Acknowledgements

The Committee wishes to record its appreciation to all those people who have contributed to the inquiry and the preparation of this report. A number of individuals made their expertise available through the submission process, at the Committee’s briefings, public hearings and during site visits; and they are listed in the Appendices. The cover was photographed by Vince Caligiuri, courtesy of The Age and designed by Mono Design. Printing was by On-Demand. The report was prepared by the Committee’s Research Officer, Dr. Geoff Russell, the Committee’s Executive Officer, Mr Sean Coley and the Committee’s Administrative Officer, Ms Natalie-Mai Holmes. Administrative support and research assistance was provided by Ms Natalie-Mai Holmes, with the research program under the direction of Mr Coley.
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<td>Member</td>
<td>Mr N. Elasmar, MLC</td>
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<td>Mr D. Hodgett, MLA</td>
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<td>Mr D. Nardella, MLA</td>
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For this Inquiry, the Committee was supported by a secretariat comprising:

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<tr>
<td>Executive Officer</td>
<td>Mr S. Coley</td>
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<tr>
<td>Research Officer:</td>
<td>Dr G. Russell</td>
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<td>Committee Administrative Officer:</td>
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## FUNCTIONS OF THE COMMITTEE

The Committee consists of eight Members of Parliament, three drawn from the Legislative Council and five from the Legislative Assembly. It is chaired by Mr George Seitz, MLA.

The functions of the Outer Suburban/Interface Services and Development Committee are to inquire into, consider and report to the Parliament on any proposal, matter or thing concerned with –

a) The provision of services to new urban regions  
b) The development or expansion of new urban regions
TERMS OF REFERENCE

To inquire into and report to Parliament on issues relating to Strengthening Communities through Local Economic Development in Outer Suburban Areas

Received from the Legislative Assembly on 1 March 2007

In particular, the Committee is requested to:

1) Examine existing local economic development programs being carried out by municipalities in outer suburban areas;
2) Identify the barriers to local economic development and the ways in which these can be addressed;
3) Investigate and recommend incentive arrangements for industry and the respective responsibilities of each tier of government;
4) Investigate the role of council local economic development units and the types of assistance they provide;
5) Examine and report on ways in which councils and government at all levels can encourage economic development, enhance and promote employment opportunities and attract new investment;
6) Identify export based operations and opportunities in outer suburban areas and recommend options to encourage their growth;
7) Identify new and emerging sectors and how they can assist economic development in outer suburban areas, including innovative examples of business incubators, home-based businesses and social enterprises.

The Committee is to make its final report to Parliament by 30 September 2008.
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<td>Build-Own-Operate-Transfer</td>
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<td>CAD</td>
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<td>Description</td>
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<td>Short Message Service</td>
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<td>Strengths, Weaknesses, Opportunities and Threats</td>
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<td>Urban Growth Zone</td>
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<td>United Kingdom Business Incubation</td>
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<td>Urban Research Program</td>
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<td>Voice Over Internet Protocol</td>
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<td>Werribee Irrigation District</td>
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<td>Full Name</td>
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<td>WPBC</td>
<td>Western Port Business Centre</td>
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<td>World Trade Organisation</td>
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<td>Western Treatment Plant</td>
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<td>Yarra Ranges Enterprise Centre</td>
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CHAIR’S FOREWORD

I am pleased to present the Final Report of the Outer Suburban/Interface Services and Development Committee’s Inquiry into Local Economic Development in Outer Suburban Melbourne.

The challenges involved with generating economic growth and in creating jobs is not unique to Melbourne; all cities in Australia and indeed throughout the western world, face similar problems, driven by changing work and travel patterns, advances in information and communications technology, urbanisation and globalisation. In building on the previous two inquiries, the Committee has approached this reference by looking at measures to assist outer suburban councils take advantage of emerging opportunities, such as encouraging partnerships between federal, state and local governments, to work collaboratively with local businesses.

During the course of the inquiry, the Committee held public hearings in Melbourne and in all outer suburban local government areas; visited the Brunswick Business Incubator and the Australian Synchrotron; heard from the local community at Kinglake; met with business and government representatives in New Zealand, South Australia (where we visited Adelaide’s Todd Street Business Chambers and the City of Salisbury) and Terrigal in New South Wales.

The Committee heard from over 140 people at the various public hearings, briefings and during site visits, received 36 written submissions and recorded over 550 pages in Hansard transcripts. The result is a substantial report which makes 171 recommendations - all of which are, I believe, both practical and achievable.

This inquiry has, at all times, been a co-operative effort. I would like to express my thanks to my colleagues for their contribution to the Inquiry – the Hon Ken Smith MP (Deputy Chair), Mr Don Nardella MP, Ms Colleen Hartland MP, Mr David Hodgett MP, Ms Danielle Green MP, Mr Matthew Guy MP and Mr Nazih Elasmar MP.

On behalf of the members of the Committee, I would also like to thank the Secretariat staff for their thorough work on this inquiry and in producing this report – Mr Sean Coley, Dr Geoff Russell and Ms Natalie-Mai Holmes.

Finally, I would like to extend my appreciation to all those people who assisted the Committee, through written submissions, briefings, public hearings and during site visits in Melbourne, interstate and overseas. Their contribution is a testament to the quality of this report.

I commend this report to the Parliament.

George Seitz, MLA

Chair
EXECUTIVE SUMMARY

This report looks at ways to improve local economic development, or LED, specifically in Melbourne’s outer suburban interface – most of which is at the forefront of Victoria’s record population growth. In doing so, the report provides an overview of current LED practices and highlights those that are proving to be successful, before outlining further ideas to enhance and broaden worthwhile LED practices across the entire interface.

The key message, right from the start, has been that there is no ‘silver bullet’ solution to generating LED. Rather, sustainable additional jobs and the economic benefits that flow from them generally result from well-researched, carefully planned and adequately resourced programs implemented by a partnership of stakeholders, including governments at all levels.

The private sector is certainly a key stakeholder in LED but increasingly looks to governments for leadership, incentives and regulatory assistance, especially in areas such as urban planning controls and the provision of major infrastructure.

Chapter One

Chapter One provides background information on the current inquiry, beginning with an overview of the Committee’s previous two reports on Sustainable Urban Design (2004) and Building New Communities (2006) and how this latest inquiry complements that earlier work.

The chapter then outlines the scope of this inquiry by defining ‘local economic development’; outlining the geographic areas of Melbourne’s outer suburbs covered by this inquiry; explaining the basic differences between implementing LED programs on a local versus a global scale; and highlighting the LED obligations of the nine local councils which govern at the ‘grassroots’ level across Melbourne’s interface.

Chapter One also explains the process the Committee followed to conduct its inquiry, which involved attending public briefings, formal hearings and on-site inspection tours largely hosted by Melbourne’s interface councils; the analysis and synthesis of written submissions made by a broad range of stakeholders, received in response to the inquiry’s media advertisements; a Committee study tour to New Zealand to learn more about their experiences in LED; and the various seminars, conferences, public talks and workshops on subjects related to LED, attended by Committee members and/or its Secretariat.

Chapter One places the inquiry into its contemporary context by commenting on several broad social and economic areas that influence LED. This contextualisation begins with Australia’s current record population growth, before considering the Victorian Government’s Melbourne 2030 (M2030) planning blueprint, which includes the Principal Activity Centres (PACs), Green Wedges, Urban Growth Boundary (UGB) and the Urban Growth Zones (UGZ). There is also some comment on the first five-yearly audit of M2030, completed during 2008.
A further section on economic context outlines the recent fluctuations in the Australian dollar; the national and Victorian employment situation and its link to economic growth; state and national inflation; and the related movements in bank interest rates. From local to national, all these factors affect economic development.

Linked to this economic context is an overview of housing, especially given that most of Victoria’s current urban development is occurring in Melbourne’s interface. As this report argues, the affordability and availability of housing directly affects LED in these growth areas and therefore remains an ideal indicator of overall LED activity. Similarly, the reliance on private motor vehicles in the interface for transport to and from work is another consideration in LED, influenced by rising petrol prices.

The effects of inadequate public and private transport on LED in Melbourne’s interface are further explored in a section in Chapter One that deals with various infrastructure-related issues. Apart from transport, this section highlights those recommendations of the Eddington East-West Link Needs Assessment Report that, if implemented, would also affect LED in Melbourne’s outer suburban areas, particularly the outer west. For similar reasons, there are details on the current Port Phillip Bay Channel Deepening Project and the mooted plans for developing the capacity of the Port of Hastings and the Melbourne Airport precinct. The provision of fast, accessible broadband and its benefits for LED in the outer suburbs is also considered, as is the supply of water and treated wastewater for securing agriculture-related LED in the interface, particularly those with significant green wedge areas. Linked to this is the ever-present threat of climate change, ongoing drought and the sustainability of those economic practices reliant on guaranteed water and stable climatic conditions.

Finally in Chapter One, the report introduces the economic paradigms of ‘brownfields’ and ‘knowledge workers’, as popularised in international LED literature by practitioners such as Richard Florida, Prof. Edward Blakely and Mike Stolte – to name just three whose ideas have helped shape this inquiry’s direction and recommendations. Their ideas and work are also briefly assessed against ‘Victoria’s New Priorities’, as outlined by the Victorian Government.

Chapter Two

Chapter Two offers a comprehensive profile of Melbourne’s outer suburban interface, drawn mainly from the most current 2006 Census by the Australian Bureau of Statistics (ABS). This profile begins with a geographical, social and economic précis of each of the nine interface local government areas (LGAs): Cardinia Shire Council, the City of Casey, the City of Hume, Melton Shire Council, Mornington Peninsula Shire Council, Nillumbik Shire Council, the City of Whittlesea, the City of Wyndham and Yarra Ranges Shire Council.

The economic performance of each interface LGA is considered next, using financial information from each council’s annual report. By definition, these outer suburban LGAs are constrained in their outward growth by the UGB and all contain significant green wedge zones – both of which affect their LED opportunities, as discussed in later chapters.
Executive Summary

The threats and opportunities for LED of record population growth are similarly considered in this chapter. This is appropriate, given the interface contains five of Melbourne’s fastest and largest growing population areas, identified by the Victorian Government as being at Casey-Cardinia, Hume, Melton-Caroline Springs, Whittlesea and Wyndham.

Using data from the ABS and several Victorian Government departments, this chapter then provides a range of tabulated data to profile those aspects of life in the interface LGAs that affect their LED, namely: home building activity; the age and educational achievements of residents; their occupations, industries of employment and working from home status; and their access to dial-up and/or broadband internet, services and the provision of infrastructure.

The chapter concludes by ranking Melbourne’s interface LGAs according to the ABS’s social research tool, SEIFA – or socio-economic indexes for areas. This suggests that despite their many common problems from being ‘on the fringe’ of Melbourne, some outer suburban LGAs are far better off than others in terms of income, education, health, access to broadband and access to private motor vehicle transport.

These findings suggest that although LED initiatives may be broadly conceived, in execution each interface council would need to adapt and implement such initiatives according to the particular needs of their local communities. The chapter also concludes that although there is useful data available on areas affecting LED, there remains a need for far more data collection and rigorous analysis at the state and local government level, to better direct future LED initiatives and accurately measure the outcomes.

Chapter Three

Chapter Three examines in detail the economic tool known globally as LED. This investigation begins by tracing LED’s 20th century history, development and application by various governments and organisations, notably the U.S. Federal Government, the Californian State Government, the World Bank, the OECD and the Government of South Africa. This global perspective narrows to focus on the Australian experience and how the core principles of LED are today used to a greater or lesser extent by most governments around Australia at all three levels.

Then, drawing on the latest member survey data from Economic Development Australia (EDA), the chapter profiles those hundreds of practitioners largely responsible for implementing and assessing LED programs at the local government ‘grassroots’ level. This extends into outlining the professional development (PD) and further training requirements of these EDA members and the need for greater professional recognition of the profession. In turn, the evidence suggests this would help give LED more credibility among its practitioners, local governments (including councillors) and the communities they serve.

The chapter also outlines the current methods of assessing the value and effectiveness of LED and concludes this remains a further area for improvement in standards and reporting, using tools such as the ‘balanced scorecard’ approach. There is also a need for the sharing of
‘best practice’ LED ideas across the interface, combined with more effective mentoring by those economic development officers experienced in the field.

Chapter Four

Chapter Four builds directly on information presented in the previous chapter by outlining the key LED initiatives currently operating at federal, state and local government levels.

The Australian Government’s responsibilities include Infrastructure Australia (IA): the body charged with identifying and allocating federal funds towards major infrastructure in areas such as transport. Given that much of the testimony presented to this inquiry strongly linked improved private and public transport with greater LED opportunities, then the Committee views IA’s work as pivotal to improvements in this area.

Other federal initiatives discussed here with the potential to affect LED in Melbourne’s interface include Austrade, the Export Market Development Grants scheme, TradeStart, the New Exporter Development Program, GrantsLINK and AusLink. For example, AusLink offers similar potential LED benefits as IA’s future projects, by allocating federal funds for transport-related initiatives, administered through programs such as Roads to Recovery. Several such programs are earmarked to improve public roads through outer Melbourne, notably the Metropolitan Ring Road widening project. Councils in the outer west and outer north of Melbourne have told this Committee of the great LED benefits they expect to flow from these improvements.

A further federal program with responsibilities for LED has been the Area Consultative Committees (ACCs). This national regional development network is being superseded by locally-based Regional Development Committees, with their exact roles yet to be determined.

At the state level, this chapter considers the potential contribution made to LED by four inter-related initiatives of the Victorian Government: M2030; Meeting our Transport Challenges (MOTC); Transit Cities; and A Plan for Melbourne’s Growth Areas. These policies are complemented by the government’s Innovation Agenda: a program that is still being developed.

The Committee noted these state programs, like their federal counterparts, have potential to enhance LED in Melbourne’s outer suburbs through improvements to transport, urban planning, land use and development. These themes are further considered in Chapter Five, together with a range of recommendations.

The Committee recognises most of the day-to-day LED work in Melbourne’s interface is done by the economic development units (EDUs) operating within the nine outer suburban LGAs. Consequently, this chapter devotes significant attention to the resourcing of these EDUs in terms of staff, funds and council support. Clearly, some EDUs are better supported than others, often reflecting the priority some councils place on LED.
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The Committee further notes that even with the best intentions and resourcing, some EDUs are frustrated by the ‘maze’ of programs and application processes involved in seeking state and/or federal assistance for LED initiatives. This presents an opportunity for improvement by governments at those higher levels.

The Committee also found that many outer suburban EDUs would benefit from vastly improved data collection and modelling of the existing LED capacity within their municipalities, before embarking on further LED initiatives. This lack of information was largely a resourcing issue but one that again deserves urgent attention.

Chapter Four concludes by examining the worth of two exemplary LED modelling tools developed and used in Sydney and Melbourne, with the Committee recommending that such tools be made available for use by all local government EDUs across Melbourne’s interface.

Chapter Five

Chapter Five concentrates in great detail upon six major areas where the Committee believes there are opportunities to make improvements that will strengthen LED, particularly across Melbourne’s interface.

The first such area is planning, where the inquiry heard evidence related to M2030, the UGB, the green wedges and the current and future role of the Growth Areas Authority (GAA). From this evidence and its own investigations, the Committee makes recommendations aimed at ensuring the current planning controls are more sympathetic to encouraging LED, especially for local governments, developers and other stakeholders involved in establishing and building new communities in Melbourne’s growth areas. The GAA is also encouraged to adopt a more proactive role in ensuring new development in Melbourne’s interface is undertaken with LED as a primary concern.

The second area of opportunity focuses on transport – both private and public. The Committee accepts the views of Sir Rod Eddington and other experts that Melbourne’s future economic security is intrinsically linked to an adequate transport network, to ensure the cost-efficient movement of people and freight using sustainable means. This is particularly true for Melbourne’s interface, where many workers travel long daily distances for work. Much of the evidence presented to the inquiry highlights the so-called ‘missing’ transport services, namely roads, bridges and by-passes; railway lines and stations; and bus routes and services that are yet to be funded or built. The Committee acknowledges that all outer suburban councils are making excellent use of their finite resources in tackling their transport responsibilities. Similarly, the Victorian and Australian governments are also making substantial contributions to improving outer suburban transport infrastructure and services. However, the rapid growth of Melbourne’s interface population requires further urgent attention, as outlined in the Committee’s recommendations.

The third major area of opportunity examined by the Committee is the provision of non-transport-related infrastructure, deemed essential to encouraging LED in certain areas of Melbourne’s interface. In particular, this infrastructure includes adequate supplies of clean
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drinking water and treated wastewater for non-potable purposes, such as agriculture and horticulture; expanded facilities at the Port of Hastings; and improvements to the general amenity, appearance and landscaping around industrial and commercial sites in Melbourne’s interface. These requirements are not nearly as expensive or complex as providing new roads or rail infrastructure; however, the Committee believes they would significantly enhance the LED attractiveness of certain ‘brownfields’ areas, particularly in Melbourne’s outer west and north.

The fourth LED area of opportunity focuses on information and communication technology (ICT) services across Melbourne’s interface. The Committee heard about the lack of affordable high-speed broadband access in many outer suburban areas. In turn, this disadvantages businesses of all sizes, especially those heavily dependent on rapid and reliable web and/or email communication. The Committee acknowledges ICT is a constantly changing sector and that much of its current development is done at a national level by several key players, under regulations set by the Australian Government. Nevertheless, the Committee makes several recommendations for Multi-Media Victoria’s (MMV’s) involvement to try and advance the provision of world class web and mobile phone services to all residents of Greater Melbourne, particularly those in the outer suburbs.

The fifth area of opportunity considered by the Committee is the current skills shortages and training issues affecting potential LED across Melbourne’s interface region. These issues are a nationwide problem, exacerbated by an ageing population and rapid population growth. In Melbourne’s interface, the problems manifest themselves in terms of employers struggling to find well-trained workers to take advantage of LED opportunities across a number of industry sectors. The Committee has taken evidence of the good work done by some outer suburban TAFE colleges and other registered training organisations (RTOs) to address this shortage but most have reached the limits of their current funding. In addition, many colleges report difficulties attracting industry-qualified staff to teach those seeking training. The Committee believes there is scope for broader research on this issue, in order to make more informed decisions on future resourcing. The Committee also realises this is a complex problem that will not be solved ‘overnight’; indeed, it may require a generational change in how Australians view the importance of and need for, better resourcing the vocational education and training sector.

The sixth and final area of this chapter covers a small but diverse group of LED opportunity sectors examined by the Committee, namely: tourism, agriculture and logistics. It then considers the possible links between LED and the health of residents and a range of issues affecting the peri-urban region beyond Melbourne’s UGB. The Committee’s numerous recommendations made in this section focus on a need for the more equitable support of tourism across the entire interface; clarification of regulations and practices relating to agriculture and horticulture in the green wedge zones; a qualified endorsement for a thorough investigation into the outer suburban LED benefits of a ‘logistics city’ concept for Melbourne; and further research to help ensure the economic sustainability of Melbourne’s peri-urban communities.
Chapter Six

Chapter Six concludes this detailed report by examining five complementary areas that show great promise for further boosting LED.

The first looks at home-based businesses (HBBs): a sector that appears to be a well-established driver of important low-level LED across the interface. However, the structure and needs of this sector require far more research, in order to better assist those residents running their own HBB or other ‘microbusiness’. To complement its review of HBBs, the Committee also assesses the worth of ‘community banking’ to LED in Melbourne’s interface.

The second area considered in this chapter is the role business incubators (BIs) play in assisting HBBs and other microbusinesses to securely and confidently embark on their next growth stage. The overseas evidence presented here shows BIs have great capacity to help strengthen LED outcomes for such businesses. However, as the Committee recommends, the BI concept in outer suburban Melbourne requires further assistance from government and other stakeholders to assure its ongoing success.

The third area considered by the Committee in this chapter is the role played by those commercial areas variously known as business, technology or science parks/precincts, together with the hubs and clusters linked to them. This section investigates the success of several outer suburban case studies, notably Northpoint, University Hill, Caroline Springs Town Centre and the Australian Synchrotron science precinct. The chapter also examines the need to supply affordable commercial office space in the outer suburbs, ideally linked to a business or technology park, to satisfy the needs of small businesses emerging from a home base or BI to their next stage of growth. This is an area that offers opportunities for local and state governments to better partner with the private sector to help develop further facilities to foster LED.

The fourth area of this chapter considers the potential contribution to LED offered by social enterprises: those generally not-for-profit organisations that assist socially and economically disadvantaged workers contribute to LED. The Committee realises that although social enterprises are commonplace overseas, especially in Europe and the UK, their role here in Australia remains minimal. Nevertheless, with sufficient support and interest from governments and other stakeholders, the Committee believes this sector can also play an important part in LED, especially in areas requiring urban renewal.

