism dollars into the state economy and strategically retains domestic dollars in the state, i.e. minimising economic leakage. If the Mornington Peninsula was spoiled as a tourism region then the State would lose over $1 billion of economic activity and our region would lose thousands of jobs.

The symbiotic relationship of SG and LG is best served when local economic development agencies meet and work with local businesses on a daily basis. The intelligence that is gleaned from this close relationship can be passed onto SG, who then can appreciate the issues as businesses see the issues. This in turn leads to better policy making and viable program delivery occurs. This of course reinforces the need for flexible program delivery models by SG and LG.

Barriers to Local Economic Development

The barriers to economic development are complex and varied and I am sure many other submitters to the Inquiry will outline them all; I will endeavour to highlight key barriers that pertain to our region.

In the Marine Sector there has been a lack of infrastructure renewal or upgrading which has severely limited employment opportunities. In the area of boat ownership the existing ratio of 1 boat per 33 persons in Victoria is lagging behind other states which are running at 1 boat per 20 persons. Boating is facility access driven and if the upgrading of infrastructure were to happen then another 64,000 boats would be owned in Victoria.

Servicing, supply, provisioning of these 64,000 additional boats is an enormous stimulus to the local and state economy and would create hundreds possibly thousands of jobs. Given the world’s current economic uncertainty the SG should seriously consider renewal in marine infrastructure and the consequential creation of new jobs as a matter of the highest priority. This matter will be reinforced and discussed in greater detail by the Boating Industry Association of Victoria in their submission.

As mentioned previously, the role that the Mornington Peninsula plays in the Victorian economy is unique in the interface region, especially tourism and high value agricultural production [Attachment 3]. Consequently any changes in rural land use zoning can have major, unintended impacts. The existing Green Wedge Zone planning provisions have worked well to date in that tourism and agriculture activities thrive in beautiful local landscapes. Over development of the landscape would diminish the local amenity and appeal, thereby adversely impacting on tourism visitation and agricultural production.
Again we would like to stress this in turn will seriously affect the local and state economies. With over development you cannot return to the past, effectively the ‘golden goose’ has been lost.

The Bunyip Food Belt is a joint initiative between MPSC, Casey, Cardinia, S E Water, Southern Rural Water and Southern Melbourne Regional Development Australia Committee. This major project is looking at the reuse of 120 Gigalitres p.a. of Class A recycled water that flushes out at Gunnamatta. The arable and fertile agricultural land stretching from Tyabb-Pearcedale-Tooradin-Lang Lang is ideal for utilising this valuable, eternal water resource. Pumping the water from the Eastern Treatment plant to the Tyabb-Lang Lang region is a big project with potentially big, long term, sustainable economic benefits. The region and its soils are capable of producing 5 crops every two years and leadership from the SG is needed to make the project happen for the good of all Victorians.

Food Security is an emerging issue, it is simply best ‘to grow food where food grows best’. It is impractical and unsustainable to keep building houses on prime productive agricultural land. When you relocate agricultural production further away from consumer markets, and in areas where soils are poorer and water supply not so reliable; then all the input costs of production increase dramatically and transport costs become uncompetitive. We should preserve and protect this region’s valuable soils with the Bunyip Food Belt project.

Public Transport in our area is poor and does not meet the needs of a commuting workforce. Additionally, the provision of world class education options is important for any region to remain viable and competitive in the dynamic world economy. A skilled workforce is imperative and sadly our region lacks timely, convenient public transport for our young people to access quality education services. There are no easy answers to this matter however we hope that by ‘chipping away’ there will be incremental improvements to public transport.

Inadequate high speed telecommunications broadband is an issue that has limited business growth and expansion and we are not alone in this matter. The NBN will not cover our region for at least 3-5 years and any assistance the SG can bring to hasten the NBN roll out in our region will assist business growth. To highlight this case the EDU is working with local conference providers who attract high yield business visitors. Unfortunately these business delegates cannot access their work due to the very limited network capability in the southern peninsula. These conference providers are losing important business to other states and this means less business income and fewer employment opportunities.

**Collaborative Ways to Support Economic Development, Employment & Investment.** Earlier in this submission I discussed the role of local economic development agencies interacting with their businesses on a daily basis and providing business intelligence to a devolved SG agency, where flexible programs are able to be developed and implemented. In this approach regional strengths can be maximised and other opportunities created and nurtured.

The SG needs to consider the best ‘devolved and flexible’ program delivery mechanisms if they want regions to unleash and maximise their investment and economic returns. Our region has the potential to be a ‘Maritime Burgundy/Provence’ with world wide appeal. Treat the region as a metropolitan extension and the potential world class appeal is lost forever.
Best Practice Initiatives.

- Appointing a Rural Business Officer [RBO] whose activities enabled the Council to quantify the various agricultural pursuits undertaken on the Mornington Peninsula. The region is a highly valuable producer of premium produce and the Agricultural Audit [Attachment 3] clearly demonstrates this. The RBO is very close to our farmers and this relationship has led to Small Landholders Network Forums where best practice and sustainable farming methods are discussed and shared.

- Tourism Traineeship is an innovative local approach to improving industry work skills through shared training placements with high level employers over a two year period. Students achieve Level 2 and 3 Certificate of Hospitality accreditation.

- Chambers of Commerce Forums and their five Special Charge Schemes reflects the many villages of the region and the approach to surviving in a volatile retail world. All the schemes have been successfully renewed up to three times which is indicative of the success of the schemes in helping retail precincts compete and to find their niche.

- The Mornington Peninsula Shire Careers Expo held every year for Year 10 students with their career path planning by meeting employers, industry associations and other experts at the fair. 1500-2000 students each year from the local secondary schools and colleges attend this valuable learning experience.

- Major Events play an important role in attracting all year round visitors and supporting the brand that the Mornington Peninsula is becoming known for, i.e. fine food & wine, healthy and relaxing experiences. Modest funding for food, wine, cycling, cultural activities throughout the year helps spread visitation geographically and seasonally. In addition there are over 600 local events throughout the year that community groups conduct, which helps our communities celebrate where they live.

- Local Tourism Association support and mentoring enables industry skills enhancement, whilst keeping the industry cohesive for cooperative marketing campaigns. The close relationship with industry ensures good communication and keeping a finger on the pulse of the local economy.

- Melbourne South East [MSE] participation is a collaborative relationship with 9 nearby councils and 3 Utilities to best position the region strategically and to undertake smaller regional projects. Research, advocacy, feasibility analysis, major business awards are some of the many activities undertaken.

- Tourism Team Structure whereby Visitor Information Services are housed with the Marketing section to provide a ‘one stop shop’ for the industry members. This has helped our many operators to become ‘internationally’ ready.

- The EDU is an important policy development unit and works closely with all units of Council to ensure balance in policy and that the business community is appropriately represented and supported.

- Industry research is a major role for the EDU and research is conducted in many areas to keep Council informed of what is happening locally and how best to support business.

The MPSC would welcome the opportunity to address the Inquiry Committee personally if there are any public hearings and we thank the Committee for the opportunity to make our submission.

Shane Murphy
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ATTACHMENT 1

REMPIAN Input- Output Model Report and Employment Report

ATTACHMENT 2

2009-2014 Economic Sustainability Strategy

ATTACHMENT 3

Mornington Peninsula Shire Agricultural Audit 2010