CORRECTED VERSION

OUTER SUBURBAN INTERFACE SERVICES AND DEVELOPMENT COMMITTEE

Inquiry into liveability options in outer suburban Melbourne

Melbourne—16 April 2012

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Witnesses

Lilydale Chamber of Commerce:
Mr A. Osborn, President.

Yarra Valley Regional Tourism Association:
Mr R. Stevens, President.
The CHAIR—Gentlemen, if I could invite you to come and take a place at our table. We have a few formal things to go through before we start our interaction. For the record this is an all party meeting of the Outer Suburban and Interface Services and Development Committee. We are an extension of the parliament while we are providing this hearing in this setting, and we afford parliamentary privilege to you in terms of the contributions that you will make during the time of this hearing. The material is being recorded by our transcription services and a hard copy of that will be available to you for your perusal in two weeks. We are very keen to hear your opening remarks, and for the record if we could invite Mr Stevens first to give your name, your designation and the organisation you represent and the physical address of that, and the same for Mr Osborn, please.

Mr STEVENS—I am Ross Stevens, the president of the Yarra Valley Regional Tourism Association. We are based in Parker Street in Healesville out of our office at the information centre. It is a voluntary position and we have a committee of 10 currently, and membership in excess of 300 local tourism and accommodation businesses.

The CHAIR—Thank you very much. Mr Osborn.

Mr OSBORN—My name is Alister Osborn. I am the current president of the Lilydale Chamber of Commerce, and a member of the Yarra Ranges Business and Tourism Group. Are offices are in Main Street, Lilydale.

The CHAIR—Thank you very much. Do either of you have some opening remarks?

Mr STEVENS—I will let Alister start.

Mr OSBORN—What I would like to do is outline the possibilities for Lilydale and the Yarra Ranges, if we can take some initiatives and grasp the nettle of putting in place a coherent framework that will create a place where people want to live. Lilydale and the Yarra Ranges basically have not changed in the last 20 years since legislation. Population growth, for example, has grown by three per cent in the last 10 years. No-one wants the Yarra Ranges to become a growth corridor like Casey or Wyndham with endless residential development, but Lilydale has become a quaint backwater. It is a drive-through. Nobody tends to stay. There has been very little development, very little economic development in Lilydale. There is no job creation. They are shedding jobs in Lilydale. We have a number of empty retail businesses. Yes, Woolworths are putting in a big development in the shopping centre which will create some job opportunities. But there is an opportunity—and in discussions I have had with the dean of Swinburne University—with the interplay between the business community and the reskilling, retooling of our workforce that we could do. We could make Lilydale an incubator of a new lifestyle of the 21st century.

We need a coherent process, we need to attract capital, and by 'capital' I mean both money and ideas that enable us to become a successful and thriving community, a place that creates fulfilling outcomes for its people. We have a unique set of elements. We have heavy rail, we have road infrastructure, we have a university and we have an established residential, retail and commercial zone. To quote the Lord Mayor Robert Doyle, 'Upgrading existing infrastructure is hundreds of millions of dollars cheaper than developing grassfield sites.' We abut a premier tourist precinct and prime agricultural regions that I do not think fulfil their potential.
Currently, local council is responsible for strategic planning and I do not think the community is getting the outcomes needed to sustain it. There are three examples of why I think that. Minister Walsh was in the region in December during the hailstorm. Only 60 per cent of a crop can be covered by hail netting due to planning restrictions. That bottleneck has been there for years, and it is only Minister Walsh's pre-emptive strike after he saw what was going on that something has been finally done about that. At a recent community meeting on development in the urban areas of Yarra Ranges, the mayor and the CEO of the shire both made a plea for aged care facilities, as there is a severe lack of aged care facilities in the Yarra Ranges, something which would be apparent. It is not a sudden manifestation, it is a very apparent thing. Going on from something from what Mr Howden was saying, now we have an urgent request for low cost accommodation for the 4½ thousand fruit pickers that are needed every year, even though Yarra Ranges have harvested fruit for 100 years. Suddenly it has become urgent. These are three examples of planning failure on major issues that affect the economy to a large extent, and affect the community.