Chapter Six ends by briefly examining the export potential of businesses located in Melbourne’s outer suburbs. This potential is much the same as anywhere else across the city, except that the Committee believes businesses in the outer suburbs require more information and education about the various export assistance programs offered by the Victorian and Australian governments. The Committee therefore advocates a greater role for EDU officers across the interface to help inform potential businesses of such export opportunities. Finally, the Committee considers the opportunities offered by a proposal to produce and export halal certified food to neighbouring Muslim markets: a concept that shows great promise for further LED in the food production precincts already established across Melbourne’s outer north and west.
The report also includes detailed appendices on the written submissions received; the public hearings convened by the Committee across the interface; and the conferences and seminars attended by the Committee and/or its Secretariat on themes related to this inquiry. There is also a detailed Bibliography which may prove of assistance for those readers requiring further details on the issues covered or sources quoted throughout this report.
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RECOMMENDATION 87 The Victorian Government partners with relevant stakeholders to improve the transitional pathways between outer suburban secondary schools and the TAFE/RTO and higher education sectors. ........................................................................................................................................... 408

RECOMMENDATION 88 The Victorian Government conducts and publishes the findings from an evidence based investigation into ways to improve VET access for ‘disadvantaged’ people in the outer suburbs, particularly those from culturally diverse or non English speaking backgrounds. This investigation may be conducted as a Parliamentary Committee Inquiry. ........................................................................................................................................... 409

RECOMMENDATION 89 The Victorian Government partners with outer suburban councils, TAFEs and other RTOs – including Neighbourhood Houses – to help fund and provide additional full-time language, literacy and numeracy classes aimed at improving the ‘job-readiness’ of outer suburban residents, especially those from culturally diverse backgrounds or with English as their second language. Such programs should observe ‘parent-friendly’ hours of operations and offer child care facilities........................................................................................................................................... 410

RECOMMENDATION 90 The Victorian Government examines further ways to promote, fund and expand its successful VCAL/VET programs and school-based apprenticeships into all outer suburban secondary colleges, particularly those identified as being in high skills needs areas........................................................................................................................................... 412

RECOMMENDATION 91 The Victorian Government investigates and reports on the merits of extending its current VET funding and reporting timeframes from 12 months to three years and acts accordingly to either retain the status quo or introduce the longer reporting time. ........................................................................................................................................... 413

RECOMMENDATION 92 The Victorian Government partners with Melbourne’s outer suburban councils, TAFEs/RTOs and other stakeholders to lobby the Australian Government to urgently fund more new Trade Training Centres to satisfy the future skills and training needs of Melbourne’s outer suburban growth areas. 415

RECOMMENDATION 93 The Victorian Government consults with all TAFEs, other RTOs and universities serving Melbourne’s interface to help ensure they can make long-term commitments to offering locally-based education and training appropriate to the current and future needs of Melbourne’s outer west......... 418

RECOMMENDATION 94 The Victorian Government works with Victoria University to ensure its Melton and Sunbury campuses make a long-term commitment to offering locally-based higher education and vocational education and training courses appropriate to the current and future needs of Melbourne’s outer west. ...... 418

RECOMMENDATION 95 The Victorian Government works through the existing regional LLEN bodies to partner with outer suburban councils, VET and tertiary education providers, local industry groups and other stakeholders to establish/maintain local education/industry partnerships and taskforces. Their roles would include the identification of current and future local skills training and education needs; planning for the timely delivery and funding of solutions to skills training shortfalls; course/training quality assurance and assessment; and establish new links with education/training providers and local industry. ........................................................................................................................................... 419

RECOMMENDATION 96 The Victorian Government works with the EDU managers in each of Melbourne’s outer suburban LGAs to organise the creation of a generic website (secure on-line database, based on the Yarra Ranges Shire model) that allows workers to securely market their skills and employment availability with local employers. The government would freely offer this tool to all outer suburban councils, ready to customise and install off their own websites. ........................................................................................................................................... 422
RECOMMENDATION 97 The Victorian government assists with the initial marketing of the above mentioned website and collect data annually to report on its effectiveness as an LED tool, these results would determine any further investment of time/funds into enhancing the program.

RECOMMENDATION 98 The Victorian Government allocates funding for regular longitudinal surveys of current and future skills, training and education needs in Melbourne’s outer suburbs. This could be done as a partnership between the Victorian and Australian governments, outer suburban local councils, local TAFE/RTOs and other tertiary providers and stakeholders. The results should be cross-matched with annual On Track post-secondary student exit data and widely publicised to assist all stakeholders to better plan for their skills and training needs, in an overall effort to enhance LED in the outer suburbs.

RECOMMENDATION 99 The Victorian Government convenes a meeting of all major stakeholders to discuss and publicise Victoria’s skills shortages and future VET needs, with a focus on Melbourne’s outer growth areas and the implications for LED. This meeting would discuss and consider all issues raised in this section of the report, including: teacher shortages; industry partnerships; the need for more data; the provision of more technical education; the ‘global learning village’ model and its contribution to equipping ‘disadvantaged people’ with job skills; and innovative ways to fund additional training facilities in Melbourne’s growth areas.

RECOMMENDATION 100 The Victorian Government's Department of Innovation, Industry and Regional Development and Department of Sustainability and Environment work with outer suburban councils, the Tourism Association of Victoria and other stakeholders to investigate, develop and implement planning guidelines to facilitate high quality tourism and accommodation developments that are environmentally sensitive to Melbourne’s green wedge zones. Once developed, these guidelines should be publicised amongst all relevant councils to encourage further appropriate tourism-related LED in the outer suburbs.

RECOMMENDATION 101 The Victorian Government reviews and, where appropriate, enhances its current support for new and emerging tourism-related local economic development opportunities across Melbourne’s entire interface region.

RECOMMENDATION 102 The Victorian Government, through Tourism Victoria, partners with all Melbourne outer suburban councils to identify, market and support existing or emerging eco-tourism opportunities, in line with Tourism Victoria’s Victoria’s Nature-Based Tourism Strategy Draft Plan 2007-2011.

RECOMMENDATION 103 Mornington Peninsula Shire Council works with the Victorian Government and other stakeholders to investigate the future local economic development potential of the Stony Point area, especially as a revitalised hub for water-based tourism and accommodation ventures and associated marine support services.

RECOMMENDATION 104 The Victorian Government, in conjunction with local government, conducts a public feasibility study into a car-ferry operating between Stony Point/Hastings and Cowes, taking into account factors such as rising fuel costs and their effect on ‘motor holidays’. If the study indicates such infrastructure would significantly boost local economic development, the government should facilitate planning to encourage a new privately run venture.

RECOMMENDATION 105 The Victorian Government, in conjunction with Mornington Peninsula Shire Council, Mornington Peninsula Tourism Inc. and other stakeholders supports a further investigation into the commercial feasibility of developing a major conference centre and associated accommodation facilities on the peninsula. Further, arising from this feasibility study, the Victorian Government works with all stakeholders to facilitate this development, if warranted.

RECOMMENDATION 106 The Victorian Government, through Parks Victoria, works with Mornington Peninsula Shire Council to improve, expand and fund foreshore infrastructure works deemed as essential to environmentally sustainable tourism related local economic development.
RECOMMENDATION 107 The Victorian Government, together with Western Melbourne Tourism and Wyndham City Council, supports a public feasibility study into a car-ferry operating between Wyndham Harbour and the Docklands/CBD, taking into account factors such as rising fuel costs and their effect on ‘motoring holidays’. If the study indicates such infrastructure would significantly boost local economic development, the government should facilitate planning to encourage a new privately run venture. 440

RECOMMENDATION 108 The Victorian Government, through VicRoads and the Department of Transport, works with the City of Wyndham, Western Melbourne Tourism and other stakeholders to investigate ways to improve public/visitor/staff transport and access to Werribee South, especially to facilitate the growth of tourism-related local economic development. 441

RECOMMENDATION 109 The Victorian Government, through Tourism Victoria, partners with the economic development units of all outer suburban councils to identify existing and emerging tourism products deserving of greater marketing and other professional assistance, with a long-term view of boosting tourism-related local economic development across Melbourne’s entire interface. 443

RECOMMENDATION 110 The Victorian Government, through Parks Victoria and Tourism Victoria, in conjunction with the City of Wyndham and other stakeholders, develops comprehensive master plans for the ongoing enhancement of the Werribee Open Range Zoo and the Werribee Park precinct, in order to advance their tourism-related local economic development potential to Melbourne’s outer west. 444

RECOMMENDATION 111 The Victorian Government consults with all interface councils and the Victorian Farmers Federation to draft a submission to the Australian Bureau of Statistics seeking an expansion/update to its statistical classification of ‘Agriculture’ to include other related activities, such as winemaking. This submission should also request a more accurate method of tracking seasonal workers employed in Agriculture. Both requests are aimed at improving the assessment of agriculture-related local economic development in Melbourne’s outer suburban LGAs. 445

RECOMMENDATION 112 The Victorian Government consults with all interface councils, the Victorian Farmers Federation, the EPA and other stakeholders, to identify problem regulations governing the relationship between non-farming rural residents and farmers clearly involved in agriculture as a full-time business. Once identified, the same parties should work together to develop practical solutions that allow local councils to make discretionary directions on noise, dust, over-spray, visual amenity and odour conflicts, especially where these affect agriculture-related local economic development. 446

RECOMMENDATION 113 The Victorian Government consults with all interface councils, the Victorian Farmers Federation, the Australian Government and other stakeholders to review the appropriateness of the present classification of Melbourne’s interface with regards to accessing those state and federal funds and grants currently available to farmers beyond Melbourne’s urban growth boundary. If the classification is shown to be inequitable and a hindrance to agriculture-related local economic development, government’s at all levels should take the necessary remedial action. 447

RECOMMENDATION 114 The Victorian Government consults with Melbourne’s interface councils, the Victorian Farmers Federation, unions and other stakeholders, including NGOs, to draft and forward a submission to the Australian Government on further adjustments to relevant immigration and taxation regulations/processes to improve part-time/seasonal employment opportunities for those seeking work in the interface agriculture/horticulture sectors. 448

RECOMMENDATION 115 The Victorian Government, through VicRoads, consults with all Melbourne interface councils, the Victorian Farmers Federation and other stakeholders to improve the administration and cost of the permit system for moving farm machinery on public roads and minimise any current hindrances to agriculture-related local economic development. 448

RECOMMENDATION 116 The Victorian Government consults with all interface councils, the Victorian Farmers Federation and other stakeholders, to develop updated planning regulations and guidelines to expand...
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RECOMMENDATION 117 The Victorian Government continues to support Victoria University’s investigations into the feasibility of a ‘logistics city’ for Melbourne. If VU’s current study, due by the end of 2008, demonstrates overwhelming benefits for local economic development, particularly in the outer suburbs, then the Victorian Government should convene a summit of all affected local governments, national freight industry representatives and other stakeholders to draft a long-term strategy aimed at realising a ‘logistics city’..........................................................................................................................452

RECOMMENDATION 118 The Victorian Government considers the development of a new Parliamentary inquiry reference to the Outer Suburban/Interface Services and Development Committee to inquire into and report on community health and access to suitable medical facilities/services in Melbourne’s interface, including their effect on local economic development across these regions. .................................................................................................................................454

RECOMMENDATION 119 The Victorian Government consider the development a new Parliamentary inquiry reference to the Rural and Regional Committee, to inquire into and report on the long-term needs of communities within Victoria’s peri-urban area, including ways to economically strengthen their viability. The terms of reference would include adequate and timely actions to mitigate the inevitable effects of future urban encroachment and population growth beyond the Urban Growth Boundary.................................................................456

RECOMMENDATION 120 The Victorian Government funds research on the needs of Home Based Businesses in Melbourne’s outer suburbs, to identify what they need in order to grow, where they are best located and the ideal methods for government at all levels to assist them. This information should be distributed to all outer suburban councils and relevant government agencies for further action .................................................................474

RECOMMENDATION 121 The Victorian Government, through Small Business Victoria, works with Melbourne’s outer suburban councils to investigate the merits of adopting and applying ‘economic gardening’ practices to HBBs and other small businesses across the interface. If ‘economic gardening’ proves of some use to LED, then Small Business Victoria should organise, fund and run regular workshops for outer suburban council EDU officers and municipal councillors on this practice, featuring successful case studies and proponents from other municipalities, including examples from interstate .................................................................................................................................476

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RECOMMENDATION 123 To encourage the development of HBBs, the Victorian Government requests the Australian Government consider the feasibility of compensating for child care expenses incurred by families with one parent working from home. Any such rebate or tax deductibility would be determined using a sliding scale linked to a family’s total income, similar to existing child endowment payments.................................................................................................................................484

RECOMMENDATION 124 To encourage HBB and small business operators to access relevant training, all Victorian Government funded providers of such programs should tailor these events to better cater for ‘work-at-home’ parents with young children, particularly in Melbourne’s outer suburban growth areas, by observing appropriate start and finish times, school-term holiday breaks, etc.................................................................................................................................484

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RECOMMENDATION 127 The Victorian Government, through Small Business Victoria and with assistance from the Australian Government, establish, offer and promote locally-based one-on-one assessment and guidance services specifically to assist outer suburban HBBs and microbusinesses. This subsidised service would be offered to eligible businesses in the ‘start up phase’ (years one to three), with nominal fees levied on a sliding scale according to a business’s demonstrated ability to pay, after which time they would pay market rates for continued consultancies. The scheme would also establish criteria to allow regular measuring and reporting on the health, growth and LED contribution of the HBB and microbusiness sector.......................... 489

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RECOMMENDATION 130 The Victorian Government encourages TAFEs and other RTOs offering Business Management courses to, where practicable, actively seek qualified teachers with practical expertise in small business to teach in those courses, even on a part-time or sessional basis, to improve the credibility of the training on offer. Alternately, teachers without sufficient or current experience should be subsidised to attend professional development placements with local small businesses to ‘enhance’ their knowledge of the sector 493

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RECOMMENDATION 149 The Victorian Government works with The Australian Synchrotron and its stakeholders to quantify and regularly monitor the facility’s current and future LED value to Victoria and Melbourne.

RECOMMENDATION 150 The Victorian Government works with local governments, the state’s scientific research community and other relevant stakeholders, to investigate potential investment opportunities to establish world quality science parks in Melbourne’s outer suburban areas, which would complement existing scientific research and development facilities, including the Australian Synchrotron.

RECOMMENDATION 151 The Victorian Government works with The BioCouncils Alliance, outer suburban local councils and other stakeholders to review and where still appropriate, act on the recommendations from the reports titled: Bioscience to Bioindustry – A Role for Local Government in Biotechnology in Victoria and Mapping the Life Cycle of Biotechnology Companies, especially where there are obvious benefits for biotechnology-related LED.

RECOMMENDATION 152 The Victorian Government works with the Australian Government, the BioCouncils Alliance, the City of Wyndham, Victoria University and other stakeholders to improve the marketing and appeal of food science education and research opportunities at the Werribee Technology Precinct.

RECOMMENDATION 153 The Victorian Government works with the Australian Government, the BioCouncils Alliance, the City of Wyndham, Victoria University and other stakeholders to investigate the feasibility of establishing a trade park with on-site export and customs clearance facilities, aimed at encouraging LED through enhanced biotechnology and food science/technology related exports.

RECOMMENDATION 154 The Victorian Government works with Melbourne Airport Limited, the City of Hume, the Australian Government and other stakeholders to support the airport precinct’s current curfew-free time operational status, subject to normal review processes and Melbourne Airport Limited continuing to satisfy its operating licence requirements.

RECOMMENDATION 155 The Victorian Government works with the City of Hume, the Growth Areas Authority and other stakeholders to support the buffer zone/flight paths around the airport precinct from urban encroachment.

RECOMMENDATION 156 The Victorian and Australian governments and/or Melbourne Airport Limited assist affected stakeholders (especially landowners) to maintain pest weed control, fire protection and fencing in the buffer zone/flight paths around the airport precinct.

RECOMMENDATION 157 The Victorian Government works with Melbourne Airport Limited, to ensure the airport is adequately included in and supported by Victorian Government tourism campaigns, with the aim of enhancing the precinct’s LED potential.

RECOMMENDATION 158 The Victorian Government establish an inquiry into Greater Melbourne’s future aviation needs for domestic and international passenger travel and freight transport, and general commercial and private aviation needs. This inquiry may be broadened to include the major regional centres of Geelong (Avalon), Bendigo and Ballarat. It should also consider aviation’s future needs with regard to Victoria’s record population growth and competing demands for urban land, viable ground transport links to service expanded existing or greenfields air centres, the effect of climate change and the pending carbon emissions trading scheme; and further likely rises in aviation fuel costs.
RECOMMENDATION 159 To encourage the ‘clustering’ of commercial activity and subsequent LED opportunities, the Victorian Government examines opportunities to relocate significant sections of relevant government departments to Melbourne’s outer suburbs. Further, the Victorian Government develops a business case, including the provision of adequate local public transport, to present to the Australian Government for it to similarly consider relocating areas of its administration to Melbourne’s outer suburban LGAs. ........................................563

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CHAPTER 1: INTRODUCTION

Melbourne's outer western suburb of Caroline Springs from the air, February 27th 2007. Photographer Jason South, Courtesy of The Age.

The big issues are close to home

I LIVE in the south-eastern suburbs, 22 kilometres from the CBD, with a 20-minute peak-hour drive to get to the railway station, where few car parks are available. Getting to South Melbourne at this time is a one hour and 20 minute trip. Add in a bit of overtime, and it's easy to miss seeing your children until the weekend.

A few years ago, I was able to live only 15 minutes' drive from work. I loved it, I rode my bicycle to work every day, helped out more with the kids, and felt I had a better balanced life.

We could address so many issues if our workplaces could be closer to our homes. There would be less pollution, less travel time, which means more choices about how to get to work, and greater work-life balance.

If employers had an incentive to provide jobs to people who lived within a certain radius of their office - for example, lower payroll taxes for local people or employment centres set up in metropolitan regions rather than the CBD - how much fitter, happier and environmentally responsible would our city be?

Andrew McQuie, Wantirna South

Letters to the Editor, The Age, 7 May 2008
Local Economic Development in Outer Suburban Melbourne

Background to the Inquiry

The Outer Suburban/Interface Services and Development Committee (hereafter, ‘the Committee’) comprises eight Members of Parliament: three drawn from the Legislative Council and five from the Legislative Assembly. Mr George Seitz MP Chairs the Committee.

On 1 March 2007, the Committee received from the Legislative Assembly of the Victorian Parliament a reference to inquire, consider and report to Parliament on issues relating to strengthening communities through local economic development (LED) initiatives in outer suburban areas. The 56th Parliament, through the Legislative Assembly, reissued amended terms of reference on 1 March 2007, with a new reporting date to Parliament of 30 September 2008.

In particular, the Committee was requested to:

(1) examine existing local economic development programs being carried out by municipalities in outer suburban areas;

(2) identify the barriers to local economic development and the ways in which these can be addressed;

(3) investigate and recommend incentive arrangements for industry and the respective responsibilities of each tier of government;

(4) investigate the role of council local economic development units and the types of assistance they provide;

(5) examine and report on ways in which councils and government at all levels can encourage economic development, enhance and promote employment opportunities and attract new investment;

(6) identify export based operations and opportunities in outer suburban areas and recommend options to encourage their growth; and

(7) identify new and emerging sectors and how they can assist economic development in outer suburban areas, including innovative examples of business incubators, home-based businesses and social enterprises.

This chapter outlines the scope of the inquiry, the reporting process, the social and economic conditions in which this inquiry proceeded and the major issues for investigation in the remainder of the report.

The aim of this introductory summary is to help contextualise the subsequent chapters and its recommendations to the Victorian Parliament.

This report focuses on strategies available to further encourage LED in Melbourne’s outer suburban areas and complements the Committee’s previous two inquiries, which are noted below.
Chapter 1: Background to the Inquiry

Report One: Sustainable Urban Design

The Committee received its first reference in June 2003 and undertook an inquiry into ‘Sustainable Urban Design for New Communities in Outer Suburban Areas’. The Committee released a discussion paper in December 2003; then following an information and evidence gathering process involving briefings, public hearings and site visits, in September 2004 tabled its final report in the Victorian Parliament.

As a result of the briefings and public hearings, the Committee received oral evidence from a total of 186 witnesses representing 88 groups or organisations, recording close to 1,000 pages of Hansard transcripts. In addition, the Committee received 35 written submissions to this inquiry.

The Committee also travelled to Perth, Adelaide and Brisbane and heard evidence on programs operating in those jurisdictions which could be adopted or adapted for use in Victoria.

The Committee made 39 recommendations to the Victorian Parliament addressing a range of themes, including the need for community input on the urban form; sustainability in the home; building accessibility; water sensitive urban design; public open space; reduced car dependency; road safety; public safety; physical and social well-being; and the promotion of best practice in urban design.

The aim of the report was to assist a wide audience including the State Government and local councils, the private sector, non-governmental organisations (NGOs) and community groups. The report also sought to reach a broader constituency, by promoting sustainable urban design features (such as with the third pipe recycled water system and solar power) for all areas and not exclusively for new developments in outer suburban Melbourne.

Report Two: Building New Communities

The Committee received its second reference in January 2005 and undertook an inquiry into ‘Building New Communities’.

For this inquiry, the Committee received oral evidence from 315 witnesses and recorded over 900 pages of Hansard transcripts. The Committee wrote to over 250 identified stakeholders inviting submissions and raising awareness of the inquiry. The Committee received 78 written submissions, and made 40 recommendations to the Victorian Parliament, to assist community engagement and development.

As part of its investigation, in late 2005 the Committee travelled to North America and the UK/Europe, visiting five cities in four countries on two continents over 11 working days. The Committee met with almost 80 people representing 30 groups with expertise and experience in developing community capacity, enhancing social capital and the quality of life for local residents. In May 2006, the Committee travelled to Auckland and Wellington in New Zealand and met with representatives from 21 organisations, including people working in community groups, local government, universities, businesses, Parliament and government agencies.
The Committee’s overseas investigations focused on evidence relating to community engagement, the not-for-profit sector, mentoring, volunteering and developing partnerships. The meetings provided the Committee with access to experts involved in best practice programs operating internationally and the Committee investigated successful programs in place overseas which could be adopted or adapted for use in Victoria.

**Report Three: Local Economic Development**

This inquiry into LED has been driven by a perceived need to provide greater employment opportunities within or closer to Melbourne’s rapidly growing outer suburbs, where increasing numbers of people are living.

