OUTER SUBURBAN INTERFACE AND SERVICES AND DEVELOPMENT COMMITTEE

Inquiry into growing the suburbs:
infrastructure and business development in outer suburban Melbourne

Melbourne—27 February 2012

Members
Ms J. Kronberg  Ms N. Hutchins
Ms C. McLeish  Mr C. Ondarchie

Chair: Ms J. Kronberg
Deputy Chair: Ms J. Graley

Staff
Executive Officer: Mr N. Bunt
Research Officer: Ms C. Frew
Committee Administrative Officer: Ms N-M. Holmes

Witness
Mr S. Best, President,
Wallan Chamber of Commerce.
The CHAIR—Would you come forward, Mr Best, and please make yourself comfortable. Mr Best, I will go through some of the formalities for you. We welcome you here today as one of our witnesses. This is an extension of the parliament of Victoria, it is a very formal setting. I need to go through some things to inform you about your privileges and obligations. This is a hearing of the Outer Suburban and Interface Services and Development Committee. All evidence taken at this hearing is protected by parliamentary privilege as provided by the Constitution Act of 1975 and further subject to the provisions of the Parliamentary Committees Act of 2003 and the Defamation Act of 2005 and, where applicable, the provisions of reciprocal legislation in the other Australian states and territories. However, any comments you make outside the hearing, however, may not be afforded such privilege. It encourages you to speak freely and from the heart without retribution. We want to get to the bottom of things and we want to hear the burning issues. We do not want things particularly sanitised. We encourage you to think like that.

The evidence you are going to present is being recorded and a hard copy transcript of that will be available for you to have a look at, for typographical and spelling errors, in about two weeks time. I have to say we are very much looking forward to your input because we are here to look at economic development and jobs creation in this shire at the moment. It is one area of particular focus with our current reference. How would you like to start? Do you have some opening remarks?

Mr BEST—Not particularly, no. I have been given a number of questions and topics to expand on and that is a fairly informal submission.

The CHAIR—We have a set of questions we might run through. In your opinion what is the appropriate role for the state government in the facilitation of business activity, particularly in Wallan?

Mr BEST—I think the state government needs to give the local shire the ability to provide retail, commercial, industrial space for businesses to grow within the shire and I suppose not stymie that but to give every opportunity to the shire to identify the needs of local business, both now and in the future and then to rezone land, or whatever it may be, to provide the opportunity for those businesses to grow, to start up and to expand and basically get better, I suppose.

The CHAIR—Thank you. Do you have a knowledge of the skills mix of the residents of Wallan and the wider Mitchell area that you could share with us?

Mr BEST—More particularly Wallan; a limited knowledge of the skills mix, I suppose, as it goes through the shire. I mean, the northern part of the shire, say, Seymour, for example, I believe has a different skills mix to the southern part of the shire which is Wallan, Beveridge and to a lesser extent Kilmore. But, I suppose, Wallan is basically blue collar—a lot of trades, construction and those kind of jobs. You find that a lot of the work is out of town. There is only so much work for plumbers and electricians within town. A lot of these trades travel south to the northern suburbs to find work, whether that be on building sites or whatever. We do have a lot of local residents that work in warehousing and manufacturing in the Campbellfield area, not so far as Craigieburn, although Craigieburn is getting more of an industrial base. The workforce is having to travel south to get those blue collar jobs, I suppose, is the best way of putting it. There are local trades that work locally but to survive locally is virtually an impossibility, I would say.

The CHAIR—I am going to ask Mr Craig Ondarchie to put some questions to you.
Mr ONDARCHIE—Simon, in the previous presentation the mayor and the CEO said that Wallan has limited capacity in terms of shopping and retail and things like that and they need to head south. There is a bit of a push by the CEO and the mayor to talk about the south of the shire. What is the view of the chamber, particularly Wallan's chamber in terms of a focus down south, as opposed to Wallan?

Mr BEST—For the creation of jobs?

Mr ONDARCHIE—Yes.