I do not believe local councils have the ability to do the strategic planning that we need to create communities and jobs and futures for our people in the coming 20 years. Yarra Ranges is a highly fertile, high rainfall region that can replace some of the production we are losing from the irrigated areas to the north, yet 45 per cent of the arable land is horse paddocks. The blocks are too small to be economically viable and there needs to be consolidation, and how does that happen? How do we overcome the planning scheme? How do we create these viable, economic properties. We claim to be a great tourist destination. Where is our resort accommodation? It is not there. Currently, international tourists are bussed in for day trips, where some businesses take advantage of that, but how does the region take advantage of that when bus-loads of tourists come from Station Pier, come out for two or three hours, visit two or three properties and go back. There is no stickiness.

There is a lack of industrial land. What is available is overpriced. There are a number of micro high quality, high value producers that need to be nurtured. Last week we had an event and I went and bought some Yarra Valley produce. I did not realise there are six biscuit manufacturers in the Yarra Ranges. There are a dozen preserve and sauce manufacturers, but they are all micro businesses. Minister Dalla-Riva was at that event, and there is e-commerce which he is developing through his department which would be ideal for the small producer that can tap into export markets and grow, but these people are having to set their businesses up in old shops because they cannot afford the overpriced industrial sites.

In Lilydale we have the land to accommodate student housing, the land to develop into multi-use commercial space. We have a university and a TAFE that can train and retrain people as they get older. 73 per cent of the Yarra Ranges workforce is not managerial or professional. It is involved in trades and construction. With people needing to work longer, live longer, they need to be retrained later in life for skills that their bodies can cope with. We have the ability. The university wants to do it. Bruce Calway, the dean over there, and I have had several discussions on this. How can we start to train the 40- and 45-year-olds for the next 30 years of their working life?

All these elements exist. We do not need to spend huge sums. Victoria is already committed to a huge expenditure on tunnels and infrastructure. As a community we need to take advantage of what an accident of history has created.

The CHAIR—Thank you very much for those comments. They are quite resonating points that you have made. I am interested to know what push has there been in this region for getting quality accommodation providers. I think a comparable example, if I think of the Marlborough district in New Zealand, they have world-class golf courses and world-class, almost six star, resorts and lodges. Their lodges become a destination in themselves as a total, all-consuming experience, something a little bit like what they are marketing on Kangaroo Island at the moment. Where is the thinking in the Yarra Valley for high-end accommodation that brings in people here for not just three hours but here for a period of time for complete indulgence?
Mr STEVENS—To be truthful—and, really, I am glad you brought that up because that is what I wanted to talk to you about today. The state government currently has a report called Unlocking Victorian Tourism. It was produced by the Victorian Competition and Efficiency Commission, was handed to the Treasurer on 1 June last year, and it was due to be brought down six months after that. VTIC, the Victorian Tourism Industry Council, has been calling on the Treasurer to bring that report down and implement those draft recommendations. Some of those recommendations—and a lot of them affect our region because we are in the green wedge area—suggest that we take away some of the impediments. Some of those impediments, in green wedge especially for us, the Mornington Peninsula, and similar interface councils and regions, make it way too hard for any investment. It is too complicated.

For example, the injunction that comes with the green wedge, for someone to produce—in my case, for someone to have top quality accommodation, they have to prove a nexus that it is in conjunction with agriculture and that, to start with, is a huge impediment. The recommendations are to take that away, especially in areas like the Mornington Peninsula and here in the Yarra Valley so that one of those major impediments is no longer there, that we can go out and physically try and attract these high-end type accommodation properties. You alluded to Kangaroo Island, and Freycinet Bay in Tasmania. Those six star properties are the growth market, whereas everything else seems to be going backwards on the tourism side. Obviously there are a number of reasons there: the high Australian dollar. We are competing against some major Asian destinations. In actual fact in Victoria we have done reasonably well, considering the GFC and some of the other problems we have faced.