The resulting report includes a broad contextual base for this inquiry and a statistical profile of the outer suburbs, before examining LED in detail.

It then draws on local, national and international evidence to assess ways of encouraging LED in the outer suburbs, complemented by 171 recommendations for action.

**Inquiry Scope**

**Local Economic Development: definition**

As this report details in Chapter Three, LED is an internationally recognised concept with a recent and evolving history. For the purposes of this inquiry, the Committee has adopted the World Bank’s definition of LED as a policy approach:

> ... to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation.  

**Melbourne’s Outer Suburbs**

This inquiry has focused on the Local Government Areas (LGAs) generally considered as comprising Melbourne’s ‘outer suburbs’: Wyndham, Melton, Hume, Whittlesea, Nillumbik, Yarra Ranges, Cardinia and Mornington Peninsula. These all contain significant ‘green wedge zones’ and land lying both within and outside Melbourne’s Urban Growth Boundary (UGB).

In addition to these eight LGAs, the Committee decided to take evidence from the City of Casey; the residents of the Kinglake area in the southern reaches of Murrindindi Shire, north of Greater Melbourne beyond the UGB; and Moorabool Shire Council on the western peri-urban fringe of Melbourne.
Casey’s inclusion was based on it being within one of Melbourne’s five ‘growth areas’ designated under Melbourne 2030 (see later in this chapter) along the Casey–Cardinia growth corridor (which the Growth Areas Authority says is now Melbourne’s fastest growing region). Further, Casey was also included in the Committee’s previous two inquiries.

The Kinglake community and the Moorabool Shire both provided very different but equally valuable insights into the LED potential of those seven LGAs immediately beyond the UGB. This peri-urban fringe contains significant numbers of workers and students who commute into Melbourne’s outer suburbs each day and thus have a direct stake in the LED potential of this region.

Kinglake’s and Moorabool’s economic issues are small in scale compared to those confronting neighbouring Whittlesea or Nillumbik. Nevertheless, the Committee has greatly benefited by hearing their concerns about the future possible expansion of the metropolis into their rural environment and the myriad challenges this will bring.

**Figure 1.1:** The Interface Local Government Areas

![Map of Local Government Areas](source-image)

**Source:** Local Government Victoria, Department for Planning and Community Development, Feb. 2008.

**Local versus Global**

The LED movement arose in the 1970s, largely as a response to the changes globalisation wrought on many developing and developed world economies. Businesses in the developed world – notably the United States but certainly also Australia – were progressively exposed to a highly competitive and increasingly deregulated world marketplace: a so-called ‘level playing field’ with diminished or abandoned protective tariffs or quotas.
At its most basic, the ‘global economy’ can be defined as ‘the view of the whole world as a single market. Globalisation means that goods and services, capital and labour are traded on a worldwide basis; also, information and the results of research flow readily between countries’.4

Yet, in what way is globalisation relevant to this inquiry and how does it impact on LED in outer suburban Melbourne?

The answer lies in globalisation’s links and impacts at the local and regional levels. It has relevance primarily because LED doesn’t exist in isolation; trade is, to an extent, local but markets, producers, suppliers and buyers are also regional, national and international; further, responding and adapting to changes in global markets will provide for a more robust local economy.

In Australia, globalisation has affected everything from grain production to car manufacturing and was further heightened with the floating of the Australian dollar by the Hawke-Keating Government in 1983; Australia’s involvement in regional forums such as Asia-Pacific Economic Co-operation forum (APEC); the nation’s membership of the World Trade Organisation (WTO); and the subsequent establishment of numerous Free Trade Agreements (FTAs) with trading partners including the United States of America (USA), Singapore, Thailand and New Zealand.5

Many businesses accepted the challenge of the ‘new economy’, for instead of supplying a restricted local market, they could now expand into a global market – thanks to improved logistics and supply chain management (LSCM) and rapid information and communications technology (ICT).

However, survival in a globalised economy often came at a cost. Many businesses now faced competitors based in developing countries that offered cheaper and/or better skilled labour; ‘lax’ environmental controls on waste production; ‘business incentives’ such as minimal or no company tax or free land; better access to raw materials; cheaper energy and water; and better logistics, especially ports.

To remain competitive, many businesses restructured to become far more efficient; others relocated their manufacturing to developing countries such as China and India. This lowered their costs but left a manufacturing ‘vacuum’ back home, turning many former industrial areas into ‘brownfields’ of unemployment and economic despair. The industrialised suburbs of Broadmeadows and Dandenong are two areas that bore the brunt of this change in Melbourne.

The practice of LED, as perhaps best extolled by Blakely and Bradshaw6, is designed to help redress the ongoing economic consequences of globalisation. Importantly, LED does not offer a ‘silver bullet’ solution; however, as this report later discusses, there is evidence that adequately resourced LED programs can invigorate job opportunities in the ‘brownfields’ as well as the ‘greenfields’ sites of Melbourne’s outer suburbs: the focus of the Committee’s inquiry.
Local Government Local Economic Development obligations

Victoria’s local government sector is administered under the Local Government Act 1989 (‘The Act’), which provides a framework for the establishment and operation of the State’s 79 councils.

The Act commences with a Preamble that restates the constitutional recognition of local government as a distinct and essential tier of government. Part 1A of the Act contains the Local Government Charter which describes the purpose, objectives and functions of councils.

Under this charter, the primary objective of every council is to ‘endeavour to achieve the best outcomes for the local community having regard to the long term and cumulative effects of decisions’. To achieve this, under Section 3C – Objectives of a Council, the Act requires every council to give regard to seven ‘facilitating objectives’, four of which directly or indirectly mandate the investment of council resources toward LED:

1. to promote the social, economic and environmental viability and sustainability of the municipal district;
2. to improve the overall quality of life of people in the local community;
3. to promote appropriate business and employment opportunities; and
4. to ensure that services and facilities provided by the Council are accessible and equitable.

Whilst the nine outer suburban Melbourne councils examined by the Committee in this inquiry pursued LED within their jurisdictions, some devoted more resources than others to this endeavour, where some were clearly more successful than others. Much of the discussion and evidence presented later in this report examines this process then suggests ways of further encouraging successful LED.

Inquiry Process

In building on the previous two inquiries, the Committee has approached this reference by focusing on measures that may assist outer suburban areas of Melbourne, to capitalise on emerging economic opportunities. The Committee believes this can be achieved through enhanced partnerships between federal, state and local governments working collaboratively with local business and business representative groups, to identify and support LED programs across Melbourne’s outer suburbs. As this report will go on to demonstrate, forging links to the wider (regional and global) economy are crucial in enhancing LED.

The Committee’s brief was not to recommend specific business opportunities or ‘pick winners’ to be established in outer suburban municipalities. Nor has the Committee considered it to be its place, or indeed its area of expertise, to tell local communities what is best for their localities or what they should be doing. Local communities are
the ones ideally located to identify and promote their own needs and aspirations but they must be able to do this with the support of, and input from, the public and private sectors. Subsequently, the inquiry’s aim has instead been to undertake a study of the interface areas of Melbourne and identify areas where there are measurable community strengths, along with recognising the challenges, opportunities and existing pressures.

The focus has, necessarily, been on the interface councils. The Committee’s resultant recommendations to the Victorian Parliament are centred on measures the State Government can enact to better assist local communities in creating an environment that enhances local economic capacity.

This inquiry brings together a range of views, perspectives and research data. The strength of the study is in the links it makes between interface areas: of both the shared benefits and challenges, along with highlighting some areas of real potential.

This report includes an extensive review of recently released 2006 Australian Bureau of Statistics (ABS) Census data; international and national literature relevant to the terms of reference; written submissions and correspondence; and information relayed during seminars, conferences, briefings, public hearings and site visits.

At the outset of the inquiry, the Committee advertised its terms of reference in The Age and the Herald Sun, along with the majority of local print media covering the interface area. The Committee called for written submissions and received responses from residents, community groups, local councils and their representative bodies, businesses and government agencies. The Committee then held public hearings in Melbourne and in all the interface council areas, attended conferences and seminars and had discussions with a wide variety of people with expertise relevant to the terms of reference. This process is detailed below.

**Committee briefings and public hearings**

Between March 2007 and June 2008, the Committee held a total of 21 formal meetings, public hearings and site visits. These included a study tour to New Zealand; public hearings at Parliament House in Melbourne; council hosted hearings and site visits to each of the eight interface councils; a public hearing and site visit hosted by the City of Casey; a visit to the Brunswick Business Incubator and the Australian Synchrotron in Clayton; and, as per the Committee’s previous practice, a site visit and public hearing at Kinglake, hosted by the Kinglake Action Network and Development Organisation (KANDO). The visit to Kinglake involved a range of representatives from the local community, education and business sectors and the Murrindindi Shire Council.

In total, the Committee heard from over 140 people at public hearings, briefings and during site visits, recorded over 550 pages of Hansard transcripts and has made 171 recommendations to the Victorian Parliament.
Chapter 1: Background to the Inquiry

**Written submissions**

Advertisements outlining the Terms of Reference and calling for submissions were placed in *The Age* and *Herald Sun* in August 2006 and in 20 outer suburban newspapers in August 2006. At the time the Terms of Reference were reissued by the current parliament in March 2007, the Committee then readvertised the inquiry in *The Age* and *Herald Sun*.

The Committee Secretariat also wrote to stakeholders inviting submissions and received 36 written submissions, in addition to correspondence relevant to the inquiry (see Appendix A for submission details).

**New Zealand study tour**

Committee members, Mr George Seitz MP (Chair), Mr Don Nardella MP, Mr David Hodgett MP and Ms Danielle Green MP, along with the Committee’s executive officer Mr Sean Coley, visited New Zealand (NZ) between 25-29 June 2007 to attend the 8th International Cities and Town Centres and Communities in Society Conference in Auckland. While in NZ, the Committee met with representatives from government (central, regional and local), NGOs and the private sector, all with expertise in local economic development issues.

In Auckland and Wellington, the Committee met with representatives of seven organisations, including community groups, local governments, universities, businesses, the New Zealand Parliament and several government departments.

The Committee’s investigations focused on evidence relating to the types and level of support that government (at all levels) and business can provide communities to enhance local capacity and economic growth. A large number of inspiring programs and ideas were encountered, a number of which appear in this report, while others have been influential in guiding the Committee’s thinking. Once again, the Committee is grateful for the assistance and warm welcome provided by all those people it met while in New Zealand. Appendix B includes further details of the Committee’s New Zealand study tour.

**Seminars and conferences**

Committee Members and/or Secretariat staff attended close to 40 conferences, seminars and forums relevant to the themes investigated in this inquiry. Appendix C provides a comprehensive list.

**Inquiry Context: Social & Economic**

This section provides an overview of the social and economic context in which the Committee has conducted this inquiry.

The key issues have centred on population growth and its effects on Melbourne’s physical and economic growth as forecast to 2030; the broad effects of globalisation
on Melbourne’s economy and workforce; and the changes this has brought to work structures and employment opportunities generally within Melbourne’s outer suburbs.

This section then examines the nation’s economic outlook; housing affordability and housing stress; private transport dependency and vehicle running costs, especially for travelling to work; the infrastructure deficiencies confronting Melbourne, especially in the outer suburbs; climate change and sustainability in LED; changing employment and work structures; and the Victorian Government’s new priorities, unveiled progressively throughout 2008.

To a greater or lesser extent, all of these areas have affected the views of those submitting evidence to this inquiry and should therefore be kept in mind when considering the Committee’s conclusions and recommendations – as detailed later in this report.

**Population Growth**

The rate of population growth has a direct effect on a community’s prospects, including the opportunities for successful LED in Melbourne’s outer suburbs.

The 2006 Census shows that in the five years from 2001–06, ‘Australia continued to record faster population growth than other major developed world economies’, equivalent to an average annual rise of 1.3 per cent.

Victoria mirrored this national trend by reaching a population of 5.22 million in September 2007. The state’s annual average growth rate was 1.3 per cent in 2001–06 and 1.5 per cent in the 12 month period to September 2007, compared with 1.1 per cent growth in 1996–2001 and just 0.6 per cent in 1991–96. This increase is due to ‘a combination of strong natural increase [i.e. more births than deaths, and increasing longevity] and overseas immigration [especially skilled migrants] and very low interstate losses’.

Victoria recorded its highest ever net intake of 48,000 overseas migrants in the 12 month period to September 2007, contributing to the largest population increase of any Australian state over the last quarter of a century. In the September 2007 quarter alone, Victoria added an extra 21,200 people – almost half of whom arrived from overseas: 13,362 people.

Nearly three in every four Victorians (or 73 per cent) live in metropolitan Melbourne. The city’s population reached 3.74 million by 30 June 2006 thanks to an average growth rate of 1.52 per cent in 2001–06 and 1.69 per cent growth in 2005–06 alone. At this rate, Melbourne adds around 1,200 people to its population each week. This is more than 30 per cent higher than the State Government’s projections made in its *Victoria in Future 2004* document, which relied on 2001 Census data to (erroneously as it turns out) project Melbourne’s population might reach 4.6 million by 2031.

This rapid growth rate looks set to continue, especially given the 2008 Federal Budget announced Australia would welcome an extra 31,000 skilled migrants under its 2008–09 Migration Program. Given that 25 per cent of all migrants who arrived in
Australia in the 12 months to September 2007 eventually settled in Melbourne, then the city’s population should grow even faster under the Rudd Labor Government’s latest boost to national immigration.\(^\text{17}\)

Consequently, the ABS projects Melbourne will expand from 3.74 million residents (at 30 June 2006) to ‘almost 5 million by 2030’.\(^\text{18}\) That means Victoria’s population could reach 6.2 million – and Melbourne’s will probably reach 4.5 million – by 2020, rather than 2030 as the State Government previously predicted. In summary, as Premier John Brumby concedes: ‘One million new Melbournians are coming a decade early’.\(^\text{19}\)

**Melbourne 2030**

Melbourne 2030 (M2030), the Victorian Government's strategic plan for the sustainable development of Melbourne, was released in October 2002 following a two-year consultation program.\(^\text{20}\) At the time of its launch, the Victorian Government announced that M2030 was ‘a 30-year plan to manage growth and change across metropolitan Melbourne and the surrounding region. It emphasises the city’s interdependence with regional Victoria, to provide maximum benefit to the whole State’.\(^\text{21}\)

M2030 can be summarised as a plan that seeks to curb the city’s outward growth by focusing on residential development in 26 higher density ‘principal activity centres’ (PACs), with one of its stated aims being to create a ‘more sustainable, equitable, prosperous and accessible city for current and future generations’.\(^\text{22}\)

To achieve its objectives, M2030 has nine major ‘Directions’ (including 226 initiatives), which are:

- a more compact city;
- better management of metropolitan growth;
- networks with the regional cities;
- a more prosperous city;
- a great place to be;
- a fairer city;
- a greener city;
- better transport links; and
- better planning decisions, [and] careful management.\(^\text{23}\)

The key projects on which M2030’s ‘implementation program’ rests are based on the following 11 ‘themes’:

- activity centres;
the economy;
the environment;
governance;
green wedges;
growth areas;
住房;
liveable communities;
networked cities;
transport; and
the Urban Growth Boundary (UGB).24

Within the above themes, there have been some recent announcements by the Victorian Government relevant to LED in outer suburban Melbourne, as summarised briefly below.

**Activity Centres**

The Victorian Government describes its ‘Activity Centres’ as ‘vibrant hubs where people shop, work, meet, relax and often live’. They are designed to be well-served by public transport and range from local neighbourhood strip shopping centres to universities and major regional shopping malls.25 M2030 classifies the Activity Centres into the following five hierarchical categories:

- a single Central Business District (CBD);
- 26 Principal Activity Centres (larger centres with a mix of activities, ‘well served’ by public transport), such as Broadmeadows, Narre Warren-Fountain Gate, and Werribee;
- 94 Major Activity Centres (similar to Principal Activity Centres, although serving a smaller catchment area), such as Caroline Springs, Hastings, Mornington, Pakenham, and Werribee Plaza;
- 10 Specialised Activity Centres (important economic precincts, which provide a mix of economic activities) such as Melbourne Airport and the Werribee Animal and Food Research Precinct; and
- approximately 900 Neighbourhood Activity Centres (dominated by small businesses, especially retail, designed to meet local needs).26

On 21 May 2008, Premier John Brumby and Planning Minister Justin Madden announced new joint state and local government committees would be established to
make planning decisions on ‘key projects in areas of metropolitan significance’, as part of a $24.2 million package of initiatives to address Victoria’s population boom.27

A key initiative was the establishment of new Development Assessment Committees (DACs) to assume planning control from local councils and assess development proposals in PACs.28 These PACs are situated on major transport infrastructure across Melbourne and in central Geelong. Each DAC will comprise two local government nominees, two state government nominees and an independent chair, with the first six committees operating by early-2009.

In addition, new Activity Centre Zones (ACZs) will be established in each of the 26 PACs, with the aim of simplifying the planning process in Activity Centres. Finally, each Zone will have an individual Development Framework.29

**Green Wedges**

As part of M2030, the Victorian Government defines ‘Green Wedges’ as the non-urban areas of metropolitan Melbourne that safeguard agricultural uses and preserve rural and scenic landscapes, non-renewable resources and natural areas including water catchments.30

They include areas with high environmental, landscape, built or Koori heritage values, and while non-urban, also contain infrastructure that supports urban areas, such as airports and quarries.31 Encompassing 17 municipalities, 12 areas have been designated as Green Wedges.32

Further discussion relating to the Green Wedges is included in Chapter 5 of this report.

**Urban Growth Boundary and the Urban Growth Zone**

The Victorian Government introduced an interim UGB33 to manage Melbourne’s outward growth34 and to ensure urban development is confined to within the perimeters of the UGB.35

M2030 describes the UGB as representing ‘the long-term limits of urban development and where non-urban values and land uses should prevail in metropolitan Melbourne, including the Mornington Peninsula’.36

Through M2030, the government established an interim UGB and formed five identified growth areas: Casey-Cardinia, Hume, Melton-Caroline Springs, Whittlesea and Wyndham. The government signalled the UGB would be subject to review, with the first review carried out by the Smart Growth Committees during 2004-05. The UGB was subsequently expanded in November 2005.37

On 4 March 2008, Premier Brumby announced the establishment of a new Urban Growth Zone (UGZ), with the stated aim of ‘facilitating rezoning of land for homes in growth areas across Melbourne’.38 The UGZ was designed to ‘accelerate development of more than 90,000 land blocks by rezoning farmland’ in Melbourne’s growth areas. The government predicts this will cut between $5,000 and $10,000 off the price of an
average block of land in those areas. The government has stated all broadacre areas inside the UGB in the five growth areas will be rezoned to the new UGZ, in order to accelerate the master planning of 37 new communities.

A new Growth Areas Authority (GAA) has also been established to implement this new UGZ, in conjunction with Department of Planning and Community Development (DPCD) and the Growth Area Councils (Casey, Cardinia, Hume, Melton, Whittlesea and Wyndham), with the aim of finalising the UGZ’s provisions and application during 2008.

These developments are relevant to this inquiry because they could provide further new opportunities for encouraging commercial and economic growth in the five PACs located in Melbourne’s outer suburbs: Broadmeadows (Hume), Cranbourne and Narre Warren/Fountain Gate (Casey), Epping (Whittlesea) and Werribee (Wyndham).

**M2030 Audit**

M2030 was subject to its first five year audit in 2007. A four person independent Audit Expert Group was appointed by the Minister for Planning in June 2007. The audit received over 200 submissions.

In late-May 2008, the Audit Expert Group released the first five-yearly independent review of Melbourne 2030. It found ‘the fundamental principles of Melbourne 2030 are more relevant than ever’; however, the State Government needed to do more to provide a ‘clarity of vision’, ‘adequate resources’ and create ‘broad-based support’ to accelerate the plan’s implementation and acceptance, thus ensuring the ‘sustainability’ of Melbourne’s future growth. In their report, the group acknowledges what it views as both the strong objectives of M2030, as implementation’. The audit recognises the significant growth Melbourne is currently experiencing and notes the city’s population (due to recent increases in fertility rates and migration from overseas), could reach five million by 2030. The DPCD website states: ‘this growth combined with the challenges of climate change, housing affordability and transport require decisive action’.

Chapter 5 of this report will provide a more detailed commentary on M2030 and the M2030 Audit, including the UGB and UGZ, especially where there are links to local economic development in outer suburban areas of Melbourne.

**Economic Context**

This inquiry comes at a time of mixed economic fortunes for Australia generally and Victoria in particular – largely due to the strong Australian dollar, employment trends, the national economy and rising (home loan) interest rates. These factors may influence the outcomes of LED initiatives recommended by this inquiry.
Chapter 1: Background to the Inquiry

**Australian Dollar**

The Australian dollar climbed from 80 US cents at the start of 2007 to reach a high of 96 US cents by June 2008, largely due to Australia’s ‘China-fuelled mining boom’. Whilst the resources boom has brought much-needed export income to Australia, the resulting strong Australian dollar has also attracted some negative side-effects for export-oriented businesses.

Federal Small Business Minister, Hon. Craig Emerson MP noted: ‘Manufactured goods and services that embody large doses of skills and new ideas can compete at home and abroad despite a strong currency’. Even so, the prospects for several export-oriented business sectors in Melbourne’s outer suburbs have been unduly affected by the changing Australian dollar. Representative businesses from these sectors were cited in submissions to this inquiry, or visited during Committee inspections and include:

- automotive manufacturing in Hume (e.g. Ford Australia) and parts suppliers in Whittlesea (e.g. Sumitomo);
- light manufacturing in Cardinia (e.g. A’van Campers Australia), Whittlesea (e.g. Aquarium Industries Pty Ltd) and Yarra Ranges (e.g. Radio Frequency Systems);
- tourism operations in Yarra Ranges, partly reliant on overseas visitors (e.g. Yerring Gorge Cottages);
- export-oriented food producers in Yarra Ranges (e.g. YV Fruits) and Whittlesea (e.g. Cooper Street Employment and Wholesale Market Area);
- chemical production for the global agricultural market in Wyndham (e.g. NuFarm Chemicals); and
- steel products manufacturing in Mornington Peninsula (e.g. Blue Scope Steel).