Mr BEST—We believe there is an existing commercial and retail base in Wallan. Rightly or wrongly we believe that should be expanded. We have a lot of members who are wanting increased floor space. We have a lot of home businesses that want to move out into retail or office space and there is not much around. What is around is fairly cost prohibitive in that the rents are very high. We are being told that the rents asked in Wallan are comparable to Craigieburn, for example. That is purely demand and supply. There is not a lot around, so what does become available more or less the landlord to a certain degree can ask what they want. For example, $25,000 a year, plus GST, plus outgoings for a retail space in Wallan, that is fairly expensive given that the customer base really is not there for those businesses to thrive at the moment. If they could get into a business, especially the retail or commercial or office space a lot cheaper then that gives them the opportunity to grow without the initial overheads.

The CHAIR—Have you done any thinking or forecast in terms of the deficit or the leakage out of Wallan when the other town centres come on stream?

Mr BEST—No. I mean, it was interesting that David quoted a 5,300 job deficit. I believe that is across the shire, not just in the southern shire. We do not have the capacity to measure those things as a chamber of commerce but, broadly speaking, it is safe to say that there is a lot of leakage in jobs going south. People have to go somewhere to get work and that is where they are going. The transport links provide—you are 10 minutes down into Craigieburn, you are probably 15 minutes down into Campbellfield, and Thomastown is probably a little bit longer but people are having to go down there to get the jobs. With all the industrial construction going on in the last decade down through Campbellfield and Craigieburn, I know a lot of the trades go down there. It is 10 or 15 minutes away, and to them it is still convenient. They do not see that their job is going out of the shire, but that is where they go to work and it is convenient for them because of the transport links. The flow-on effect is that they do not buy lunch in town, they do not do their shopping in town, they do not buy their fuel in town, this type of thing.

There was a mini retail construction boom where they redid the pub and they built what is now the existing chemist, and I remember at the time all the local food shops were rubbing their hands together because they had tradesmen coming in in droves buying lunch and business was booming. As soon as those two jobs were completed, that was the finish.

Ms HUTCHINS—With the construction that is planned for Lockerbie and all the surrounding areas, do you think there is a role for job creation in Wallan?
Mr BEST—Definitely, yes. If you look at the Merrifield development, for example, 17½ thousand jobs they are quoting out of there. Surely some of those people have to say, 'I don't want to leave at Merrifield, I don't want to live in Craigieburn. I want to go a bit further north.' As David said, if we can provide a mix of different lifestyle options over bigger blocks or smaller blocks, then those people can say, 'Okay. Well, Wallan might be a better choice for lifestyle.' It is certainly going to be still close to work if they are working at Merrifield, for example, and then they start to shop locally. They might buy the petrol on the way to work and the wife stays at home and she does the shopping locally, or the wife might be able to get a part-time job, keep money in the economy. David talked about one job per household as per the GAA. I am not too sure of the source of that but one full-time job. There is also the opportunity for the wife to go and get a job once the kids start school. It might be 10 till three or 10 till four. But the demographic of Wallan is that it is mum and dad and basically two kids. Once the kids go to school, mum needs something to do. If mum can enter into the workforce and earn that extra income and try and keep the money local then that has to be a good thing for Wallan.

The CHAIR—In terms of your thinking in job creation of the future, do you agree with the concept of business incubators?

Mr BEST—I have been privy to some of the conversations in council about the business incubators. I think they are a great idea. Depending on which way you go, whether an industrial incubator or a retail or office incubator I think it will work either way. For example, in Wallan with all the home based businesses, a lot of home based businesses are at the point where they are too busy, they have people coming into their house all the time, or they need a greater space or they have decided in their own mind it is that time now to expand. The business incubator gives them a good catalyst, I suppose, into the real world. They can stay in the incubator for 12, 18 months or two years. They are surrounded by like-minded businesses if it is set up okay. You get the net working. Basically success breeds success. If you can see the person next door doing different things and bounce ideas off each other—the example David used was the accountant and the masseuse.

You might have an accountant that is inundated with bookkeeping, and the bookkeeper next door can take up a bit of the slack. There might be a graphic designer who can then go and do graphic design for the letterheads and business cards for people in the incubator. It is important that if you do have an incubator it is set up so those businesses can breed and succeed off each other. In an industrial sense it is a lot different. Generally they need a greater space to achieve what they are trying to achieve in an industrial sense because it may be niche manufacturing, as Sue and David mentioned. I certainly think there is a place for it.