If you look at the Queensland industry, even the Tasmanian industry, they are on their knees, but they will not be forever and that is my point more generally to the larger industry, and to people like yourself that make these decisions that we need now to put investment in and when things do bounce back, we are ready to go and we can stay on top. That is the message coming from the industry, that we need to make sure we keep a competitive edge. As Alister alluded to, we have had four million plus visitors here in the Yarra Valley and the Dandenongs this year. A huge percentage of those come in and go out and, yes, there are properties that benefit from it but the townships—Healesville, Yarra Glen and places like that—do not necessarily benefit from that.

The challenge for our industry is to get a larger percentage of those people to stay, because the facts are the on-spend from someone staying for a night in the Yarra Valley is massive. They go into the towns, they go to the restaurants, they visit all the wineries, they go to the attractions and their dollar spend is massive. That is really what our challenge is. Half the problem is, it always comes back to funding, and I suppose whoever you talk to, it does not matter what industry, they will always say, 'But we don't have the funds.' My biggest belief is that where we fall down, on the fringes of Melbourne, is that we do not qualify for regional development funding. Regional Development Victoria does not—because we are a fringe council, and the same with Mornington, we do not gain any of that. Yet geographically, if you look at Shire of Yarra Ranges, the bulk of the population is in a very small geographic area in those outer suburbs, and yet the greatest area of our shire is rural and agricultural land. We really are a major region and rural region at that. We are the second biggest producer of strawberries in Australia. People do not realise that.
Overwhelmingly, we have greater amounts of grazing land, horticultural land. Everyone has the opinion the Yarra Valley is just vines. If you fly over the Yarra Valley you will see it is a very small percentage of the geographic area. Yet we as a shire do not benefit from Regional Development Victoria, especially in tourism because that is where we are lacking. If you go to other regions in Victoria, such as Mildura or Ballarat or places like that, they have different levels of funding. They have regional development funding, they have rates—special levy rates, tourism rates—and they also qualify for other forms of funding. That allows them obviously to market themselves as a region and keep up with it. We are lucky because we are so close to four million people in Melbourne. Of course people come out, they jump in the car and in 40 minutes they are in the magnificent Yarra Valley or up in the Dandenongs. We are lucky in that sense, but it does not help us stay ahead of the Mornington Peninsula or the Hunter Valley, as you were talking to Richard about. We have to now start thinking for the next 10 years, the next 15 years.

The industry is saying to me and our committee, what are we doing in regards to that. There are several levels, but my major point to you today would be for us to be considered for regional development funding via Tourism Victoria so it is tied in if that was the case. It previously was the case. Now they are two separate entities. The other side of that would be for the government to bring down those recommendations and to table that draft report in parliament, that some of those impediments, like you were saying, are taken away. Therefore, as an industry, we can go and actively chase that premium resort type product but really that is what we want to maintain, that premium level. We are known for it throughout the world as that premium wine and food destination, but if we do not have the funding it is very hard to do.

The CHAIR—I am thinking of examples, such as what direct flights into Mount Hotham did to improve the investment in the accommodation stock there. It was a very significant transformation. I am thinking of other places where people can fly in. I am thinking of an example of people who might land in Sydney and choose to go to Ayers Rock, Cairns, and on to Broome. Quite often Victoria was out of that equation in terms of what is sold internationally, and it is because people come on short holiday hops of half a dozen days perhaps and they want to see a lot. It seems to me that a destination, such as the Yarra Valley, could benefit from direct flights. What is your thinking? What overtures have ever been made, strategic thinking, about—there are two airports in the area—better utilisation of the airports. I am thinking of helicopters as well on the lawn at Yering, for instance, as well.