Clearly, it is beyond the scope (and power) of this inquiry to influence international monetary policies affecting the Australian dollar. Nevertheless, it is important to highlight the way global exchange rates can affect the success of any LED initiatives recommended by this inquiry, especially those reliant on exports.

**Employment Trends**

Australia’s seasonally adjusted unemployment for April 2008 was 4.2 per cent compared to 4.1 per cent in March and 4 per cent in February – continuing a trend of near 33-year lows. The national labour force participation rate sat at 65.4 per cent, with 25,400 new jobs created in April: 19,000 of them full-time and 6,300 part-time.

The 2008–09 Federal Budget forecasts unemployment will rise to 4.75 per cent by 30 June 2009 and the participation rate will fall slightly to 65 per cent.

The nation’s low jobless trend and high workforce participation rate are evident in Victoria. In February 1998, unemployment sat at 8.1 per cent, then fell to 5.8 per cent in October 2000. It then rose to 6.6 per cent in November 2001 before falling to 4.1
Local Economic Development in Outer Suburban Melbourne

per cent in February 2008. By March, Victoria’s seasonally adjusted unemployment had risen to 4.3 per cent and by April, it had lifted further to 4.6 per cent: just above the national average of 4.2 per cent.  

Economic Growth
Victoria’s low unemployment and unmet demand for skilled labour reflects the state’s strong overall economic growth, which augurs well for the potential success of LED.

Despite a relatively strong Australian dollar, a global ‘credit crunch’ following the US sub-prime mortgage crash and ‘the worst drought in recorded history’, Victoria’s economy returned a ‘state final demand growth rate’ of 5.2 per cent from December 2006 to December 2007. This was its strongest growth since the June 2005 quarter.

Victorian Treasurer, Hon. John Lenders MP says this result ‘was driven primarily by household consumption and public investment, but also by dwelling and business investment’. Victorian business investment increased by 10.6 per cent in the year to December 2007, despite higher petrol prices and rises in the official cash rate (resulting in higher interest rates for both business/commercial and home loans).

Inflation
During this inquiry, Australia’s rate of inflation, as measured by the Consumer Price Index (CPI), has exceeded the Reserve Bank of Australia’s preferred range of 2–3 per cent. For example, in April 2007, inflation sat at 2.9 per cent, just within the RBA’s target range. However, following rapid price hikes for basics such as food, petrol, electricity and bank charges, Australia’s inflation rate for the March 2008 quarter hit an uncomfortable 4.2 per cent. This in turn sent the Australian dollar to 95 US cents on 23 April 2008: its highest level since 1984. By 10 June 2008 the dollar had climbed almost a cent higher to 95.9 US cents.

This inflationary pressure continued through to the end of the June quarter 2008, with petrol prices rising 18.4 per cent across Australia’s capital cities over the previous 12 months. This led the National Roads and Motorists’ Association (NRMA) to predict that petrol would continue rising toward $2.00 a litre by the end of 2008 (see table below).
### Table 1.1: Consumer Price Index for Selected Items, Australia, June 2008

<table>
<thead>
<tr>
<th>Weighted average of Selected Items across eight capital cities</th>
<th>Mar Qtr 2008 to June Qtr 2008</th>
<th>June Qtr 2007 to June Qtr 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home purchase</td>
<td>1.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Rent</td>
<td>2.2%</td>
<td>7.7%</td>
</tr>
<tr>
<td>Electricity</td>
<td>-1.4%</td>
<td>9.8%</td>
</tr>
<tr>
<td>Total housing</td>
<td>1.1%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Meals out / takeaways</td>
<td>1.5%</td>
<td>5.6%</td>
</tr>
<tr>
<td>Bread / cereal products</td>
<td>0.5%</td>
<td>7.7%</td>
</tr>
<tr>
<td>Meat / seafoods</td>
<td>-0.1%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Total food</td>
<td>-0.1%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Petrol</td>
<td>8.7%</td>
<td>18.4%</td>
</tr>
<tr>
<td>Total Transportation</td>
<td>3.1%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>3.8%</td>
<td>9.9%</td>
</tr>
<tr>
<td><strong>All Groups</strong></td>
<td><strong>1.5%</strong></td>
<td><strong>4.5%</strong></td>
</tr>
</tbody>
</table>


In its July 2008 commentary on Australia’s rising CPI (inflation level), the ABS noted ‘the most significant price rises … this [June] quarter were for deposit and loan facilities (+9.5%), automotive fuel (+8.7%), rents (+2.2%), hospital and medical services (+4.0%), house purchase (+1.0%), furniture (+3.1%) and spirits (+6.1%).

The ABS also noted that urban transport fares (trains, buses, trams) rose by 4.9 per cent over the year to 30 June 2008. In contrast, during the June quarter ‘the most significant offsetting price decreases were for other financial services (-2.9%), fruit (-7.4%), vegetables (-6.5%), domestic holiday travel and accommodation (-2.0%) and electricity (-1.4%).

Melbourne’s CPI rose by 1.2 per cent over the June quarter, just under the national weighted average of 1.5 per cent. Melbourne’s 12-monthly CPI rate from June 2007
to June 2008 of 4.4 per cent was also marginally under the national inflation figure of 4.5 per cent.

**Interest Rates**

This inquiry has been active during a period that has seen official interest rates progressively lifted through 2006–08 by the Reserve Bank of Australia (RBA), in response to rising inflation.

The RBA’s mandate is to adjust official cash (interest) rates to keep Australia’s currency stable, achieve ‘full employment’ and ‘maintain national prosperity’. Any adjustments are promptly reflected in the interest rates charged by Australia’s domestic banks for variable loans, notably home loans.

In December 2001, the RBA set the maximum cash rate at 4.25 per cent and there have been 12 successive rises since then. The most recent rise on 4 March 2008 took the official rate to 7.25 per cent. However, all banks lifted their rates higher than this – averaging 9 per cent as the standard home loan rate – claiming the cost of sourcing overseas funds for local lending had also increased, largely due to the US sub-prime mortgage crisis.

Each rise places further strain on those households and businesses carrying debt, with first-home buyers generally among the worst-exposed. Many are in the ‘mortgage belts’ of major cities – such as Melbourne’s outer suburbs – and would welcome any initiatives to help reduce their daily living costs.

Therefore, this inquiry comes at an opportune time, for by supporting the provision of more local employment opportunities in outer suburban areas, residents may look forward to making some savings on their daily transport to work costs (which are also subject to inflation).

**Housing**

For increasing numbers of Australians, a decline in housing affordability – measured by the University of Canberra as ‘the number of years taken to pay-off a median priced house with a median disposable income’, coupled with rising interest rates – has resulted in considerable ‘housing stress’. This is particularly evident in Melbourne’s outer suburbs and growth areas and presents an opportunity for LED to help ease this rising financial pain.

**Housing Affordability**

Across Greater Melbourne, 34.6 per cent of homes are in the process of being purchased; a further 33.1 per cent are fully owned; the rest are generally rented.

Melbourne’s nine outer suburban LGAs collectively have more homes under mortgage (47.2 per cent) and fewer occupier-owned dwellings (30.1 per cent). This is not surprising given that 11,772 new houses were built in Melbourne’s interface
Chapter 1: Background to the Inquiry

LGAs in 2006–07, representing 61.5 per cent of all new homes built across the city or 40.8 per cent of all new homes built across Victoria.61

Yet with interest rates rising faster than average incomes, many first-home buyers – over-represented in the outer suburbs due to the perceived affordability and availability of land and houses – are now spending more than 30 per cent of their disposable (after tax) income on housing (i.e. mortgage repayments or rent).62

According to the internationally-used ‘Ontario measure’ benchmark, ‘housing affordability stress’ occurs when ‘the proportion of gross household income spent on housing exceeds 30% for those households in the bottom 40 percentiles of the household income distribution’.63 A March 2008 study by the National Centre for Social and Economic Modelling (NATSEM) at the University of Canberra concluded ‘recent first home buyers are the most vulnerable to housing stress … [as they] had the lowest incomes and paid the highest prices for houses, consequently putting 62 per cent of first home buyers in housing stress’.64

Several examples further illustrate the ‘housing stress’ plight:

- in 1997, an average family spent 17.9 per cent of its income paying off a typical mortgage; today’s average family is spending 32.3 per cent of its income on housing repayments;65
- ten years ago, the average home cost about four times the average annual wage; today it costs about seven times that wage;66
- while average incomes doubled between 1985 and 2004, average house prices rose 400 per cent nationally;67 and
- in December 2001, a household with a typical $300,000 home loan over 25-years was repaying $1,942 a month on a standard variable rate of 6.05 per cent; by February 2008, after the rate had risen to 9 per cent, the monthly repayments had grown to $2,517 – requiring an extra $7,000 per year to service.68

With increasing numbers of households unable to meet their rising loan repayments, mortgage industry analyst Denis Orrick from Infochoice, noted in March 2008 that ‘around 50 homes a week are being wrenched from their owners by banks foreclosing on loans … [and] this rate is likely to rise’.69

By late-May 2008, that trend was evident in Melbourne’s rapidly growing outer suburbs, where international risk analyst Fitch Ratings recorded rising rates of ‘mortgage delinquency’. As the following table shows, four of Melbourne’s outer regions (in bold) were included in the 20 worst performing regions in Australia for mortgage defaults.
The Fitch Ratings study relied on data from over 947,000 home loans (at 31 March 2008), with a total outstanding balance of AU$160 billion. This represents approximately 17 per cent by value of the total housing loan stock in Australia. The study was also highlighted in the media, with *The Age* economics editor Tim Colebatch noting that ‘up to 4 percent of indebted households in some Melbourne suburbs are now behind in their mortgage payments’. In response to this growing crisis in housing affordability, welfare organisation Anglicare has extended its services to Melbourne’s outer suburbs – notably Craigieburn, Cranbourne, Werribee and Hoppers Crossing – to provide emergency relief to growing numbers of would-be home-owners unable to meet their ballooning

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**Table 1.2**: Australian Regional Mortgage Performance (30+ Days Arrears). Worst 20 Ranking – 31 March 2008

<table>
<thead>
<tr>
<th>No</th>
<th>Region</th>
<th>% Defaulting</th>
<th>No</th>
<th>Region</th>
<th>% Defaulting</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fairfield–Liverpool (NSW)</td>
<td>4.05%</td>
<td>11</td>
<td>Newcastle (NSW)</td>
<td>2.47%</td>
</tr>
<tr>
<td>2</td>
<td>Outer Western Sydney</td>
<td>3.49%</td>
<td>12</td>
<td>Melton-Wyndham</td>
<td>2.42%</td>
</tr>
<tr>
<td>3</td>
<td>Gosford-Wyong(NSW)</td>
<td>3.42%</td>
<td>13</td>
<td>Gold Coast West (QLD)</td>
<td>2.24%</td>
</tr>
<tr>
<td>4</td>
<td>Canterbury–Bankstown (NSW)</td>
<td>3.24%</td>
<td>14</td>
<td>Caboolture Shire (QLD)</td>
<td>2.17%</td>
</tr>
<tr>
<td>5</td>
<td>Wollongong (NSW)</td>
<td>3.15%</td>
<td>15</td>
<td>Inner Western Sydney</td>
<td>2.04%</td>
</tr>
<tr>
<td>6</td>
<td>Blacktown(NSW)</td>
<td>3.10%</td>
<td>16</td>
<td>Northern Outer Melbourne</td>
<td>2.02%</td>
</tr>
<tr>
<td>7</td>
<td>Outer South Western Sydney</td>
<td>3.07%</td>
<td>17</td>
<td>St George–Sutherland (NSW)</td>
<td>1.86%</td>
</tr>
<tr>
<td>8</td>
<td>South Eastern Outer Melbourne</td>
<td>2.91%</td>
<td>18</td>
<td>Western Melbourne</td>
<td>1.84%</td>
</tr>
<tr>
<td>9</td>
<td>Hume City</td>
<td>2.90%</td>
<td>19</td>
<td>Northern Beaches-Sydney</td>
<td>1.83%</td>
</tr>
<tr>
<td>10</td>
<td>Central Western Sydney</td>
<td>2.86%</td>
<td>20</td>
<td>Central Northern Sydney</td>
<td>1.71%</td>
</tr>
</tbody>
</table>

repayments. Anglicare Victoria chief executive Mr Ray Cleary says ‘more people are being confronted with the reality of rising mortgage rates, coupled with other blows such as higher petrol bills, and are seeking help’. 

Housing Availability

Those unable to enter the home-ownership market can also face problems securing rental accommodation at any price, which in turn is adding to the cost burden on some families.

The Real Estate Institute of Victoria (REIV) reports Melbourne’s rental vacancy rate dropped to a record low 0.9 per cent in February 2008 (or 4,020 properties from a pool of 447,074), with only one per cent of rentals vacant in the outer suburbs (over 20 kilometres from the CBD). Not surprisingly, the REIV adds that an inadequate supply of rental properties is pushing rents up.

A significant fall-off in the number of new dwellings built each year is contributing to the declining availability of housing and the rising cost of those houses that are built. Nationally, about 150,000 new houses are constructed each year, yet Federal Treasury and housing industry leaders put the underlying demand at between 180,000 and 190,000 houses.

This situation is reflected across Melbourne, where ABS figures show that in 2002 – the year Melbourne 2030 was introduced to guide the city’s growth – construction commenced on 49,133 new dwellings. However, five years later in 2007, new dwelling construction had fallen to 39,979 for the year, representing an 18.6 per cent decline, despite a concurrent annual population growth rate of at least 1.3 per cent across Victoria.

Housing Stress

The resulting ‘housing stress’ is affecting home-buyers and renters across Australia. In response, the Federal Government’s new Housing Affordability Fund will ‘invest $500 million [over the next five years] to save new homebuyers up to $20,000 on a home purchase – and boost supply’. The fund also includes $30 million to help local councils fast-track planning approvals.

In the meantime, households under ‘stress’ must trim their spending to meet their rising mortgage or rental payments or move further into debt. This is particularly challenging for those households already facing considerable costs for daily private or public transport. Across Greater Melbourne for example, in late-2005, the average household spent 15.2 per cent of its total weekly goods and services expenditure on housing, second only to food and non-alcoholic beverages at 17.2 per cent. Transport was the third highest weekly outlay at 15 per cent. Clearly, some households – notably those in Melbourne’s outer suburbs – are forced to spend double the average on housing (i.e. 30 per cent or more), and would therefore welcome any drop in interest rates or travel costs.

Some commentators believe ‘higher interest rates, food, petrol and utility costs could push more low to middle-income households into financial ruin’ – especially given
the rise in home loan defaults since 2001, with 10,300 Supreme Court writs issued nationally for the repossession of land in 2007. The director of Barry Plant Real Estate Mr Jim Hatzimoisis believes first-home buyers in Melbourne’s outer suburbs are obvious victims:

_We’re talking new estates in the outer suburbs – the west, including Taylors Hill, Hoppers Crossing, Melton and Caroline Springs, to areas in the north like Mill Park, Epping and Mernda ... [then] if you look southeast or east it’s Cranbourne, Pakenham, Rowville, and to a degree, Berwick. It’s predominantly younger first-home buyers ... [and their] debt that’s built up isn’t purely and simply on their housing mortgage, but a combination of factors, such as credit card debt and money owed on two-, any move to bring suitable work opportunities closer to the outer suburbs – achieved through LED – should be of financial benefit._

This debt crisis places an even greater imperative on helping Melbourne’s outer suburban residents reduce their household expenditure, to better match their incomes. Further, given their significant weekly transport-to-work expenses, any move to bring suitable work opportunities closer to the outer suburbs – achieved through LED – should be of financial benefit.

**Car Dependency**

Overall, Australia’s capital cities have seen ‘a dramatic increase in the number of cars driven to work each day’, with more than 1.4 million cars added from 1976 to 2006: a rise of 70.1 per cent. This has been at the expense of more environmentally sustainable transport modes – notably public transport, walking and car-pooling – and also reflects ‘rapid population growth’ in most Australian cities.80

Melbourne has been labelled ‘the worst performing city over the [past] three decades’ in terms of reducing its dependency on private car transport. Since 1976, Melbourne has experienced the biggest declines in car pooling, walking and public transport use – despite the very recent ‘unprecedented patronage growth of about 20 per cent on the metropolitan train system’ - since 2005.81

In the latest available reporting period of 2004–05, Melbourne recorded 38.03 billion kilometres of vehicle travel, second only to Sydney on 42.43 billion kilometres travelled.82 Melbourne University’s Australasian Centre for the Governance and Management of Urban Transport (GAMUT) reports:

_More cars are driven to work each day in Melbourne than in Sydney, despite Sydney’s much bigger workforce. The share of workers who drive is now higher in Melbourne than in Sydney, Brisbane, Hobart and even Canberra. This appears to be a result of Melbourne having constructed more urban freeways and tollways over the last 30 years than any other capital._83
**Road Congestion**

Despite Melbourne’s additional freeways and tollways, VicRoads reports traffic speeds across Melbourne have ‘reduced slightly’ in 2006–07 to an average of 35 kilometres per hour during the morning peak and 38 kilometres per hour in the evening peak. VicRoads says these figures reflect ‘a gradual trend of slower trips due to congestion in peak periods’ and that ‘delays due to traffic congestion increased by about two per cent [in 2006–07] compared with 2005–06’.\(^\text{84}\)

Drivers experience some of the worst congestion and delays on the major routes leading into central Melbourne from the outer suburbs. For example, on the West Gate Bridge corridor that feeds traffic from Geelong and Melbourne’s west (including the City of Wyndham), traffic speeds have halved in 10 years; consequently, early morning traffic is reported to be ‘grinding to a standstill’.\(^\text{85}\)

Evidence to this inquiry, cited later in this report, paints a similarly frustrating picture for other major routes to and from Melbourne’s outer suburbs. Consequently, many residents either willingly or unwillingly endure lengthy, time-consuming and expensive daily commutes by greenhouse polluting private cars – driven along increasingly congested roadways – to reach their workplaces.

**Petrol Prices**

An additional financial burden on many outer suburban car travellers is the rising price of petrol, due partly to shaky global politics and the ‘peak oil’ scenario. Advocates of this scenario argue ‘the peak of oil discovery was passed in the 1960s, and the world started using more than was found in new fields in 1981’. Without further discoveries, the globe’s remnant oil stocks will increase in price as supplies dwindle; prices will also rise because of the continuing high demand for oil from China and India’s soaring population and industrial growth.\(^\text{86}\)

In late-April, investment house CommSec estimated the average Australian household was paying $206 a month on petrol: $30 more than six months earlier, with further rises ‘inevitable’.\(^\text{87}\) The Australian Association for the Study of Peak Oil also predicted ‘certainly above $2 a litre: we could be paying that by the end of the year’.\(^\text{88}\) By late-May 2008, as world crude oil reached further new highs, petrol in Melbourne’s south-east was selling for a record $1.63 per litre: a price the Royal Automobile Club of Victoria (RACV) labelled as ‘totally, utterly unacceptable’, before warning motorists to ‘prepare … for higher prices’.\(^\text{89}\)

Certainly, petrol prices will rise by 2010 if the Federal Government implements its promised emissions trading scheme (ETS) under its Kyoto obligations to make Australia a ‘low emissions economy’. However, Assistant Treasurer Hon. Chris Bowen MP has said he may exclude petrol from the ETS as ‘petrol is a very important commodity for working families, for small business and for the economy as a whole and we need to be very careful about its impact’.

The Federal Government’s chief climate change advisor Professor Ross Garnaut agrees ‘mobility is a core feature of our economy’. But he warns ‘outer suburban developments with poor access to public transport and high dependence on cars would
be worst hit by measures such as a carbon tax on fuels’. These predictions are compounded by research done for Garnaut’s Climate Change Review that shows ‘cars are no more fuel-efficient today than they were in the 1960s’. ABS figures show the average Australian car in 1963 used 11.4 litres of petrol to travel 100 kilometres. This consumption remained unchanged in 2006, largely because of bigger cars with extra energy-hungry equipment, such as air conditioners.

Many of the submissions to this inquiry, explored later in this report, contend that rising energy and petrol costs, coupled with inefficient public and private transport, pose real threats to improving LED in Melbourne’s outer suburbs.

**Infrastructure**

This inquiry comes amid a period of heightened awareness of the need to improve, update and expand Australia’s major public infrastructure.

Federally, the Rudd Labor Government has commissioned its new ‘independent statutory authority’, Infrastructure Australia. It has the ‘responsibility for developing a strategic blueprint for our nation’s infrastructure needs over coming years and facilitating its implementation, in partnership with the States, Territories, local government and the private sector’. The Federal Government believes that ‘to survive in a modern, global economy Australia must be internationally competitive … [and] crucial to this is building world class infrastructure’.

Victorian Premier John Brumby shares this view, arguing the nation’s governments need to ‘unblock Australia’s “infrastructure backlog”’ in order to ‘secure … future productivity, liveability and sustainability’. He says this need ‘is driven by both economic and population growth’ and can only be properly addressed if the Commonwealth and States ‘increase spending on crucial projects such as freeways, trains and water facilities by about $5 billion a year by 2010–11’.