The CHAIR—In terms of access to capital and legal advice, how far would people have to go in your concept of a business incubator to access those services that really make it happen?

Mr BEST—I think that would be the difficulty, trying to educate people as to what the benefits are. It is easy to say, 'We're going to start a business incubator,' but then to get those people interested and, as you say, give legal advice and tell them there is some capital available, or point them in the right direction to get their capital funding, I think that would be the biggest challenge. I know the economic development department at the shire actively encourages local businesses to come to business training, business planning and all these kind of things, but I know the take-up rate is not fantastic. Whether they are not marketing those properly—they certainly market them through the various chambers in the shire. I do not know how else they get to those home based businesses, or those businesses. But with proper marketing and education, once people realise the benefits of a business incubator I think they would be quite successful. The statistics that David mentioned in other areas, they do not surprise me. For a start-up business, I mean, it is really a no-brainer.
Ms McLEISH—Simon, I am interested in from the chamber's point of view, what do they think are the businesses that are missing in Wallan now and the opportunities for them, given that there might be a struggle with the floor space?

Mr BEST—it is an interesting question. We get people all the time that say, 'It would be a great idea for this and a great idea for that,' and there is a widely held thought that there are too many takeaway shops in Wallan, for example, and I believe there is another one starting up. There are accounting firms in there, and there are now two legal firms in Wallan, which traditionally those professional services you would have to go to Kilmore, for example, to go to an accountant or go to a solicitor. Those kind of things are starting up. I think Wallan would really benefit from a lot of these smaller start-up businesses. For example, there is a business called The Logo Lady, she does embroidery. You would have thought, 'Is that a good move?' But she is flat out. She has the market of all the tradesmen. A lot of the tradesmen have to have their business names printed on their fluorescent work shirts and things like that.

I suppose it is not so much identifying what we need but probably encouraging people with ideas and not judging those ideas but giving them a go. At the moment it is too cost prohibitive with the rents and purchase prices and lack of an incubator, for example, for them to get out there and start up which is why I think a lot of them are home based businesses. It gives them that protection where there is really no overheads. They go and buy a computer, get some business cards printed up and off they go.

Ms McLEISH—Do you have any suggestions around how to change that?

Mr BEST—Provide more retail and office space, simple as that. I know I focus on the retail and office space but there is more industrial space needed, there is more bulky goods. I know David alluded to the fact that that might be a dying trade but I still think there is a need for more industrial space and there is a need for more bulky goods space, as well as commercial space. The industrial estate down in Wallan, the majority of those businesses there are all Wallan based businesses. You ask them why did they buy a factory or why are they renting a factory in Wallan it is because they do not want to travel the 20 minutes down the road to their factory in Thomastown or Campbellfield, they want to be there. They want to be in Wallan, bang, they want to be home, and they do not want that extra travel time. What they are saying, they can buy that same space in Campbellfield or Craigieburn, they are paying a premium in Wallan, it is purely and simply for the convenience.

The CHAIR—is that the supply and demand equation at work in terms of the higher cost—

Mr BEST—Yes, I think it is. If there was more supply and the same amount of demand then obviously, especially given the current real estate market then, then there would be downward pressure on rents and purchase prices.

The CHAIR—Do you have a view on any expansion and tourism opportunities in the shire?

Mr BEST—in the shire, yes, definitely. You have some great things to leverage off; not so much in Wallan but in Beveridge you have the whole Ned Kelly thing if you wanted to do that. Kilmore is the oldest
settled inland town in Victoria. Seymour is on Goulburn River. With Broadford they have the Motocross track up there. There are some definite drawcards across the shire for tourism. It is just a matter of leveraging off them, I suppose. A lot of those could be events based, especially, for example, Kilmore with the Celtic Festival and the racing club. You could certainly leverage tourism, and I am not an expert on tourism, but off events maybe. Again we are not that far from Melbourne. It is not like Echuca where you are trying to get people to come for the weekend, or Shepparton, Mildura or Bendigo. If you have some good events you can draw the tourists up for daytrips. Again that would help the local economy because once they are here they are spending here.