Mr STEVENS—There is a problem there because then regulation comes into it, and we have had some issues over the past 12 months with regards to helicopters being able to land, and whether they need permits. I cannot give you the full details today but there are issues at a council level with regard to helicopters coming in. Again the regulation comes into it and the bureaucracy, if you like, has a say in that. That is an area that probably needs to be addressed. I agree with you, that top end market would come out of Essendon and would come out of Tullamarine. We do work very hard internationally in promoting the region as only 50 minutes from the airport, and Melbourne being 45. We are part of the South East Touring Triangle, for example, which connects the Yarra Valley, to the Mornington Peninsula, to Phillip Island, and then on to the Great Ocean Road. But we struggle in the sense of pushing our product internationally. I go to market three or four times a year. In fact next month I am going to Malaysia, Singapore and Hong Kong for that exact reason, off our own bat, by the way. There are no subsidies. When we go there we do not only promote our own property, of course we promote the destination first.
There are some operators out there that work very hard in that sense. It is not an endless string. The money is not always there. In the case of an operator like myself, I have 12 cottages and I have X amount of money to spend to chase that international market and that top end market, and after that it becomes very hard. They are the things that I see where regional development funding would help. We have regional marketing already that do go into the international market and they are funded by the shire and by Tourism Victoria. However, to be honest, if you look at four million plus visitors a year, a $600 million industry to the region—you can imagine a town like Healesville or Yarra Glen without tourism, and the proof was when the fires happened. In Healesville you could have shot a cannon up the main street, but that has gone on because of tourism. I do not think there is enough emphasis at all levels put on the importance of tourism and how it relates to all of our other industries in the valley, whether it be strawberry producers, or flowers or whatever, they all in some way relate back to tourism.

Tesselaars have the tulip festival every year. They have thousands and thousands of visitors. What that does for the Dandenongs is immense. It is the same with Rochford Wines, they have concerts. The amount of people that come and stay with me—and we are talking about people that live in the eastern suburbs of Melbourne—the first time they have ever been to the Yarra Valley is to see a concert; then they come back. We still have regulatory problems with cases like that, and I think what we need to do is cut out a lot of that red tape and make it a lot easier for businesses to begin, to start up, and for the existing businesses to run. I could go on for hours about different things it does to tourism, whether it be signage, or toilets in each of the towns, those things that we need to provide as a premier destination, those things need to be in place. Everyone, from the council, through to state government, to Tourism Victoria always will come back to you and say, ‘Funding is the problem.’ That is understandable. But if we are going to maintain a level, grow and pick up, we need to start thinking about it now. I think the first step is to take away some of that regulation, that burden and, secondly, put us out there as a regional area because I really believe that is what we are to a certain extent.

Ms GRALEY—A quick question—either of you may like to answer it—that was provoked by Mr Osborn's suggestion about planning authorities, who should do the planning. He was suggesting that maybe council wasn't the correct personnel to do the strategic planning for the area.

Mr OSBORN—Straight off the bat I think there should be a new statutory authority set up for planning and development in the interface regions. I think they should be looking at joint ventures, bringing international capital to build resorts in the Yarra regions. They should have the ability to get a lot of this regulation out of the way. At the moment it has taken 12 years to get a set of traffic lights in Mount Evelyn. We are building golf courses, Heritage has been here for years. Yering Meadows is opening. Eastern Golf Course want to come out. Chirnside Park Golf Course is moving. We are going to have 100 holes of golf within five kilometres. If we could have some premier accommodation on some good golf courses, the resort would be half-full all the time with golfers. That is a very attractive proposition for someone. I am suggesting we have a separate authority. Let councils look after their citizens, but let us have an authority that has the power to get state government to force these things through; to look at employment that we need to create for our people; to look at the opportunities we have in these urban areas where we could have development.

Lilydale, Main Street, has empty space on it. There is no student accommodation up in the university. Students come in and they leave. I am suggesting an authority that has the ability to put all these things through, both at state government and at a local government level.

Ms GRALEY—Thank you.
Ms McLEISH—I think my question is for Alister. We heard from the council earlier about the potential of the quarry site. What opportunities do you think are there for the chamber?