The Federal Government responded by establishing a new ‘Building Australia Fund’ in its 2008–09 Budget, from which it has allocated $3.2 billion for ‘nation-building road and rail projects across the country … to fix Australia’s over-stretched transport networks and build infrastructure to meet the challenges of the 21st century economy’.

Of the $3.2 billion, Victoria will receive $497 million for several projects, two of which involve Melbourne’s road and rail infrastructure:

- $25 million to strengthen and improve traffic capacity on the Westgate Bridge (serving Melbourne’s middle and outer west, as well as Geelong); and
- $5 million to improve the traffic capacity of Melbourne’s Western Ring Road (again, serving Melbourne’s middle and outer north and west).
Once completed, these projects are predicted to bring flow-on benefits for Melbourne’s economy and complement other infrastructure already planned or underway across the city.

Increasingly, Victoria’s major infrastructure is being funded as Public-Private Partnerships (PPPs). Premier Brumby notes that ‘since 2000 … [Victoria has] contracted 18 PPP projects worth around $5.5 billion’. Some of these will directly affect the LED potential in Melbourne’s outer suburbs and include:

- the $65 million Dandenong Bypass;
- the 39 kilometre long $2.5 billion EastLink that opened on 29 June 2008, which Premier John Brumby says will provide ‘a $15 billion boost to the Victorian economy and 6,500 extra jobs a year during operation’;
- Victoria’s ‘largest-ever school building program’, which will see 11 new schools built in Melbourne’s growth corridors, financed as PPPs;
- and a $4.9 billion Victorian Water Grid to supply additional water across Victoria, particularly for Melbourne.\(^{96}\)

As this inquiry concludes, other public and private infrastructure projects are either under consideration or in various stages of completion across Melbourne, including several of interest to residents in Melbourne’s outer western suburbs:

- the $25 million Vineyard Road duplication project (within the City of Hume), to provide by late-2009 ‘a much improved four-lane divided road between Sunbury and the Calder Freeway’, which currently carries 20,000 vehicles per day;
- the completion of the $19.7 million Kings Road duplication, which the State Government views as ‘a vital link for commuters, and … one of the most important north-south routes in Melbourne’s west, carrying over 21,000 cars per day’; and
- the $331 Deer Park Bypass scheduled to open in mid-2009 to provide ‘a freeway-standard link from the Ring Road at Sunshine West to the Western Freeway at Caroline Springs’ (the Shire of Melton).\(^{97}\)

The State Government promotes all of these infrastructure projects as being important to Melbourne’s economy and LED; consequently, in the context of this inquiry, several are worth outlining in further detail next.

**Public Transport**

Public and media interest has continued throughout this inquiry over the costs and benefits of extending Greater Melbourne’s public transport infrastructure, especially the electrified rail network to better service the outer suburban growth areas.
Local Economic Development in Outer Suburban Melbourne

Melbourne Airport – one of the City of Hume’s largest single employers – has also (again) raised the idea of building a direct rail link with an underground station at Tullamarine, to ‘help deal with millions more passengers each year’ and further develop the Melbourne Airport Business Park.98

The Victorian Government is aware of the need to enhance Melbourne’s public transport network to complement local, state and federal funds spent on improving the city’s roads network. In its Meeting Our Transport Challenges (MOTC), the government acknowledged ‘congestion impacts on both liveability and the economy with the potential to affect all Victorians socially and economically’.

The former Department of Infrastructure (DOI) noted that ‘train patronage has grown by 30 per cent in the past three years’ and a continuation of that trend ‘would see a doubling of patronage within the next ten years’. It further expects ‘substantial overcrowding will begin from 2012 on the Craigieburn, Sydenham and Werribee lines’ and ‘overcrowding’ from 2016 on the Cranbourne, Frankston and Pakenham lines.99

To help address this, the Government has announced spending of $10.5 billion under MOTC over 10 years (in addition to $1.6 billion already allocated) for ‘improving transport infrastructure and services to ensure that Victoria remains one of the most liveable places in the world’.100

Notably for this inquiry, MOTC includes the purchase of 18 new trains (on order from Europe) to enhance services across the entire metropolitan network; a $646 million package ‘to boost metropolitan bus services over 10 years’ across 58 Melbourne bus routes including the outer suburbs, with service enhancements determined through a broad local community consultation and review process; the completion of the Craigieburn Rail Project; and a commitment of $90 million to developing more Park & Ride facilities across Melbourne.101 In addition, in its 2008–09 Budget, the State Government allocated more than $429 million (not already included in MOTC) for projects on the metropolitan rail network, some of which will affect travel to and from Melbourne's outer suburbs:

- $10.4 million for scoping and high level design works to accelerate the MOTC plan to extend the Epping line to South Morang;
- $92.6 million for a third track and extra platform at Laverton, to allow for three extra morning peak services on the Werribee line, thus cutting journey times by eight minutes and improving reliability for V/Line Geelong services;
- $153 million for a third track, extra platform and train stabling at Westall Station to allow for three more morning peak services on the Dandenong line and provide capacity for express trains from Pakenham and Cranbourne to bypass middle and inner suburban stations for the city;
- $30.2 million for an extra track at Craigieburn Train Station, to run two more morning peak services and reduce the bottleneck for V/Line trains travelling via that station to and from the city; and
• $236 million for nine new V/Line VLocity train sets to increase capacity on Victoria’s regional rail network.\(^{102}\)

The State Government has also allocated $22.5 million to increase metro bus services along the Eastern Freeway to Doncaster, resulting in 20 extra peak services every weekday to cater for an additional 1,000 travellers a week.\(^{103}\)

As further recognition of the need to address Melbourne’s transport deficiencies, in late-April 2008 the Government announced the creation of a new Department of Transport, whose responsibilities include implementing measures eventually adopted from the Eddington Report (see next section) into easing east–west traffic congestion. Premier Brumby also unveiled a $112 million plan called Keeping Melbourne Moving, designed to reduce congestion on Melbourne’s roads by increasing the policing of clearways, giving buses greater priority and building more bike tracks, noting:

\[\text{Jobs and the population are growing quicker than predicted. This growth has led to more cars on the road and more people on public transport, putting pressure on our roads and public transport and extending the time of our peak periods.}^{104}\]

However, the above improvements will apply to a radius of 10 kilometres or less around the CBD; in the meantime, the government’s Linking Melbourne – Metropolitan Transport Plan document recognises Melbourne’s outer suburbs still need ‘improved and/or additional transport infrastructure and services’ because:

\[\text{... in outer metropolitan areas, substantial increases in the population and the longer travel distances required to reach jobs and other activities have led to a significant rise in motorised travel. Since 1994, there has been a 21.5 per cent growth in vehicle kilometres travelled in the outer region, compared to a 5.8 per cent growth in the inner [Melbourne] region.}^{105}\]

Submissions made to this inquiry, as examined later in this report, provide ideas for improving public and private transport infrastructure and services in order to enhance LED in Melbourne’s outer suburbs.

**East West Link Needs Assessment (The Eddington Report)**

In March 2007, the State Government commissioned high profile businessman Sir Rod Eddington to commence an East West Link Needs Assessment (EWLNA). This examined the perceived need for additional east-west transport links across Melbourne to complement the earlier linking of the Monash and West Gate Freeways and the completion of the Western Metropolitan ring road.

At the start of his investigation Sir Rod acknowledged ‘transport is critical to the future success of Victoria’ and ‘to maintain our economic success and the liveability
of our State, we must continue to create efficient and sustainable ways for people and freight to move across Victoria' 106

Sir Rod released his subsequent Investing in Transport: East West Links Need Assessment document in April 2008, with the key finding being ‘the consequences of doing nothing to improve Melbourne’s cross city transport connections would be significant’.107 In other words, ‘doing nothing is not an option’ because of:

- the constraints placed on economic development and jobs growth;
- an existing rail network that will ‘hit the wall’ within a decade;
- the ‘shutting out’ of Melbourne’s west by the current lack of transport infrastructure;
- an over-reliance on the West Gate Bridge to service transport needs from the west;
- increasing congestion on cross city (road) routes;
- more costly and less efficient freight movements; and
- more greenhouse gas emissions.

To help remedy Melbourne’s east-west transport needs, Sir Rod detailed 20 recommendations worth around $18 billion. At the time of completing the Committee’s inquiry the State Government was yet to respond to Sir Rod’s findings (but this response was expected by the end of 2008).

However, eight of Sir Rod’s recommendations could directly assist LED in Melbourne’s outer suburbs and these will be discussed later in this report in a section titled ‘Transport’, which includes submissions made to the Committee regarding transport in the outer suburbs.

**Port Phillip Bay Channel Deepening Project**

During this inquiry, the Port of Melbourne Corporation (PoMC) gained approval to commence its $1 billion Port Phillip Bay Channel Deepening Project, which involves deepening sections of the existing channel to allow the latest ‘new generation freighters’ (with 14 metre draughts) to access the Port of Melbourne, even during the lowest tides.

The Victorian and Australian Governments view this as ‘a project of national significance’ and recognition of the Port of Melbourne as being Australia’s ‘premier container port’. The Australian Council for Infrastructure Development (ACID) also rates the channel deepening as the nation’s most valuable infrastructure project, with the potential to add $14.8 billion to Gross Domestic Product (GDP) by 2030. The PoMC says this economic potential will come from:
‘an expansion of the port’s trade capability as a key driver of sustainable economic growth for Victoria’;

‘increased economies of scale – more cargo in less shipping movements equal improved costs which help make Australia’s exports more competitive’; and

‘the creation of 2,300 direct jobs during construction and 500 jobs once completed’.

The PoMC also argues ‘the use of larger, more efficient cargo ships would see a reduction in fuel consumption and reduced greenhouse gas emissions from shipping by 1.5 million tonnes’ over the estimated 30 year life of the project. Such benefits are not without their costs – as highlighted by Sir Rod Eddington’s Investing in Transport: East West Links Need Assessment.

Sir Rod notes the port currently handles around two million containers each year, but by 2031 – with the channel deepening long completed – it could be handling at least eight million containers annually: a four-fold increase that will ‘generate even more traffic on the city’s roads’. In terms of road traffic, there are over 9,000 truck movements through the port each day, with around 16 per cent of port-related traffic carried by rail; however, Sir Rod argues if rail’s share of freight transport does not improve significantly then by 2035 there will be at least 18,000 truck movements through the port every day.

This mounting congestion on Melbourne’s transport network will affect the entire city’s economy, including the prospects for LED in the outer suburbs. For this reason, the channel deepening and its flow-on effects for the PoMC must be considered in the context of this inquiry’s findings.

**Port of Hastings**

Victoria’s second-largest commercial port (after the Port of Melbourne) is the Port of Hastings Corporation (PoHC) on Western Port. Its future development will have a significant impact on local jobs and economic growth in the surrounding region, especially the Mornington Peninsula.
Local Economic Development in Outer Suburban Melbourne

**Figure 1.2: Port Phillip and Western Port Bays**

![Map of Port Phillip and Western Port Bays](image)


Around 200 vessels visit the port each year, carrying around five million tonnes of cargo, including petroleum, liquid petroleum gas (LPG) and steel. The port directly and indirectly provides 170 local jobs and injects over $64 million a year into the Mornington Peninsula economy.

The Victorian Government considers the PoHC as the preferred site for future container development, once the PoMC reaches capacity around 2035. Hastings would supplement rather than replace Melbourne and both ports would continue to operate in parallel.

Hastings has the advantage of natural deep water (more than 14 metres), large areas of vacant land and proximity to Melbourne’s south-east: the source and destination of a significant proportion of international container flows in Victoria. However, the PoHC notes

> ... the development of Hastings for international containers would require substantial supporting infrastructure expenditure and raises significant environmental management issues. These challenges and their impact on logistics chain costs for Melbourne shippers warrant further assessment.\(^{110}\)

These additional needs, challenges and their impact – especially on continued LED in the region – are considered later in this report.

**Melbourne Airport**

Significant private infrastructure investment is underway at Melbourne Airport in Tullamarine (within the City of Hume) that is already advancing LED in Melbourne’s outer suburbs, especially in the west.

Australian Pacific Airports Melbourne (APAM) has spent around $245 million on capital improvements at Melbourne Airport over the past five years and has committed further substantial spending for the next decade. This development is "to
accommodate continued strong growth in international passenger traffic [up 33 per cent since 2003] and the new double-decker A380 [passenger] aircraft’. As a result, employment at Melbourne Airport has grown from 9,000 to 10,965 equivalent full-time positions from 2002 to 2007: a 22 per cent increase over five years. 

APAM has presented evidence to this inquiry and published subsequent economic data arguing for further State Government action to assist in improving LED opportunities in Melbourne’s outer west. This information will be discussed in Chapter Five of this report under ‘Transport’.

**Broadband Services**

As mentioned later in this report, some submissions to this inquiry have highlighted a need for more reliable, affordable, widespread and faster broadband infrastructure for Melbourne’s outer suburbs. Many believe this access would be particularly welcomed by existing or potential small to medium enterprises in the outer suburbs, as well as many data-intensive home-based businesses.

As this inquiry has progressed, the Howard Liberal Government then the Rudd Federal Labor Government have both attempted to improve the nation’s access to a world-quality broadband network. The latest move came in mid-April 2008 when Federal Communications Minister Hon. Stephen Conroy MP called for proposals from companies or consortia able to build and operate an $8 billion-plus network, with the Federal Government contributing $4.7 billion.

This would result in either a national ‘fibre-to-the-node’ or the more expensive ‘fibre-to-the-home’ network, capable of delivering download speeds of at least 12 megabits per second to 98 per cent of Australian homes and businesses and operational within five years. Senator Conroy believes this would ‘ensure the best outcomes for all Australians and the competitiveness of the economy’.

Submissions for the new network closed on 25 July 2008, and at the time of concluding this report the Committee was awaiting further news from the Federal Government. In the interim, the State Government continues to roll out its $9 million *Connecting Communities: the second wave* strategy ‘to address the barriers to Internet uptake in Victoria’; for, as Community Development Minister Hon Peter Batchelor MP observes: ‘The internet is increasingly important as a household and business resource and as a gateway to new opportunities’. 

**Water Supply**

During this inquiry, South-East Australia has continued to experience the worst drought period and lowest stream flows in recorded history.

While this has had obvious effects for all Victorians and the State’s economy – especially in agriculture – it has also resulted in high level water restrictions and localised stress for water-dependent agriculture, horticulture and tourism in some areas of Melbourne’s outer suburbs.
In response to the drought conditions, in 2004 the State Government embarked on its *Our Water Our Future* plan, which Premier Brumby now says is ‘the most successful water saving campaign in Australia’. Under this plan, industry and businesses are required to save more water, and already recycling has increased from two per cent of Melbourne's wastewater in 1999 to 14 per cent in 2007.

Yet, although Melbourne businesses and households have jointly reduced their water use by around 22 per cent (making them the lowest per property water users in the nation), the Government believes Victoria must increase its water supplies because ‘Having a secure water supply will enable Victoria's economy and population to continue to grow’. ¹¹⁵

To secure extra water, the Government has embarked on $4.9 billion worth of water infrastructure projects, billed as ‘the biggest boost to Victoria's water supplies in 25 years’. The two most significant projects affecting Melbourne are:

- a $3.1 billion seawater desalination plant on the coast near Wonthaggi to supply up to 150 billion litres of potable water a year to Melbourne, Geelong, and South Gippsland and Western Port towns; and
- the $750 million Sugarloaf Interconnector Pipeline to transfer Melbourne’s share of predicted water savings – capped at 75 billion litres each year – from up to 225 billion litres of water savings achieved through the $1 billion Food Bowl Modernisation Project, which is upgrading ageing irrigation infrastructure in the Goulburn Valley. ¹¹⁶

Several submissions to this inquiry – notably from farmers in Mornington Peninsula, orchardists in Yarra Ranges and horticulturalists in Wyndham – highlight the need to make better use of additional ‘new’ water, as well as ‘reclaimed’ water, to not only secure their current activities but enhance their prospects for further local economic development. These submissions are considered later in this report.

**Climate Change and Sustainability**

This inquiry comes amidst almost daily public and media debate about Melbourne’s future as a sustainable and ‘liveable’ city, able to continue its strong economic growth in the face of rising challenges wrought by enhanced global warming and climate change.

These challenges came to prominence internationally with the release of several key reports: the *Stern Review on the Economics of Climate Change* (October 2006) and the Intergovernmental Panel on Climate Change’s *Fourth Assessment Report (AR4): Climate Change 2007* (November 2007). In essence, both reports conclude ‘the benefits of strong and early action [in reducing greenhouse gas emissions] far outweigh the economic costs of not acting’. ¹¹⁷
Chapter 1: Background to the Inquiry

This conclusion was reinforced locally by Professor Ross Garnaut, who was commissioned by Australia’s Commonwealth, State and Territory Governments in April 2007 to review and report on the impact of climate change on Australia’s economy.

In response to this overwhelming evidence, the Federal Labor Government ratified the Kyoto Agreement on 3 December 2007, obliging Australia (from 11 March 2008) to ‘limit its greenhouse gas emissions in 2008–2012 to 108 per cent of its emissions in 1990’, by introducing a national emissions trading scheme (or ‘cap’) by 2010.118

The Victorian Government has similarly declared climate change to be ‘the defining issue of our era’ and ‘set a target [for Victoria] to reduce greenhouse emissions by 60 per cent by 2050, based on 2000 levels’.119 This will impact on all facets of the Victorian community, notably energy generation/use and transport use (public and private). It will also result in higher charges for most goods and services – noticeably food, petrol, energy, clothing and shelter.

Of particular relevance to this inquiry is the ‘climate threat’ posed by the rising dependency on private car transport in the five outer suburban ‘growth areas’ designated under Melbourne 2030: Melton–Caroline Springs, Wyndham, Whittlesea, Casey–Cardinia and Hume.120

Many of these ‘new’ areas are not yet served by efficient, reliable and affordable public transport – such as trains, trams, light rail or interconnecting orbital bus services. They also function mainly as ‘dormitory suburbs’, currently offering restricted local employment opportunities; therefore, increasing numbers of residents must travel often lengthy distances to work and be reliant on private cars to do so (noting also that ‘in Australia, transport makes up 14% of greenhouse gas emissions’).121

Yet climate change also presents ‘enormous opportunities’ for developing new business and jobs. Federal Climate Change Minister Hon. Senator Penny Wong MP notes: ‘The World Bank estimates that opportunities created through the Kyoto Protocol were already worth more than US$5 billion in 2006. Australian business will have access to that market’.122

Premier Brumby says he is also keen for Victoria to be part of this developing market and to ‘realise the opportunities that come from developing cleaner industries and sustainable lifestyles’. At the Victorian Climate Change Summit (4 April 2008), he declared ‘Victoria will not miss the opportunity to become a leader in the world’s emerging climate change economy’.123

In the context of this inquiry into LED, it is foreseeable that some of these new ‘climate change economy’ jobs could be created in Melbourne’s outer suburbs, given sufficient encouragement and assistance.
Changing Employment and Work

As mentioned earlier in this chapter, this inquiry has coincided with a 1.3 per cent annual growth in Victoria’s population over 2001–06 and a rise of 1.5 per cent in the year to September 2007, all spurred by ‘a combination of strong natural increase [i.e. more births than deaths, and rising longevity] and overseas immigration [especially skilled workers] and very low interstate losses’.

Overseas-born skilled workers are desperately needed to replace ageing ‘baby boomers’ who are increasingly departing the Australian workforce. The nation’s ‘looming skills crisis’ – as Deputy Prime Minister Julia Gillard calls it – is most obvious in the resources and mining sector, currently generating much of Australia’s overseas income.

Some employers are using the Federal Government’s 457 Visa Scheme to bring in temporary foreign workers to fill the local skills gap. As an indication, in 2006–07 federal authorities approved 10,180 such visas for Victorian employers (see following table).

Table 1.3: Top sector users of 457 Visa Scheme 2006-07

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Number of Visas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and Community Services</td>
<td>1,840</td>
</tr>
<tr>
<td>Communication Services</td>
<td>1,770</td>
</tr>
<tr>
<td>Property and Business Services</td>
<td>1,630</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>930</td>
</tr>
<tr>
<td>Personal and Other Services</td>
<td>590</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>480</td>
</tr>
</tbody>
</table>


Victoria’s former Office of Training and Tertiary Education (OTTE) – now known as Skills Victoria – notes that as employers demand more highly skilled workers to compete globally, Victoria’s workforce must similarly become more qualified. OTTE estimates 411,000 new Victorian workforce entrants (i.e. 15 years and older) and 283,000 existing workers will need to acquire qualifications from 2008 to 2022.

Victoria’s building and construction sector provides ample evidence of this qualification gap: a gap that may affect LED in Melbourne’s outer suburbs, given the high demand for new home building. The Master Builders Association of Victoria (MBAV) says the state’s construction industry directly employs 170,000 Victorians
and has an annual output of $27 billion. However, ‘to keep pace with the industry’s growth, Victoria needs an additional 40,000 skilled workers over the next five years’.  

Yet, an April 2008 report from Monash University’s Centre of Population and Urban Research argues ‘the biggest jobs growth since 1996 has been among people who require university training’, rather than trade qualifications. It adds that ‘professional jobs’ accounted for a third of the 1.4 million new jobs created between 1996 and 2007 – mostly in service industries such as health, education and government administration (see below). Despite this demand, the number of domestic undergraduate students entering university only grew by 2.2 per cent between 2002 and 2006.  