Ms McLEISH—You may have heard the mayor talk before about people leaving to shop elsewhere because perhaps there are not the shops that are in town. Do you see and hear a lot of that? Do you hear people looking at those as perhaps opportunities or again is that a link to available floor space?

Mr BEST—I do see it. I mean, I am guilty of it. You go down to Epping Plaza or you go down to Plenty Valley down in South Morang, you always see locals. It is as simple as that. Those Westfield developments, for example, they become a one stop shop. You can buy your runners, you can do your grocery shopping, you can get the mobile phone cover or whatever you need to get. In Wallan it is disjointed. It is not under one roof. You cannot do much about that but you are not going to be able to get everything on your shopping list. A lot of people say, 'Okay, do I get half of it Wallan and then go down to Epping, or do I just go down to Epping and get it?' I think most people say, 'Look, go down to Epping and get it,' simple as that.

Ms McLEISH—are the traders in Wallan suffering as a result?

Mr BEST—we do not get that direct comment but I believe it does happen, yes; it would have to. If you cannot get everything at a one stop shop—that is why butchers are declining because people can go to the supermarket and get their meat from the supermarket. Why would they go to the butcher, the grocer, the candlestick maker and then go to the supermarket afterwards. It is all convenience. We are all time poor. But if there is more retail space, and more affordable retail space, then there are still going to be businesses that fail. That is going to happen in any environment, but I think it would give people the confidence, 'Okay, look, I'm not going to need as much money as I thought, let's give it a crack,' and there is not the opportunity in Wallan at the moment to do that.

Mr ONDARCHIE—Simon, I do not live that far from here and my experience is that younger couples developing their first home are either building in Wallan or buying and moving into their very first home in Wallan. I thought Wellington Square had a lot of potential. There is so much that could happen there. What are the top three things you would like to see the local council do to help development the business community in Wallan?

Mr BEST—Top three, I would say rezone more land for commercial industrial use. That would be the No. 1. From an economic development perspective, attract businesses, attract not so much anchor tenants but maybe if they could get a manufacturer or something like that to come into town then that provides jobs but then you get your on-flow effect, like David said before about Ford with the red mirrors, for example. If you get a big industry or a big business come in, then you get the other ones coming in around it. You have a shopping centre like Wellington Square, you get an anchor tenant, you get Woolworths in, and the rest of them come. From an economic development perspective get some good industry in, either one or two, and let businesses grow around that and everyone will have the on-flow effect of that—commercial, retail, office space, industrial will have the on-flow effect. I cannot think of a third. Two will do.
The CHAIR—If you had the opportunity to put a sales pitch to a manufacturer looking for the optimal site, what sort of things would you say to get a manufacturer to come into the Wallan area?

Mr BEST—I think you have the right kind of workforce. You have a blue collar workforce. You have a workforce that is going to grow with the residential growth in Wallan. Aside from what may happen if they are included with the logical inclusions, they are going to have a good, solid work base. The transport links are fantastic. Aside what might go on with the intermodal freight facility, you are straight up and down the freeway. You can go north or south and you have great transport links. It has to be cheaper than setting up in Hume. If a developer could say, 'Okay, here's a plot of land,' and all the statutory regulations are satisfied with zoning and things like that, it would have to be cheaper than setting up that same facility down in Hume or across in the west or the south-east.

Ms HUTCHINS—I thought the real estate campaign I Love Wallan is just a fantastic campaign that grabs people's attention with the love heart and all of that. Do you see that is something, that sort of marketing, that you could bring to the rest of the community as a place to be?

Mr BEST—Yes, I think so. It becomes a brand. You see it all the way down the freeway, shipping containers with I Love Wallan on them. It becomes a brand. Years ago it used to be, 'Where's Wallan?' Then it was, 'Wallan is where Hidden Valley is.' Now Wallan is Wallan, I suppose. Over the year it has become more recognised and more developed and that is a developer doing that. His aim is to sell his blocks of land basically. It is bringing people to Wallan for want of a better word it is making Wallan a brand. What I mean by that, it is giving it recognition. People know where it is. All the first home buyers that are coming from Epping, Mill Park, Lalor, Thomastown, Craigieburn, they are coming up here because of affordability. They are going and telling their families, 'I've moved to Wallan,' and all the other stuff, as you say, the I Love Wallan, it all reinforces the fact. It may get someone curious to come and have a look. I think that is what they are trying to do, get them curious, get them up here.