Mr OSBORN—It has huge potential but the movement of when it is going to happen is very elastic. Last week I heard possibly two years; a few weeks ago I heard possibly five or six years. It is very elastic. Yes, that is a wonderful site but it has to be closed, it has to be infilled and then it has to be developed. Even if it closed in 18 months time, how long would it take to be developed? Are we looking at another five years, another 10 years of inactivity because a quarry is going to close? All these things are here now. We have the heavy rail. Lilydale is the end of the line. Let us incorporate that into our thinking and our planning, but let us start these other things now. Let us free up some of the land in Lilydale; let us get some technology businesses into Lilydale; let us look at multi-use development; let us get the shops filled up; let us get the centre of retail gravity across towards the transport infrastructure.

Mr ONDARCHIE—My question is for Alister as well, and I think you have both touched on this at some level. I asked this of council earlier. What could council do to stimulate the economy and get some new investment and get some jobs by freeing restrictions or opening up land? You talk about expensive industrial parks. What could council do?

Mr OSBORN—To be fair—and I am not often fair when it comes to council—the hands are tied up in a lot of regulation. Everything appears to be too hard, too difficult, it is green wedge. It appears to be too hard for them to do anything—it is too hard, it is too time-consuming. Ross has been beating his head up for years trying to get things going. Dare I say it, I think it is a mind-set. The local government has responsibilities that I do not think they are capable of working with any more, because we need a holistic approach that fits Mornington, the Yarra Ranges, Nillumbik, and I think the job is too big for local council, and I do not think they are entrepreneurial enough. I think we need to think entrepreneurially.

Mr STEVENS—Can I add something to that, Craig. In a smaller way, certainly from the tourism perspective, there are some small steps that need to be taken. I think whether it be this council or whoever you are talking to in Mornington or Nillumbik, there needs to be a level of personnel that are put in to become a conduit between business and planning, and business and regulation. You cannot blame the workers in the council. They have a specific job to do. Where I think there is a gap is someone to fit in the middle to educate both the staff at council and the industries and act as a conduit. Now, whether that comes as a council employee or that comes as an outside entity, it does not really matter, but someone that is across—for example, let's take accommodation or tourism—the planning schemes, that can walk people through it. When someone comes to the council and says, 'I've got a great idea, I want to build a 150-room hotel,' 'Great, we need to take you here and this is how we can expedite it,' or how it can happen or it cannot happen.

There is a definite gap in that middle ground of having someone or some entity that walks industry through it and creates the opportunity and expedites the whole process. It is exactly the same on the other side as well, when a council employee sees something they understand that this is what is happening and this is what this person is looking to do, 'How can we help?' Having that middle ground, that conduit, would be a first small step, but a very important one. It is irrelevant whether it is the tourism industry, a manufacturing industry, a retail industry. Having that level in there would make a huge difference.

The CHAIR—Somebody who can understand it from both perspectives.
Mr STEVENS—Exactly, and is a facilitator in the sense of, it can happen, or it cannot happen, or maybe it can happen but this is how we need to do it, and have someone that is a go-to person. The biggest complaint we have from our members about any issues to do with council is not understanding. Now, that can be their fault to a certain degree but I also think if you had that middle person in there, that person—whether funded out of regional development, or by Tourism Victoria, however it come about—would be the go-to person. If someone received a compliance letter in the mail and they had a worry or query about it, they would have, straightaway, someone that deals with them or their part of the industry. That would make a huge difference. It certainly would make a huge difference in the perception that the council has in the members eyes, because what we are trying to do is build bridges between an organisation that is trying to do the right thing, and our members. The people in the organisation do not necessarily understand the consequences of what they have done by sending that letter out, or ill-informed people, it is not their fault.

The CHAIR—I can see Swinburne starting a course for business entrepreneurialism, and council officers in their postgraduate studies should be the first enrollees.

Mr STEVENS—I would be first to put my hand up.

The CHAIR—Gentlemen, thank you very much for your contribution today.

Mr STEVENS—Our pleasure.

The CHAIR—We value the frankness of your input immensely. It may come about, through our executive officer, that we want to speak to you again about this, because you have opened up a whole range of fronts that warrant closer examination. Thank you for the ideas and the frankness with which you have delivered it. I regard it as very important.

Mr STEVENS—Thank you for the opportunity.

Mr OSBORN—Thank you.

Witnesses withdrew.

Committee adjourned.