Table 1.4: National Jobs Growth: 1996 - 2006

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Number of Visas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers and Administrators</td>
<td>131,882</td>
</tr>
<tr>
<td>Professionals</td>
<td>438,840</td>
</tr>
<tr>
<td>Associate Professionals</td>
<td>228,811</td>
</tr>
<tr>
<td>Tradespersons</td>
<td>105,749</td>
</tr>
</tbody>
</table>

*Source: Harriet Alexander, Trades focus misdirected: study, Sydney, Sydney Morning Herald, 16 April 2008, p. 4.*

Figures from Skills Victoria confirm the Monash University findings. It projects that ‘at current levels of higher education course completions and migration’, by 2022 Victoria will have a shortfall of 49,000 people with higher qualifications, especially in science and engineering. Conversely, Skills Victoria believes there will be a surplus of people with graduate certificates and diplomas.  

However, in late-April 2008 the Skills and Workforce Participation Minister Hon. Jacinta Allan MP said ‘drastic changes to Victoria’s vocational training sector needed to be made now, or Victoria would be short of 123,000 skilled workers – who hold diplomas – by 2015’. To help address this problem, Minister Allan released a discussion paper titled *Securing our future economic prosperity*, proposing to:

- introduce a university-style Higher Education Contributions Scheme (HECS) payment system to replace the current up-front fees (that discourage some prospective students);
- increase Technical and Further Education (TAFE) course prices by the level of qualification;
• create a TAFE place for every eligible Victorian who wants to get a qualification; and

• boost investment from the private sector to support the increasing number of TAFE places.129

Following public consultation, the Government is yet to announce further action on these initiatives; in the interim, Victoria’s education and skills shortfall should be considered in any broad discussion of the state’s future economy, including LED in Melbourne’s outer suburbs.

‘Brownfields’ and ‘Knowledge Workers’

Much of the need for Victorians to ‘skill-up’ has been driven by globalisation, which over the past two decades has increasingly exposed Australia’s economy and workforce to international competitiveness.

This in turn has seen the partial demise or restructuring of some traditional local manufacturing, leaving so-called ‘brownfields sites’ in its wake. At the same time, new knowledge-based job opportunities are being created, fuelling what OTTE sees as an urgent need to train and educate more highly-skilled ‘knowledge workers’, for

"... as the state [Victoria] competes in the global economy, the industrial structure of its economy has been transforming from a manufacturing base to services and activities emphasising innovation. This is also causing a shift in the occupational structure of Victoria’s workforce. Employment is increasing faster in occupations requiring people with qualifications, particularly at the higher level.130"

This shift in Victoria’s manufacturing sector – from ‘brownfields’ to ‘knowledge workers’ – is readily seen in two examples from Melbourne’s outer and middle suburbs, both inspected by this Committee:

**Ericsson Australia – City of Hume:**

Inner parts of the City of Hume have suffered significant economic decay as local manufacturers react to a changing global market. For example, the Swedish telecommunications giant Ericsson opened its first Australasian research and development (R&D) centre in the industrial suburb of Broadmeadows in 1984. Today, that large multi-storey complex and site sits largely empty following Ericsson’s relocation of 900 staff to a new sales and administration centre at Docklands. The company now relies on overseas made product to supply Australasia, via a new 70-staff office and warehouse at Port Melbourne.131

**Australian Synchrotron – City of Monash:**

The $207 million Australian Synchrotron opened in July 2007 at Clayton, adjacent to Monash University and the Commonwealth Scientific and Industrial Research Organisation (CSIRO), surrounded by myriad ICT
and bio-tech facilities. It was built as a partnership between five State Governments, the Commonwealth and New Zealand Governments, 25 Australian universities, CSIRO, Australian Nuclear Science and Technology Organisation (ANSTO) and other research bodies – primarily to advance Australia’s bio-tech research profile and capability.\textsuperscript{132} Although the Synchrotron costs around $20 million per year to operate and maintain, Premier Brumby believes it is a worthwhile investment in local R&D, arguing it will generate $110 million a year for the national economy and create 2,500 direct and indirect jobs.\textsuperscript{133} All these jobs will employ highly skilled ‘knowledge workers’ of the new global economy.

As appealing as the concept of ‘knowledge work’ may seem, especially compared to the ageing ‘brownfield’ sites of Victoria’s industrial past, the ‘new economy’ will not spell the complete demise of local manufacturing. Rather, as this report later discusses, Melbourne’s outer suburbs contain some excellent examples of manufacturers who are successfully adapting to the global marketplace. Their success augers well for further similar LED ventures.

**Victoria’s New Priorities**

In response to updates from the ABS’s 2006 Census that Victoria’s population is growing much faster than forecast after the 2001 Census, Premier John Brumby has decided to release eight new policy statements over the course of 2008.

These are designed to address the challenges presented by strong population growth, and cover the areas of:

1. housing affordability;
2. preventative health;
3. transport congestion;
4. regional Victoria;
5. climate change;
6. innovation, jobs and skills;
7. farming; and
8. social inclusion.

These policy areas may contain news of even more direct relevance to stimulating LED in the outer suburbs and these statements should be read in context with the findings of this report, once they are released by year’s end.
**Conclusion**

As this introductory chapter demonstrates, no inquiry is ever conducted in a social or economic vacuum. Indeed, this inquiry has been made all the more challenging because economic development, even on a local level, can be affected by forces or events in distant precincts. The rise and fall of global currencies or oil prices are both good examples. Closer to home, even Australia’s Federal Treasury has little control over annual inflation or national unemployment levels and has no direct control over interest rates set by the Reserve Bank of Australia.

This report also comes on the cusp of certain pending decisions that could significantly affect LED in outer Melbourne; for example, the State Government’s formal response to Sir Rod Eddington’s report, and to a lesser extent, its continued embrace of M2030 through the Growth Areas Authority. There are also several major infrastructure projects underway that when finished, could similarly influence LED. Other notable examples include the completion of Melbourne’s desalination plant in 2011, the lane deepening of Port Phillip Bay, the commissioning of extra trains and the construction of new schools in Melbourne’s growth areas.

Therefore, this report should not be seen as ‘set in concrete’; rather, its findings and views reflect a rapidly changing period in Victoria’s history that offers just as many opportunities as challenges for local economic development.
Endnotes


11 ibid., p. 8.


18 ABS, 3222.0 - Population Projections Australia 2004 to 2101, Canberra, ABS, p. 58.


33 ibid.

Local Economic Development in Outer Suburban Melbourne

31 ibid.
32 ibid.
33 The urban growth boundary (UGB) is a planning tool introduced by the Victorian Government in 2002 to manage the outward growth of Melbourne.
38 ibid.
46 Dr Craig Emerson, ‘Prevention is the best cure: having a fit and agile economy will ward off Dutch Disease – New Agenda for Prosperity’, Sydney, The Australian, 27 March 2008, p. 34
47 ibid.
52 Reserve Bank of Australia (RBA), Statement by Glenn Stevens, Governor, Monetary Policy, media release, Sydney, RBA, 4 March 2008.
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63 The Australia Futures Task Force, Challenges and Directions for Australia’s Urban and Regional Future: Report #1, Identifying the Key Issues, ARC Research Network, SISS Brisbane, University of Queensland, November 2007, p. 133.
21 ibid.
24 Enzo Raimondo, Melbourne rental vacancy drops below 1 per cent, media release, Melbourne, Real Estate Institute of Victoria, 20 March 2008.
35 Geraldine Mitchell and John Ferguson, ‘Melbourne’s Bridge is at Braking Point’, Melbourne, Herald Sun, 18 February 2008, p. 5.
41 Clay Lucas, ‘Cars now no more efficient than ‘60s’, Sydney, Sydney Morning Herald, 28 April 2008, p. 3.
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45 ibid.
54 John Ferguson, Transport is on the move, Melbourne, Herald Sun, 29 April 2008, p. 16; Australian Associated press (AAP), Vic: ‘Brumby unveils $112M plan to fight traffic congestion’, Melbourne, AAP Newswire, 29 April 2008, 12:03:55PM.
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114 Community Development Minister Hon. Peter Batchelor MP, ‘$600,000 to increase internet access for all Victorians’, media release, Melbourne, Victorian Government, issued 16 May 2008.


126 Brian Welch, ‘Retirees to play part in skills shortage solution’, media release, Melbourne, Master Builders Association of Victoria, 14 April 2008.


Horses roam a paddock on the border of Caroline Springs as Melbourne’s CBD looms over the outer-suburban fringe. Photographer John Donegan, Courtesy of The Age.

‘We are not metropolitan nor are we completely rural.’

– Cardinia Shire Council.¹

This chapter provides an overview of the geography, demographics, economic status and expected future growth of the nine LGAs that together, comprise Melbourne’s outer suburban or interface area. As Cardinia Shire notes above, this region sits between ‘established’ Melbourne and rural Victoria, presenting some unique challenges for policy-makers and governments at all levels.

The Committee’s examination of LED in the outer suburbs has drawn extensively from the latest 2006 Census, progressively released by the Australian Bureau of Statistics (ABS) from July 2007. It also provides an update to the April 2007 report submitted to the Committee by the Interface Councils Group, titled Local Economic Development in the Interface, which drew, by necessity, on earlier 2001 Census data.²
This chapter begins with an introduction to the diverse geography of suburban Melbourne’s interface and profiles those outer suburban municipalities that govern this region, including an overview of their individual finances.

This is followed by an explanation of the ‘Green Wedges’, the UGB, and the government’s latest UGZs: a trio of key planning concepts designed to contain and regulate Melbourne’s outward growth.

This chapter then examines the identified high levels of population growth in the outer suburbs, and the ‘Growth Areas’ planning strategies devised to cope with this phenomenon. The impact of these strategies is then examined through identifying outer suburban building activity.

In putting a ‘human face’ to the outer suburbs, this chapter next examines the region’s demographics, including the (ethnic) backgrounds of residents, their age profiles, educational achievements, employment activity and industries of employment – including those residents who ‘work at home’. Internet connectivity rates, the income of residents and the ‘social and economic wellbeing’ of the nine outer suburban LGAs examined in this inquiry, are also profiled.

Overall, this chapter provides an authoritative statistical base upon which to examine and develop ideas and then make informed recommendations to assist LED across the rapidly growing interface areas.

**Introduction**

The outer suburban region essentially refers to nine ‘interface councils’ that collectively form Melbourne’s perimeter, which provide a transition between the greater metropolis and Victoria’s peri-urban municipalities and rural areas beyond.³

In alphabetical order for the purposes of this inquiry, the committee has determined that Melbourne’s outer suburban LGAs are Cardinia Shire Council, Casey City Council, Hume City Council, Melton Shire Council, Mornington Peninsula Shire Council, Nillumbik Shire Council, Whittlesea City Council, Wyndham City Council and Yarra Ranges Shire Council.
Chapter 2: Profiling Melbourne’s Outer Suburban Interface

Figure 2.1: Melbourne Statistical Division


The outer suburban region covers a diverse geographic canvas situated between 10 to 75 kilometres from Melbourne’s Central Business District (CBD).

The outer west features flat, open plains; the northern regions reach inland toward the undulating foothills of the Great Dividing Range; the north-east region extends over the Dandenong and Yarra Ranges to take in the Yarra Ranges National Park beyond it; while the outer south-east region includes panoramic rural hinterland and coastal vistas, sensitive marine environments and Melbourne’s second deep-water port at Hastings on Western Port Bay.

Most of Melbourne’s outer suburban LGAs range in size from 400 to 720 square kilometres; the two notable exceptions are Cardinia (1,281 square kilometres), and Yarra Ranges (almost double Cardinia’s size at 2,470 square kilometres).
Cardinia Shire Council spans 1,281 square kilometres of mainly agricultural land, bounded by the City of Casey to the west, Yarra Ranges Shire Council to the north, Baw Baw Shire Council to the east and Western Port to the south. Cardinia’s largest centre is Pakenham – the site of Cardinia Shire Council’s administrative headquarters – located 55 kilometres south-east of Melbourne’s CBD.

The municipality has ready access to central Melbourne and the La Trobe Valley via the Princes Highway (including the Pakenham Bypass, under construction), the V-Line country services, and (electrified) suburban rail network.

Cardinia encompasses more than 30 different communities, spread across three sub-regions:

- the ‘Growth Area’ sub-region encompassing Pakenham, Beaconsfield and Officer;
- the ‘Hills’ sub-region of Upper Beaconsfield, Guys Hill and Dewhurst; Emerald, Clematis, Avonsleigh and Menzies Creek; Cockatoo and Nangana; Gembrook and Northern Rural; and
- the ‘Rural’ (south and east) sub-region covering the areas of Southern Rural, Koo Wee Rup, Lang Lang, Nar Nar Goon and Tynong, Garfield and Bunyip.

Cardinia sits at the forefront of Melbourne’s south-east growth corridor, which stretches in a narrow band along the Princes Highway from Beaconsfield to
Pakenham. This urban expansion is contained by the UGB bordering the Westernport ‘green wedge’ on its eastern and southern boundaries, and the Southern Ranges ‘green wedge’ along its northern edge (see details later in this chapter).\textsuperscript{6}

**Future Development**

Cardinia was the fourth fastest growing municipality in Victoria at 30 June 2007 with an estimated 60,753 residents and a growth rate of 4.7 per cent between June 2002 and June 2007. Cardinia was also eighth in terms of population growth for 2006–07, trailing Wyndham, Casey, Melton, Melbourne, Whittlesea, Hume and Greater Geelong.\textsuperscript{6} Cardinia Council projects its population will grow to 100,000 by June 2017, mostly at Beaconsfield, Officer and Pakenham.\textsuperscript{7}

This expansion will largely occur within the Casey–Cardinia Growth Area: one of five outer suburban precincts designated by the Department of Sustainability and Environment (DSE) to contain much of Melbourne’s new urban development.

In 2006 the DSE predicted the Casey–Cardinia Growth Area would expand by 135,000 to 170,000 people by 2030, housed in 65,000 to 85,000 new dwellings. It also expected ‘employment in local businesses and industries to grow to between 100,000 and 140,000 jobs, reducing the need [for residents] to commute long distances’.\textsuperscript{8} However, revised projections released in March 2008 by the DPCD indicate that Melbourne and its growth areas are growing at a much faster rate than earlier predicted (see sections on *Population Growth* and *Growth Areas*, later in this chapter).\textsuperscript{9}

Subsequently, the State Government announced its new UGZ to ‘help bring forward the development of more than 90,000 new homes in Melbourne’s five growth areas – Casey–Cardinia, Hume, Melton, Whittlesea and Wyndham’ – by fast-tracking the rezoning of remnant broadacre farmland into residential land. Premier John Brumby believes this ‘will cut $5,000 to $10,000 off the price of a block of land’.\textsuperscript{10}

**Economic Activity**

The major local employment sectors include building and construction, light manufacturing, retail, commercial and education. In addition, the municipality has many established farms involved in dairying, grain production, chicken-farming and red-meat production.\textsuperscript{11}
City of Casey

Figure 2.3: City of Casey Local Government Area


The City of Casey promotes itself as ‘Victoria’s largest and Most Vibrant Municipality’ and covers 400 square kilometres of Melbourne's south-eastern growth corridor (adjacent to Cardinia Shire Council on its eastern boundary). The major commercial hub of Narre Warren – the site of the City of Casey’s administrative headquarters – sits 38 kilometres south-east of the Melbourne CBD, while Berwick and Cranbourne are 44 kilometres from central Melbourne.

Overall, the municipality features five distinct geographic regions:

1) the foothills of the Dandenong Ranges (Lysterfield South, Narre Warren North, Harkaway);

2) a residential and commercial heart (Doveton, Endeavour Hills, Hallam, Hampton Park, Narre Warren);

3) the ‘urban growth’ area (Narre Warren South, Berwick, Cranbourne, Cranbourne North, Cranbourne South, Lynbrook, Lyndhurst);

4) the farm belt (Devon Meadows, Clyde, Pearcedale, Five Ways, Junction Village); and

5) the coastal villages of Western Port (Tooradin, Blind Bight, Cannons Creek and Warneet).12

Future Development

Casey was home to an estimated 229,080 people at 30 June 2007, making it Victoria’s most populous municipality.13 Its annual population growth rate from June 2002 to
June 2007 was 3.7 per cent, making it the sixth fastest growing Victorian LGA behind Wyndham, Melbourne, Melton, Cardinia and the Surf Coast.\textsuperscript{14}

Currently, about 50 new families move to Casey each week or approximately 8,000 people per year. Further, 80.6 per cent of residents are younger than 54 years of age, with 31 per cent aged between 5 and 25 years.\textsuperscript{15}

As indicated previously, the Casey–Cardinia Growth Area has ‘experienced the highest level of residential development of all growth areas over the past 10 years’. This is set to continue, with the latest revised projections (March 2008) by DPCD indicating that Melbourne and its growth areas are growing at a much faster rate than earlier predicted (see Population Growth later in this chapter).\textsuperscript{16}

In May 2008, the State Government announced that the existing Principal Activity Centres (PACs) of Cranbourne and Narre Warren (Fountain Gate) – two of 27 such PACs across Melbourne and Geelong – would have their current planning controls transferred from the local (Casey) council to two new DACs. Premier Brumby said this change to Melbourne 2030 would ‘provide capacity for around 365,000 new dwellings to address our [Victoria’s] population boom’.\textsuperscript{17}

**Economic Activity**

Casey has experienced high growth in retail services, ranging from small convenience stores to the regional shopping centres of Cranbourne Park and Fountain Gate at Narre Warren.

Apart from a strong retail sector, the municipality has strengths in light manufacturing and industrial operations together with established farms involved in dairying, grain production, chicken-farming and red-meat production.

Cranbourne is also one of Australia’s largest horse training and racing centres with the Cranbourne Racing Complex hosting three racing codes: turf, harness and greyhounds – each with its own track and training facilities.\textsuperscript{18}

Finally, 25.5 per cent of employed Casey residents travel to work in the adjoining municipality of Greater Dandenong, which is the third largest ‘major centre of employment’ in Greater Melbourne.\textsuperscript{19}
**City of Hume**

**Figure 2.4**: City of Hume Local Government Area

Hume City is located north-west of Melbourne’s CBD. Its 504 square kilometres comprises vast tracts of rural land; older residential, commercial and ‘brownfields’ industrial suburbs; and inner suburbs such as Broadmeadows and Dallas already earmarked by the Victorian Government for ‘neighbourhood renewal’. The municipality’s most populous centre, Broadmeadows – the site of Hume City Council’s administrative headquarters – sits 15 kilometres from Melbourne’s CBD.

Hume encompasses 27 localities: Attwood, Broadmeadows, Bulla, Campbellfield, Coolaroo, Craigieburn, Dallas, Donnybrook, Gladstone Park, Goonawarra, Greenvale, Jacana, Kal Kallo, Konagaderra, Meadow Heights, Melbourne Airport, Mickleham, Oaklands Junction, Roxburgh Park, Sunbury, Somerton, Tullamarine (residential area), Upfield, Westmeadows and Yuroke. Hume also ‘shares’ the suburbs of Clarkefield, Diggers Rest, Fawkner and Keilor.

The local council markets Hume as Victoria’s ‘gateway city’ to the world via Melbourne Airport at Tullamarine. Hume also claims to be ‘a gateway to Melbourne’s CBD and suburbs via a comprehensive road network with direct links to the Hume Highway, Tullamarine Freeway, Calder Freeway, Western Ring Road, CityLink and the Princess Highway’. Further, Hume is a ‘gateway city’ to Australia’s northern states via the Hume Highway and the Melbourne–Sydney railway.

**Future Development**

Hume’s population has grown from 139,466 in June 2002 to an estimated 157,145 by 30 June 2007 – a 2.4 per cent rise, giving it the sixth largest and the tenth fastest growth rate of all Victorian LGAs. Hume projects its population will reach 242,605 by 2030, accommodated in outlying areas such as Craigieburn which in 2007 boasted...
‘the lowest average median vacant land price in the municipality’: $125,000 to $121,950 per average building block.\textsuperscript{21}

In 2006, the DSE predicted the Hume Growth Area population would increase by 30,000 to 35,000 people by 2030, housed in around 20,000 new dwellings. The DSE also expected ‘employment in local businesses and industries to grow to between 90,000 and 95,000 jobs’.\textsuperscript{22} However, revised projections released in March 2008 by the DPCD indicate that Melbourne and its growth areas are growing at a much faster rate than earlier predicted (see Population Growth later in this chapter).\textsuperscript{23}

In May 2008, the State Government announced the existing Broadmeadows PAC – one of 27 across Melbourne and Geelong – would have its current planning powers transferred from the local (Hume) council to a new DAC.\textsuperscript{24}

**Economic Activity**

Hume’s unemployment rate for the December 2006 quarter was 7.1 per cent (10.9 per cent in Broadmeadows), compared to Victoria’s 4.9 per cent.\textsuperscript{25} Despite this, Hume argues it has a ‘very strong’ industrial base, comprising motor vehicle and associated component manufacturing (e.g. Ford at Broadmeadows), heavy engineering, freight handling, warehousing and logistics, electronics and communications, paper production, food manufacturing and money-printing. Melbourne Airport also lies within Hume and is one of its single largest employers (over 11,000 people). The outlying northern areas also have farming activity in livestock and grain production.