Ms McLEISH—Our previous inquiry was about liveability and this one is more about growing our suburbs, but one of the things that we have seen in a number of places, and some of the comments we here, is about the big block shopping centre compared to a community strip where it has that little bit more of a village feel, and a lot of places are moving towards that. Do you have any opinion about the big shopping centre square thing, compared to the community strip?

Mr BEST—I think the two can work together. I am not a planner. I do not know about traffic flows and all that kind of stuff. I think they both have their place. People like to walk along the shopping strip and see the quirky little shops and maybe the specialty shops and stop and have a coffee and things like that. Whereas maybe those bigger—for want of a better expression—Westfield kind of developments, they can become a bit impersonal—all the Gloria Jean coffee shops, and the Boost Juice and that kind of thing. There is a place for both of them but that is a personal opinion more than anything. People want the convenience of the one stop but if they are living local then they want the local based businesses. They want to go and walk up and down the strips. People will not come from out of the area to go to the strips, that is the problem.

The CHAIR—in terms of business opportunities, and extending the brand, I Love Wallan, do you see extending that to be more encompassing as a hub for transforming, or even elaborately transforming and value adding to rural produce?
Mr BEST—I am not sure what you mean by that question, to be honest.

The CHAIR—Quite often things leave farms in a raw state. I am thinking somebody could become a centre of excellence for organic yoghurt, for instance, or high-end pressing of olive oil, so there is actually activity and value adding and a premium product as a result.

Mr BEST—I am not sure if there is a place for that in Wallan. I went to Timboon for a week. That is down near Port Campbell and the 12 Apostles, but there are local cheese businesses. Everyone has a cheesery and all the local produce and they all work off each other. It is starting to become known as local home-grown produce. I do not know if there is necessarily a market for that in Wallan. I might be wrong but I do not see that, no. I do not see an opportunity at all.

The CHAIR—You do not see it as part of a tourism—

Mr BEST—Not so much for Wallan; maybe up into Seymour, for example. The Tastes of the Goulburn, all that kind of thing. They have that festival. Maybe they could leverage off that. To be honest I do not really see a lot of tourism opportunity in Wallan, as Wallan itself. I think any tourism in Wallan would more or less have to be events based to get the people in. We do not have the Grampians or the Great Ocean Road or anything like that. I do not think we have one drawcard where people come and look at Wallan. If you are going to get people to Wallan it would need to be events based.

Ms McLEISH—I wanted to talk about the home based businesses. Are you noticing a real growth in that, and what is the nature of those businesses?

Mr BEST—Yes. I do not know there is so much a growth. They are becoming more recognised. I think there are probably a lot of home based businesses that may have been there for a couple of years and people are now finding out about them. I dare say there would be growth, but the last couple of years there has been more recognition of those home based businesses, like, 'I didn't know you did that,' for example. There are local conveyancing firms. That is one that immediately comes to mind because I use that in my business obviously. I know there is someone that does blogs for people and copywriting and things like that from home. They are many and varied. There are bookkeeping services that are run from home. The Logo Lady, for example, she ran it from home before she found some space. You even find that a lot of the trades are more or less home based as well. They get deliveries to home, into the shed. The electrician might keep his stock in the back shed, and the wife does the bookkeeping from the home office. While that probably would not be thought of as traditional home based businesses, because the tradesman goes out to work, the actual business is still run from home, as opposed to a factory.

Ms McLEISH—When you talk about this having some great recognition, why do you think that is, or how did that come about?
Mr BEST—I might be more exposed to it because I am in the chamber of commerce. When we started up the chamber of commerce we were really surprised at the number of home based businesses there were. We made an initial focus on those home based businesses because the existing retail and industrial is easy, you just go and knock on the door and say, 'Hey, join the chamber of commerce.' But we thought if we are going to grow our numbers and really get some support amongst the local businesses, we need to tap into that home based business. That is a focus we have had from the start. When I say they have become more recognised maybe that is because as a chamber of commerce we are focused on it.

The CHAIR—Can you be a little bit more specific about the support that you provide those home based businesses with?