ABS Census figures confirm that 64,580 people were employed within Hume in June 2006, making it Greater Melbourne’s sixth largest ‘major centre of employment’\textsuperscript{26}

Hume’s critical transport role is evidenced in traffic figures compiled by the former DOI. These show that in 2006 Hume had 1,259 freight movements of manufactured goods originating and terminating within Greater Melbourne during the morning peak, second only to Greater Dandenong’s 1,705 freight movements.\textsuperscript{27} Further, the heaviest movements of manufacturing freight originating outside Greater Melbourne enter the metropolis from the north, northwest and southwest with the Hume corridor (i.e. the Hume Freeway from Sydney) being the heaviest inbound route during the morning peak.\textsuperscript{28}
Melton Shire Council

Figure 2.5: Melton Shire Council Local Government Area


Melton Shire is on Melbourne’s western fringe, with the principal township being Melton – the site of the Shire of Melton’s administrative headquarters – being 35 kilometres from the Melbourne CBD. The municipality occupies 528 square kilometres and its principal areas are Melton (a former ‘satellite city’, declared 1974), Melton West, Melton South, Diggers Rest, Caroline Springs, Rockbank, Hillside, Taylor’s Hill Burnside and Ravenhall.

The populous residential/commercial areas of Melton, Melton-Woodgrave and Toolern (currently in the planning stages) are encircled by the UGB; Caroline Springs is also contained on its western boundary by the UGB.29

Bisected by the Western Freeway and rail line to Ballarat (and South Australia) and adjacent to the Calder Freeway, Melton claims to be a ‘strategic location’ with ready access to Melbourne and Avalon airports; the ports of Melbourne and Geelong; and national road and rail networks.30

Future Development

Melton has Victoria’s third-fastest growing population, rising from 40,612 residents in 1996, to an estimated 85,613 by 30 June 2007. Melton’s annual growth rate of 5.8 per cent ranked it as Victoria’s third largest growth LGA after Wyndham and Casey.31

In 2006 the DSE expected the Melton–Caroline Springs Growth Area to expand by a further 75,000 to 90,000 people by 2030 accommodated in 35,000 households, with ‘employment in local businesses and industries to grow to between 20,000 and 25,000 jobs’.32 However, revised projections released in March 2008 by DPCD indicate
Melbourne and its growth areas are growing at a much faster rate than earlier predicted (see Population Growth later in this chapter).  

**Economic Activity**

The DSE has identified the major activity centres of Caroline Springs, Melton, Melton-Woodgrove and Coburn’s Road for ‘the attraction of more service based employment sectors and education, business and professional services’.  

Melton Shire has embarked on a $15 billion initiative called ‘Toolern’ to ‘establish the area as a major growth centre for Victoria’. Under this vision, ‘Melton will be the focus for Melbourne’s North West development – a commitment that will create an entirely new city [Toolern], home to up to 100,000 people [with 15,000 new homes] in the next two decades’.  

In June 2001, a report commissioned by the Outer Western Region Agribusiness Audit Project identified future business opportunities for the Melton region in hydroponics, viticulture and fruit (e.g. apples); the established equine industry; goat and alpaca farming; cell-grazed (feed-lot) beef; agri-forestry; herbs, berries, almonds and walnuts production; aquaculture; and food and fibre processing.

**Mornington Peninsula Shire Council**

**Figure 2.6:** Mornington Peninsula Shire Council Local Government Area

Source: Australian Bureau of Statistics (ABS) map used with permission from the ABS.


The Mornington Peninsula Shire Council covers 720 square kilometres and is located just over an hour’s drive south from the Melbourne CBD. The major bayside centre of Mornington – the site of Mornington Peninsula Shire Council’s administrative headquarters – sits 45 kilometres almost due south of Melbourne’s CBD.
Local Economic Development in Outer Suburban Melbourne

The Peninsula’s boot-shaped promontory separates the two contrasting bays of Port Phillip and Western Port, and the area is marketed by the Council as ‘Melbourne’s playground’ and ‘the most popular informal recreational area in Victoria’.  

The region is almost surrounded by the sea, with coastal boundaries stretching over 190 kilometres. It contains ‘a diversity of scenic landscapes’: a mix of old and new urban areas, resort towns, tourist developments and rural land.

**Future Development**

To 30 June 2007 the ABS estimated Mornington Peninsula was home to 142,659 people. However, the municipality’s annual population growth rate from 2002 to 2007 was a modest 1.1per cent, making it the twenty-third fastest growing Victorian LGA and the ninth largest in population growth, well ahead of Yarra Ranges and Nillumbik but behind all other interface LGAs.

**Economic Activity**

A Council survey of 700 Peninsula businesses, conducted in May 2007, showed ‘40 per cent of all their customers were tourists or holiday home owners’, leading the Shire’s Economic Development Manager Shane Murphy to observe that ‘This makes tourism responsible for the survival of our towns and villages’.

In addition, the municipality includes major shipping, freight handling, refining and manufacturing operations at Hastings on Western Port Bay, while the hinterland boasts quality rural properties ideal for mixed agriculture and horticulture, viticulture and growth in the potentially lucrative rural conventions market.
Nillumbik Shire Council

**Figure 2.7:** Nillumbik Shire Council Local Government Area


Nillumbik Shire Council occupies 432 square kilometres of Melbourne’s north-east, stretching into the foothills of the Dandenongs. The major centre of Greensborough – the site of Nillumbik Shire Council’s administrative headquarters – sits 18 kilometres north-east of the Melbourne CBD.

The municipality includes both urban and rural areas but is mostly zoned within the Nillumbik ‘green wedge’; consequently, it markets itself as ‘The Green Wedge Shire’: a ‘historic area’ where ‘Melbourne meets the Yarra Valley’. Nillumbik is bordered by the Yarra River to the south, Kinglake National Park in the north, the Plenty River and Yan Yean Road in the west and the Christmas Hills and Yarra escarpment to the east.

The Council claims the region’s ‘natural beauty … has attracted and nurtured a vibrant community of creative people’, where ‘vineyards, olive groves and grazing land sit side-by-side with natural bushland’.  

**Future Development**

Nillumbik’s estimated 62,310 residents at 30 June 2007 mainly lived at Diamond Creek, Eltham, Eltham North, Greensborough, Hurstbridge and Wattle Glen; the minor communities include St Andrews, North Warrandyte, Kangaroo Ground/Bend of Islands, Yarrambat, Panton Hill and Cottlesbridge.

The municipality’s annual population growth rate from 2002 to 2007 was a modest 0.4 per cent, making it the sixty-second fastest growing Victorian LGA and the forty-seventh largest in population growth.
Economic Activity

Nillumbik’s 2001 unemployment rate of 6.6 per cent was lower than Greater Melbourne’s at 3.8 per cent.\textsuperscript{45} By comparison, Victoria’s unemployment rate by September 2007 was 4.3 per cent.\textsuperscript{46}

Council says its residents are ‘more likely to work from home than people living in the Melbourne region’; even so, an estimated ‘78 percent of … [its] working population … travel outside the Shire to their place of employment, with the top two destinations being Melbourne and Banyule, followed by Whittlesea, Darebin and Hume’.\textsuperscript{47}

Nillumbik’s local economic activity includes clerical and administration, sales and service, professional services, education provision and general trade activity (building and construction). Other activity includes tourism, accommodation and hospitality, olive-growing and viticulture.\textsuperscript{48}

City of Whittlesea

\textit{Figure 2.8: City of Whittlesea Local Government Area}

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\end{center}


The City of Whittlesea covers 490 square kilometres, located due north of central Melbourne. The major centre of South Morang – the site of the City of Whittlesea’s administrative headquarters – sits 23 kilometres north-east of Melbourne’s CBD.

Whittlesea’s 17 suburbs and 13 postal districts embrace Bundoora, Thomastown, Lalor, Mill Park, Epping, South Morang, Doreen, Mernda, Wollert, Yan Yean, Eden Park, Whittlesea, Woodstock, Donnybrook and Humevale. The Metropolitan Ring Road provides direct freeway links to airports, docks and central Melbourne.
Future Development

The municipality’s population has more than quadrupled in 37 years, and had risen from 120,353 in 2002 to 133,156 by 30 June 2007: equal to 2.0 per cent annual growth. Up to 300 people move into Whittlesea each month; consequently, it is Victoria’s seventh fastest growing LGA and is expected to reach 240,000 residents by 2030.49

In 2006, the DSE expected the Whittlesea Growth Area to expand by a further 40,000 to 65,000 people by 2030 accommodated in 20,000 to 30,000 new households, with ‘employment in local businesses and industries to grow to 45,000 jobs’.50 However, revised projections released in March 2008 by DPCD indicate Melbourne and its growth areas are growing at a much faster rate than earlier predicted (see Population Growth later in this chapter).51

In May 2008, the State Government announced the existing Epping PAC – one of 27 across Melbourne and Geelong – would have its current planning powers transferred from the local (Whittlesea) council to a new DAC.52

Economic Activity

Whittlesea’s employment base relies on local commercial and retail businesses, industrial and manufacturing operations, fruit and vegetable marketing, food processing, freight handling, logistics, building, construction, education and a small but growing sector of ‘knowledge jobs’ – in areas such as ICT, administration and bio-technology.53
**City of Wyndham**

**Figure 2.9:** City of Wyndham Local Government Area

Wyndham City Council spans 542 square kilometres of flat terrain on Melbourne’s south-west, along the western shore of Port Phillip Bay. In 1892, the former Melbourne Metropolitan Board of Works (MMBW) established Melbourne’s first sewage treatment plant and farm south of Werribee, directly abutting Port Phillip Bay. Today, Melbourne Water operates the 11,000 hectare Western Treatment Plant, treating 52 per cent of Melbourne’s effluent.\(^{54}\)

The populous commercial/residential areas of Werribee and nearby Hoppers Crossing – the site of the Wyndham City Council’s administrative headquarters – sit 30 kilometres south-west of Melbourne’s CBD. These centres are complemented by industrial developments at Laverton North and substantial new residential developments at Tarneit, Point Cook, Truganina, Wyndham Vale and Manor Lakes.

Growth is contained by the UGB on Wyndham’s western, northern and southern boundaries, while the remaining boundaries interface with two ‘green wedges’: Werribee South and Western Plains South.\(^{55}\) Werribee South, which is in a ‘green wedge zone’ south of the Princes Highway and Geelong–Melbourne Rail Line, hosts one of Victoria’s most significant market garden areas.

Wyndham has access to central Melbourne and its port via the Princes Highway and Westgate Freeway and the Western Ring Road to Melbourne Airport. To the south lies Avalon Airport and the port of Geelong. There are regular V-Line and suburban trains to Melbourne, Geelong (and the Surf Coast beyond) and further west to Adelaide via the National Rail Network.
Future Development

On 30 June 2007, Wyndham was assessed by the ABS as being Victoria’s fastest growing municipality with 123,163 residents. It also led the state in population growth from 2002 to 2007. According to the local council, Wyndham’s growth rate of 6.2 per cent to 30 June 2007 equated to ‘about five new families moving into the municipality each day’.

In 2006, the DSE predicted Wyndham’s population to grow by 59,000 to 96,000 people, accommodated in up to 45,000 households, and ‘employment in local businesses and industries [would] … grow to between 62,000 and 90,000 jobs’.

In May 2008, the State Government announced the existing Werribee PAC – one of 27 across Melbourne and Geelong – would have its current planning powers transferred from the local (Wyndham) council to a new DAC.

Economic Activity

Wyndham’s economic base relies on local commercial, administration and retail businesses; industrial and manufacturing operations; market gardening (irrigated agriculture); food processing and cold storage facilities; chemical and fertiliser production; freight, logistics and warehousing services; building and construction; education; tourism and accommodation; and a growing sector of ‘knowledge jobs’, especially in ICT and bio-technology.

Yarra Ranges Shire Council

Figure: 2.10: Yarra Ranges Shire Council Local Government Area


The vast Shire of Yarra Ranges is located on Melbourne’s north-eastern fringe and occupies almost 2,500 square kilometres: the largest area of any metropolitan council.
The Shire stretches from the foothills of the Dandenongs, through the Yarra Valley and beyond to the top of the Black Spur and is known for its ‘beautiful natural environment and its strong sense of community’.  

The major centre of Lilydale – the site of Yarra Ranges Shire Council’s administrative headquarters – sits 35 kilometres east of Melbourne’s CBD. There are over 55 suburbs, townships, small communities and rural areas within the Shire, making it one of the most diverse of any municipality in the state.

**Future Development**

Yarra Ranges was home to more than 145,596 people by 30 June 2007, living in a mix of urban and rural communities. Around 70 per cent are in the ‘urban’ areas, which represent barely 3 per cent of the Shire’s expanse.

Municipal growth remains slow, with an annual population growth rate from 2002 to 2007 of just 0.4 per cent, making it the sixty-third fastest growing Victorian LGA and the thirty-sixth largest in population growth.

**Economic Activity**

There are approximately 6,750 businesses in Yarra Ranges employing over 33,107 people. Economic activity largely relies on tourism, hospitality and accommodation, manufacturing and rural industries – particularly agriculture (including horticulture, floriculture and viticulture).

Council argues that ‘the dispersion of the Shire’s communities significantly impacts on the cost of infrastructure and service provision, particularly to the more rural areas of the Shire. The diversity of needs within the Shire is significantly different to that experienced by other metropolitan councils.’

**Outer Suburban Council Finances**

The Melbourne outer suburban LGAs of Wyndham, Casey, Melton, Whittlesea, Hume, Cardinia and Mornington Peninsula are currently leading Victoria’s ‘phenomenal growth’ and consequently the state’s domestic construction and home ownership. This directly affects their economic health, as it does for around 30 of the nation’s similarly challenged ‘growth areas municipalities’.

Over time, most of these LGAs are gaining extra revenue from each newly-established subdivision – initially through developer contributions of cash and/or assets, which in 2006–07 accounted for 20 per cent of total revenue for outer suburban LGAs. These municipalities then gain further funds by levying new property-owners with municipal rates: ‘the sole source of taxation revenue for local government’, accounting for 37.8 per cent of total revenue across all councils nationwide.
Despite this additional income, the National Growth Areas Alliance argues that rapid growth is straining many of its member councils’ abilities to adequately fulfil existing and new ratepayers’ expectations for social and community infrastructure: both facilities and services (such as swimming pools or libraries). This argument was backed by a report from the Federal Government’s Productivity Commission – *Assessing Local Government Revenue Raising Capacity* – which concluded that ‘urban fringe councils have the lowest levels of fiscal capacity, on average’.

Older, more established outer suburban councils also face increasing demands to upgrade their ageing existing infrastructure, particularly roads. For example, Nillumbik Shire Council is continuing a 6 year ‘renewal gap’ program of works aimed at maintaining community infrastructure, such as roads, parks, ovals, buildings, etc. Similarly, apart from spending $39.4 million on new capital works in 2007–08, Yarra Ranges is embarking on a 10 year ‘major capital program’ worth around $73 million to ‘tackle the major problems that exist with the existing standard of building and recreational infrastructure’ (notably, the creation of ‘Community Hubs’ to provide ‘a variety of services [that] can be delivered from the one location’).

To address these issues, many councils already allocate significant funds toward capital expenditure. For 2007–08, six of Melbourne’s nine outer suburban LGAs will spend 60 per cent or more of their annual budget on capital works, with the other three spending over 50 per cent on such works (see table below).

**Table 2.1:** Projected Capital Expenditure 2007–08, Outer Suburban LGAs

<table>
<thead>
<tr>
<th>Local Government Areas</th>
<th>Capital Expenditure Budget 2007-08</th>
<th>Total Budgeted Revenue 2007-08</th>
<th>Percentage of Total Budgeted Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardinia (S)</td>
<td>$33,173,253</td>
<td>$63,593,000</td>
<td>52%</td>
</tr>
<tr>
<td>Casey (C)</td>
<td>$93,406,843</td>
<td>$180,394,000</td>
<td>51%</td>
</tr>
<tr>
<td>Hume (C)</td>
<td>$77,183,256</td>
<td>$144,141,000</td>
<td>54%</td>
</tr>
<tr>
<td>Melton (S)</td>
<td>$43,539,404</td>
<td>$106,510,000</td>
<td>41%</td>
</tr>
<tr>
<td>Mornington Peninsula (S)</td>
<td>$83,059,022</td>
<td>$135,968,000</td>
<td>61%</td>
</tr>
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</tr>
<tr>
<td>Wyndham (C)</td>
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<td>42%</td>
</tr>
<tr>
<td>Yarra Ranges (S)</td>
<td>$73,714,110</td>
<td>$120,327,363</td>
<td>61%</td>
</tr>
</tbody>
</table>

*Source: Figures derived from Annual Budgets for listed Outer-Suburban LGAs, sourced from council websites during Dec 2007.*
One obvious but unpopular method to fund these demands is by raising rates and other user charges. The Municipal Association of Victoria’s (MAV’s) Local Government Rates Survey for 2007–08 shows the average annual increase for rateable assessments across Victoria’s 79 councils was 6 per cent (on 2006–07): a rise of $65. Of Melbourne’s nine outer suburban LGAs, five exceeded this average rise: Nillumbik ($84), Cardinia ($78), Casey ($76), Yarra Ranges ($69) and Mornington Peninsula ($66).75

Despite rate rises in some LGAs, the MAV argues there remains a ‘funding shortfall’ between the expenses of ‘construction, material and wage costs’ (which it says have grown at 5 per cent in 2006–07), compared to the Commonwealth and State funding increase linked to the lower CPI (of around 3 per cent).

The MAV believes this link is ‘not realistic’, as the Consumer Price Index (CPI) is derived from a ‘basket’ of typical goods, not the mainly ‘labour driven’ expenses incurred by councils to ‘deliver human based services to communities, and to a lesser extent, non-residential construction costs’.76
Table 2.2: Revenue Analysis for 2007–08 (with 2006–07 comparison), Outer Suburban LGAs

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<td>+$69</td>
<td>$512</td>
<td>+$33</td>
</tr>
</tbody>
</table>

Source: From Table of data included with MAV, Rate rises needed to offset growing cost pressures, Media Release, Melbourne, MAV, 30 June 2007.

According to the MAV, this shortfall amounts to $280 million per year across all Victorian councils and means ‘ratepayers now contributed 56 per cent [on average] towards the overall revenue of councils, an increase of 12 per cent in 10 years’. As a consequence, MAV President Cr Dick Gross noted in 2007 that: ‘as costs continued to rise and without a fairer share of Commonwealth taxation, many councils were forced to increase rates or cut back their obligations’.

Of particular relevance and focus to this inquiry is that some outer suburban councils report their over-stretched budgets are hampering their ability to effectively support and resource their LED obligations.
The perimeter of Greater Melbourne’s outer suburbs aligns with the outer boundary of 10 of Melbourne’s 12 ‘green wedge zones’, with the exception of some small coastal sections of Mornington Peninsula Shire Council.

These non-urban areas were first identified by the Victorian Government in the 1970s, and expanded and further defined as ‘active, living areas’ under the State Government’s *Melbourne 2030 – Planning for Sustainable Growth (M2030)* strategy, introduced in 2002. The Victorian Government describes the green wedges as ‘Melbourne’s lungs’, helping to...

... safeguard agricultural uses and preserve rural and scenic landscapes, non-renewable resources and natural areas including water catchments. They also play an important part in Melbourne's open space network and provide opportunities for tourism and recreation. The Green Wedges include areas that have high environmental, landscape, built or Koori heritage values. These non-urban areas also contain infrastructure that supports urban areas, such as airports and quarries.⁷⁸

The inner boundaries of the green wedge zones are delineated by the UGB: an ‘interim tool’ introduced under *M2030* to ‘help contain outward growth’ – or more popularly, ‘to contain urban sprawl’.⁷⁹
Figure 2.11: Melbourne’s Urban Growth Boundary

An average of 79 per cent of Melbourne’s nine outer suburban municipalities is zoned as green wedge. Yarra Ranges has the largest coverage, with less than 4 per cent of its 2,470 square kilometres available for urban development within the UGB; the remnant 96.8 per cent sits within either the Yarra Valley and Yarra & Dandenong Ranges Green Wedge or the Southern Ranges Green Wedge. In other words, around 70 per cent of the shire’s population currently lives in the urban areas, which represents approximately 3 per cent of the shire’s land area.

Cardinia has a similarly high 93.2 per cent of its municipality zoned green wedge, while Nillumbik’s coverage is 91.5 per cent. The least affected is Casey, where 56.4 per cent is zoned green wedge.