Mr BEST—A good example is all the correspondence we get from the economic development committee that gets emailed to us and we email it on to them. We then give them the information about business planning and occupational health and safety. Any of these seminars that the shire puts on, we are then a conduit for that information to get to them. It goes from the shire to us and then we send it out to our members. If they are home based, they get that. We spoke initially about a mentoring system where if you were having a bit of trouble with bookkeeping then we might have a member who could maybe mentor you in bookkeeping or marketing or things like that. There was not a lot of support for that and we think, to be honest, if people are struggling, I do not think they want to put their hand up and say, 'Look, I'm struggling, come and give me a hand,' but initially we put that hand out and say, 'Look, if you do need anything like that then we can match you up with one of our members that may be able to help with specific problems you're having.'

The CHAIR—As an extension to that sharing and helping symbiotic relationships grow and become more professional, I was thinking of concepts that is often an extension of chambers of commerce, such as a networking group like BNI, Business Network International. Has there been any discussion about those types of things because that actually starts to establish trading relationships.

Mr BEST—Yes, plenty of discussion but it is a small organisation, the chamber of commerce, and it is hard to put a lot of these things into play. We run networking nights two or three night-times a year. We have had Geoff Cox from Coxy's Big Break and we have had Tommy Hafey. It is an opportunity for businesses to come, listen to a speaker, network, mingle. We had an I Shop in Wallan campaign. We had stickers printed up, stickers for the windows of all the local traders with a focus of being mindful of keeping the business in Wallan. That is not to buy your eggs or your meat in Wallan but if you need service and that service is available in Wallan, then go and get it done in Wallan. With the 'shop local' campaign, yes, we are encouraging that networking, because if you are shopping or using other people's services and that is reciprocal and then that becomes a network and people start referring and things like that.

But it is easier said than done to do that. When you talk about tourism events based, we decided, instead of trying to get more members, have that events based idea, I suppose, get people in the door and give them the opportunity to meet each other. The catalyst of that is having a guest speaker who might be entertaining for the night. We try and subsidise the cost response shift and things like that. To get through the door is fairly cheap, once you are there, talk to other local businesses and, yes, hopefully get something from it.

The CHAIR—It sounds like a lot of energy and effort is actually put in and it sounds very promising.
Mr BEST—It is gaining momentum.

Mr ONDARCHIE—Simon, do you receive any funding or administrative or business development support from the shire?

Mr BEST—Yes, we do. Our secretary is a paid position. She does our minutes of our meetings, emails, all those things from council, things like that. There is some assistance with our events but basically an administration person, we get funding from the shire for that, and also when we do our networking nights, the shire is either our major sponsor or our second major sponsor at all our events. That is from the economic development fund. They will say, 'This is an economic development exercise.' To run an event we really need $2½ thousand to $3,000 in sponsorship to make it work, and the shire might kick in $1,000 or $1,500 towards that. They do help out financially, and the guys at the economic development team have been really good in the last couple of years in hands-on help with our meetings, give advice and help with the events and things like that.

Ms McLEISH—What do you think are the main concerns of the people within the chamber?

Mr BEST—We try to keep it positive.

Ms McLEISH—What are the main positives?

Mr BEST—I think people see some growth in town. The more people that live in town, the more opportunity they have to make money—more bums on seats, so to speak. There is a positive aspect to that. People see things happening but there is also the frustration of home based businesses wanting to get into some space. You hear of someone's son who wants to start up a workshop of some sort but cannot get into one, or if he can it is too expensive. The main barrier, I suppose, is probably start-up and expansion costs. 'I'd like to get a bigger shop but I can't afford the rent, can't afford the fit-out, can't afford this, can't afford that.' I would think the financial pressures are the biggest barrier to people taking that next step.

The CHAIR—Do we have any other questions? I think we have done a comprehensive coverage of the main points we wanted to draw out from you, Mr Best.

Mr BEST—Yes.

The CHAIR—I would like to thank you very much for coming along today and your openness and responsiveness and the wealth of information that you have passed across to us.

Mr BEST—Thank you.

The CHAIR—We will now have a short break, which is my signal to anybody in the public gallery
who wanted to speak to us.

Witness withdrew.

Hearing suspended.