The following table details the size of Melbourne’s outer suburban municipalities and the size and location of areas zoned as green wedges under M2030.
Table 2.3: Comparative Areas and Green Wedges—Outer Suburban LGAs – 30 June 2006

<table>
<thead>
<tr>
<th>Local Government Areas</th>
<th>Total Area (km²)</th>
<th>Area outside UGB: Green Wedge (km²)</th>
<th>Area within UGB (km²)</th>
<th>Green Wedge (%)</th>
<th>Green Wedge(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardinia (S)</td>
<td>1,281</td>
<td>1,193</td>
<td>87</td>
<td>93.2%</td>
<td>Yarra Valley &amp; Yarra and Dandenong Ranges; Southern Ranges; and Westernport</td>
</tr>
<tr>
<td>Casey (C)</td>
<td>410</td>
<td>231</td>
<td>179</td>
<td>56.4%</td>
<td>South-East; Southern Ranges; and Westernport</td>
</tr>
<tr>
<td>Hume (C)</td>
<td>504</td>
<td>353</td>
<td>151</td>
<td>70.1%</td>
<td>Sunbury</td>
</tr>
<tr>
<td>Melton (S)</td>
<td>527</td>
<td>434</td>
<td>93</td>
<td>82.4%</td>
<td>Western Plains North; and Western Plains South</td>
</tr>
<tr>
<td>Mornington Peninsula (S)</td>
<td>723</td>
<td>519</td>
<td>204</td>
<td>71.8%</td>
<td>Mornington Peninsula</td>
</tr>
<tr>
<td>Nillumbik (S)</td>
<td>433</td>
<td>396</td>
<td>37</td>
<td>91.5%</td>
<td>Nillumbik</td>
</tr>
<tr>
<td>Whittlesea (C)</td>
<td>490</td>
<td>383</td>
<td>107</td>
<td>78.2%</td>
<td>Whittlesea</td>
</tr>
<tr>
<td>Wyndham (C)</td>
<td>542</td>
<td>397</td>
<td>145</td>
<td>73.3%</td>
<td>Western Plains South; and Werribee South</td>
</tr>
<tr>
<td>Yarra Ranges (S)</td>
<td>2,470</td>
<td>2,391</td>
<td>79</td>
<td>96.8%</td>
<td>Yarra Valley &amp; Yarra and Dandenong Ranges; Southern Ranges</td>
</tr>
<tr>
<td>Total</td>
<td>7,380</td>
<td>6,297</td>
<td>1,082</td>
<td>79.3%</td>
<td></td>
</tr>
</tbody>
</table>


As this report notes in subsequent chapters, some outer suburban LGAs believe that the considerable amount of land ‘locked up’ within green wedges presents a barrier to attracting or generating some forms of local economic development. This is largely because of a perceived shortage among some developers of suitable remnant land for future residential or commercial development.
Population Growth

As highlighted in Chapter One, the ABS projects Melbourne will expand from 3.74 million residents (at 30 June 2006) to ‘almost 5 million by 2030’.\(^8\) Given this prediction, Premier John Brumby has stated that Melbourne’s population could reach 4.5 million by 2020, rather than by 2031 as previously predicted by the State Government in its M2030 plan for guiding the city’s future growth.\(^8\)

Monash University’s Centre for Population and Urban Research (CPUR) largely agrees with the Premier’s revised growth estimates:

\[
\text{Melbourne’s population grew by an average of 54,550 persons a year over the five year period 2001 to 2006 and in 2005–06 the city added another 62,306 persons. Given the recent surge in net overseas migration to Australia and Melbourne, the city is certain to grow by well over 60,000 in 2006–07 [see table below].}^{82}\]

The CPUR adds that if current trends in migration and natural fertility hold true, then ‘Melbourne will grow by an additional 600,000 over the thirty-year period [from 2006] to 2036’.\(^8\)

**Table 2.4:** Melbourne’s Projected Growth

<table>
<thead>
<tr>
<th>Projected Growth</th>
<th>2001</th>
<th>2006</th>
<th>2021</th>
<th>2036</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>3.30m</td>
<td>3.71m</td>
<td>4.58m</td>
<td>5.35m</td>
</tr>
<tr>
<td>Number of Households</td>
<td>1.34m</td>
<td>1.36m</td>
<td>1.76m</td>
<td>2.15m</td>
</tr>
<tr>
<td>Number of Cards held by Melbourne Households</td>
<td>1.82m</td>
<td>1.97m</td>
<td>2.58m</td>
<td>3.07m</td>
</tr>
</tbody>
</table>


The CPUR says 59 per cent of Melbourne’s growth in 2001–06 occurred in its outer suburbs, which is ‘well in excess of the Melbourne 2030 goal of limiting this share to 31 per cent’.\(^8\) The Census data confirms that ‘between 2001 and 2006, the fastest growing municipalities within metropolitan Melbourne were located on the urban fringe, as well as the municipality of Melbourne’ (see next table).\(^8\)
Table 2.5: Estimated Resident Population (ERP), Outer Suburban LGAs – 30 June 2007

<table>
<thead>
<tr>
<th>Local Government Areas</th>
<th>Estimated Resident Population at 30 June</th>
<th>Change</th>
<th>Victorian Growth Rank 2006-07</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2002</td>
<td>2007</td>
<td>2002-07</td>
</tr>
<tr>
<td>Cardinia (S)</td>
<td>48,248</td>
<td>60,753</td>
<td>+12,505 (+4.7%)</td>
</tr>
<tr>
<td>Casey (C)</td>
<td>190,758</td>
<td>229,080</td>
<td>+38,322 (+3.7%)</td>
</tr>
<tr>
<td>Hume (C)</td>
<td>139,466</td>
<td>157,145</td>
<td>+17,679 (+2.4%)</td>
</tr>
<tr>
<td>Melton (S)</td>
<td>58,151</td>
<td>85,613</td>
<td>+27,462 (+8.0%)</td>
</tr>
<tr>
<td>Mornington Peninsula (S)</td>
<td>135,117</td>
<td>142,659</td>
<td>+7,542 (+1.1%)</td>
</tr>
<tr>
<td>Nillumbik (S)</td>
<td>60,983</td>
<td>62,310</td>
<td>+1,327 (+0.4%)</td>
</tr>
<tr>
<td>Whittlesea (C)</td>
<td>120,353</td>
<td>133,156</td>
<td>+12,803 (+2.0%)</td>
</tr>
<tr>
<td>Wyndham (C)</td>
<td>90,982</td>
<td>123,163</td>
<td>+32,181 (+6.2%)</td>
</tr>
<tr>
<td>Yarra Ranges (S)</td>
<td>143,731</td>
<td>145,596</td>
<td>+1,865 (+0.3%)</td>
</tr>
<tr>
<td>Total Victoria</td>
<td>4.86m</td>
<td>5.20m</td>
<td>+341,670 (+1.4%)</td>
</tr>
</tbody>
</table>


Of Victoria’s 79 councils, the outer suburban LGAs of Wyndham, Melton, Cardinia, Casey, Whittlesea and Hume were among Victoria’s top ten fastest growing municipalities in terms of population from 2006–07, with Wyndham leading the state, followed by Melton (3rd), Cardinia (4th), Casey (6th), Whittlesea (7th) and Hume (10th).

Seven of these same outer suburban LGAs experienced the largest population growth in the state during that same period, led by Wyndham (1st), Casey (2nd), Melton (3rd), Whittlesea (5th), Hume (6th), Cardinia (8th) and Mornington Peninsula (9th).

Further, six of Melbourne’s nine outer suburban LGAs exceeded Victoria’s average population rise of 1.4 per cent during 2002–07: Melton (8.0 per cent), Wyndham (6.2 per cent), Cardinia (4.7 per cent), Casey (3.7 per cent), Hume (2.4 per cent) and Whittlesea (2.0 per cent). Further, the ABS is projecting that Melbourne’s households will increase to 1.5 million by 2010. If this is correct, then above average growth in the outer suburbs looks set to continue.\(^{86}\)
Melbourne’s Growth Areas

Growth Areas – Overview

In November 2005, via legislative changes through the Victorian Parliament, the Victorian Planning Minister the Hon. Justin Madden MP adjusted the UGB – originally established under M2030 (see Chapter One) – to ‘free up’ more land. This action was in line with ‘the government’s commitment to maintain a 15-year minimum land supply for housing and industrial development’.  

This adjustment concentrated future urban development in five ‘designated growth areas’: Casey–Cardinia, Hume, Melton–Caroline Springs, Whittlesea and Wyndham. These areas include ‘vibrant activity centres’ for local employment and economic growth – typically in retail, education, business, professional, services, health and logistics. Generally, these centres are also located (or planned) to take advantage of existing or intended ‘Principal Public Transport Networks’ (road, bus and rail), as well as major road networks for private commuting.

Growth Areas Authority

In 2006 the State Government created the Growth Areas Authority (GAA) under its A Plan for Melbourne’s Growth Areas: a plan for outer urban development that ‘sets out a vision for Melbourne’s growth areas over the next 25 years’.

The GAA operates as ‘an independent statutory body with a broad, facilitative role to help create greater certainty, faster decisions and better coordination for all parties involved in the planning and development of Melbourne’s growth areas’. It states its three key roles are to:

• develop communities in growth areas that are socially, environmentally and economically sustainable;

• work with industry and local Councils to ensure economic, employment and housing priorities are achieved in Melbourne’s five growth areas; and

• improve the operation of regulatory and administrative processes over time to reduce costs and increase efficiencies for developers and local Councils.

The GAA is also involved in the roll-out of the State Government’s Urban Growth Zones (announced in March 2008; see details later in this chapter) to facilitate and accelerate the conversion of agricultural land within the five growth areas inside the Urban Growth Boundary into new residential developments.

In April 2008, the GAA released its Strategic Framework for Creating Liveable New Communities: Final Report which outlines a framework ‘to ensure that all possible steps are taken now [i.e. 2008] to ensure that communities of the future are truly liveable’. The report highlights just four key ‘Liveability Goals’, the first of which
Local Economic Development in Outer Suburban Melbourne

aims for ‘High quality job opportunities and a thriving local community’. The GAA’s recommended actions to reach this goal largely mirror and confirm some of the findings from the Committee’s deliberations, and will be referred to later in this report. Suffice it to say, the GAA should be included in any action to improve LED in those five ‘growth areas’ of Melbourne’s outer suburbs, which are outlined below.

**Casey–Cardinia Growth Area**

According to the GAA, the Casey–Cardinia Growth Area was Melbourne’s fastest developing region in early 2008, and by 2031 the State Government expects it to accommodate between 65,000 to 85,000 more households and grow by between 100,000 and 140,000 jobs.

Located to the south-east of Melbourne’s CBD, the area includes Cranbourne, Pakenham and Officer. There is access to major transport infrastructure as well as significant natural features – notably the Dandenong Ranges and Western Port – which constrain long-term expansion. Key developers include Australand, Brown Property Group, Stockland, VicUrban, Deom-Lend Lease, Dennis Family Corporation, Peet and Villawood.

Future LED opportunities exist around two electrified rail lines that converge on the Dandenong Transit City, as well as the Monash–Princes and South Gippsland freeways that link Casey–Cardinia to Gippsland, Phillip Island, the Mornington Peninsula and Greater Melbourne. The GAA sees Casey–Cardinia as ‘becoming a thriving urban-rural economy, with vibrant communities where you can walk to the shops, jobs or transport’. It adds that:

> ... housing and community buildings will be designed to minimise water and power use. Activity centres will contain secondary and tertiary education campuses, hospitals and a choice of affordable housing styles and sizes, with most households within walking distance of public transport.

**Hume Growth Area**

The Hume Growth Area includes Greenvale, Roxburgh Park, Craigieburn and Craigieburn West. It is located 20 kilometres from the Melbourne CBD and sits strategically at the nexus of the Hume Highway (and railway corridor), Calder Highway and the Metropolitan Ring Road. This growth area traverses Victoria’s major industrial and employment region, offering nearly one-quarter of all jobs in north-west Melbourne. It includes Melbourne Airport: the nation’s second busiest passenger hub and the main aviation centre for southern Australia.

The GAA views Hume as ‘a gateway city with strong capacity for long-term growth … [into] international and interstate markets, particularly in relation to exporting high
value added manufacturing’. The Authority also believes ‘Hume will continue to play a key role in contributing to the national economy and Australia's global position, with an expectation that employment will grow to between 90,000 and 95,000 jobs.\textsuperscript{94}

Hume has also been experiencing significant residential growth in the last few decades and has a diverse population with a high number of residents born overseas. The GAA expects Hume’s future development will see an increase of 30,000 to 35,000 people, accommodated in around 20,000 households. Hume’s key developers include Delfin-Lend Lease, Peet and Co, and Stockland. The GAA expects that:

\begin{quote}
More affordable housing and a better range of services including facilities for health, higher education and lifelong learning, will be provided alongside growth. Opportunities will be taken to use land more efficiently and to make the most of Hume's biodiversity assets and landscape features, such as volcanic cones.\textsuperscript{95}
\end{quote}

**Melton–Caroline Springs Growth Area**

The Melton–Caroline Springs Growth Area is located in Melbourne's west and includes Melton (a ‘satellite city’, declared in 1974), Hillside, Ravenhall, Caroline Springs and Taylors Hill in the east – the latter two having grown rapidly over the past five years.\textsuperscript{96}

In early 2008, there were 16 residential projects underway by developers such as Australand, Stockland, Delfin-Lend Lease, Sunland and VicUrban to deliver around 20,000 new homes. Most houses are detached and privately-owned, and as the population matures there are more second and third home-buyers entering this market.

Over the next 25 years the GAA expects up to 37,000 homes will be built to cater for 90,000 people. An estimated $6 billion of business investment will also allow jobs to grow to around 25,000 ‘transforming Melton into a vibrant business and residential address’. The GAA also predicts:

\begin{quote}
Most residential development will be around Melton township, which already contains a modern shopping and commercial centre, a diverse housing mix, and entertainment and education opportunities. There are two independent schools and a campus of the Victoria University of Technology. The growth of jobs and housing in Melton will see it become a major regional centre.\textsuperscript{97}
\end{quote}

**Whittlesea Growth Area**

The Whittlesea Growth Area includes Epping North, South Morang and Mernda, approximately 20 kilometres north of Melbourne. The area has an attractive landscape with many environmental assets (e.g. highly significant grasslands and redgum woodlands), with major employment areas nearby with scope for substantial LED.\textsuperscript{98}
Local Economic Development in Outer Suburban Melbourne

The Metropolitan Ring Road and Hume Highway provide important transport links to Melbourne Airport, the Port of Melbourne and interstate routes. The GAA says that:

Planning for the future will capitalise on Whittlesea's proximity to Melbourne's major northern employment base and preserve the many significant natural features while allowing for residential and industrial growth.  

The GAA also forecasts that Whittlesea will grow by up to 65,000 people by 2031, requiring 32,000 new homes. It currently attracts young families but plans are underway to cater for a broader mix of households.

In early 2008, there were 23 active residential projects to create 23,600 new homes, through developers such as Australand, Central Equity, Delfin, FKP Limited, Stockland, Investa, VicUrban and Villawood.

Wyndham Growth Area

The Wyndham Growth Area is experiencing major urban expansion in areas such as Werribee, Wyndham Vale, Tarneit, Hoppers Crossing, Laverton and Point Cook. The area is located mid-way between Melbourne and Geelong, close to two airfields (Melbourne and Avalon), Port Phillip Bay, both electrified suburban and regional rail links and the busy Princes/West Gate Freeway connecting Melbourne to Geelong and Victoria’s south-west.

The GAA forecasts Wyndham’s population will grow by up to 100,000 people by 2031, accommodated in 45,000 new households. In early 2008, there were 33 active residential projects underway to deliver 26,000 new homes, through developers such as Australand, Dennis Family Corporation, Multiplex, Stockland, Peet and Villawood.

Wyndham has an established employment base, with a large amount of moderately-priced industrial land and good road access. In recent years there has been substantial growth in industrial and warehouse development near the Western Ring Road and the GAA expects employment to grow by 90,000 jobs by 2031.

The GAA’s Wyndham growth area plan identifies key areas for significant commercial, community and residential growth while protecting valuable agricultural land to the south of Werribee, which provides much of Victoria's fresh produce for home consumption and export. The GAA adds that:

Avoiding development in environmentally sensitive areas, including those at risk of salinity and flooding, is a significant challenge. The GAA will reinforce Wyndham's 'country suburb' character and its regional attractions such as the Werribee Mansion and Zoo and the Werribee River as key attributes. The provision of cost-effective and timely infrastructure is a major challenge facing Wyndham now and in the future.
Chapter 2: Profiling Melbourne’s Outer Suburban Interface

Table 2.6: Summary: Victorian Government’s Designated Growth Areas under Melbourne 2030

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Casey-Cardinia</td>
<td>Narre Warren and Cranbourne Principal Activity Centres; Dandenong Principal Activity Centre (Transit City); Major Activity Centres at Endeavour Hills, Berwick, Pakenham, Casey Central, Hampton Park and Officer.</td>
<td>135,000 - 170,000</td>
<td>65,000 - 85,000</td>
<td>44,300</td>
<td>100,400</td>
<td>142,400</td>
</tr>
<tr>
<td>Hume</td>
<td>Broadmeadows Principal Activity Centre (Transit City); Roxburgh Park, Craigieburn Station, Craigieburn Town Centre and Greenvale.</td>
<td>30,000 - 35,000</td>
<td>20,000</td>
<td>57,500</td>
<td>92,000</td>
<td>95,000</td>
</tr>
<tr>
<td>Melton-Caroline Springs</td>
<td>Major Activity Centres at Caroline Springs, Melton and Melton-Woodgrove and Coburns Road, Toolern.</td>
<td>75,000 - 90,000</td>
<td>35,000</td>
<td>7,900</td>
<td>19,300</td>
<td>26,400</td>
</tr>
<tr>
<td>Whittlesea</td>
<td>Epping Principal Activity Centre; Major Activity Centres at South Morang, Mernda and Epping North.</td>
<td>40,000 - 65,000</td>
<td>20,000 - 30,000</td>
<td>29,500</td>
<td>46,500</td>
<td>46,500</td>
</tr>
<tr>
<td>Wyndham</td>
<td>Werribee Principal Activity Centre (Transit City); Major Activity Centres at Werribee Plaza, Manor Lakes (Laverton) and the Boardwalk.</td>
<td>60,000 - 90,000</td>
<td>30,000 - 45,000</td>
<td>31,800</td>
<td>62,000</td>
<td>90,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>171,000</td>
<td>320,200</td>
<td>400,300</td>
<td></td>
</tr>
</tbody>
</table>

Source: Department of Sustainability and Environment (DSE), Growth area framework plans 2006 [various], DSE, Melbourne, 2006.

Growth Analysis

Trend data from the ABS Census in 2001 and 2006, combined with analysis by the DPCD, graphically quantifies Greater Melbourne’s growth over the five-year period 2001–06 (see below).103
Local Economic Development in Outer Suburban Melbourne

**Figure 2.12:** Victoria’s Population and Population Growth, 2001–2006 by region

![Pie chart showing population growth distribution](image)

2001 Population (4.8 m) + Growth 2001–06 = 2006 Population (5.12 m)

**Source:** Australian Bureau of Statistics (ABS) Census 2001 and 2006 figures, and DPCD

A more detailed analysis by the former DOI (see following table) shows nearly half of Greater Melbourne’s growth in 2001–06 in population and households occurred in the Growth Area LGAs.

**Table 2.7:** Population and Household Growth distribution in Melbourne, 2001–06

<table>
<thead>
<tr>
<th>Growth Distribution</th>
<th>Contribution to growth in estimated resident population</th>
<th>Contribution to growth in number of households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth Areas, Greenfields</td>
<td>49.3%</td>
<td>38.2%</td>
</tr>
<tr>
<td>Growth Areas, Remainder</td>
<td>1.4%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Growth Areas – Total</td>
<td>50.7%</td>
<td>46.3%</td>
</tr>
<tr>
<td>Non-Growth Areas, Greenfields</td>
<td>12.7%</td>
<td>10.1%</td>
</tr>
<tr>
<td>Non-Growth Areas, Remainder</td>
<td>36.6%</td>
<td>43.6%</td>
</tr>
<tr>
<td>Non-Growth Areas - Total</td>
<td>49.3%</td>
<td>53.7%</td>
</tr>
<tr>
<td>Greater Melbourne - Total</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>


The growth of population and households in Melbourne’s outer suburbs is expected to continue unabated over the next decade. Revised projections by the DPCD indicate
Chapter 2: Profiling Melbourne’s Outer Suburban Interface

the region is growing at a much faster rate than earlier predicted.104 As a result, in March 2008 it was estimated that Melbourne was gaining around 1,200 new residents each week, with 59 per cent of those people settling in the city’s outer suburbs (see previous section on Population Growth).105

As this report later outlines, Melbourne’s rapid growth presents both challenges and opportunities for economic development within its five growth area corridors and the outer suburban region generally.

Building Activity

Melbourne’s buoyant population growth is evident in the level and value of new housing activity in its outer suburban region, with much of this development needed to accommodate the rising numbers of new residents seeking more affordable land for domestic building.

The next table shows that in the 2006–07 financial year, 11,772 new houses were built in the interface LGAs, representing 61.5 per cent of all new homes built across Greater Melbourne, or 40.8 per cent of all new homes built across Victoria.

In monetary terms, this equated to 55 per cent of the total value of all new homes built across Greater Melbourne and 37.6 per cent of Victoria’s total new house value. Victorian Treasurer John Lenders notes that ‘building approvals soared by 48.7 per cent in January [2008] taking the total value for that month to a record $2.64 billion’.106

As a result, local economies are being stimulated by a demand for and employment of tradespeople, the purchase of building-related goods and services, home furnishings and domestic services (e.g. ICT services). This economic activity is also partly fuelled by the provision of state and federally funded facilities such as new schools and healthcare centres, complemented by facilities provided by the private sector such as newly-built independent schools.

The reliance on private transport within the outer suburban LGAs (especially for travel to work and to schools) also creates demand for automotive sales and service, and fuel retailers.
Table 2.8: Tenure Type – Building Activity – Outer Suburban LGAs – 30 June 2007

<table>
<thead>
<tr>
<th>Local Government Areas</th>
<th>Number of New Houses</th>
<th>Value of New Houses</th>
<th>New/Other Residential Buildings (RB)</th>
<th>Value of New/Other RB $'000</th>
<th>Value of alterations / additions to RB $'000</th>
<th>Value of total RB $'000</th>
<th>Value of non-RB $'000</th>
<th>Value of total new building approvals $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardinia (S)</td>
<td>937</td>
<td>169,291</td>
<td>91</td>
<td>11,713</td>
<td>13,461</td>
<td>194,465</td>
<td>60,273</td>
<td>254,738</td>
</tr>
<tr>
<td>Casey (C)</td>
<td>2,246</td>
<td>429,490</td>
<td>145</td>
<td>19,329</td>
<td>25,480</td>
<td>474,299</td>
<td>185,001</td>
<td>659,300</td>
</tr>
<tr>
<td>Hume (C)</td>
<td>1,087</td>
<td>221,564</td>
<td>118</td>
<td>14,273</td>
<td>13,336</td>
<td>249,172</td>
<td>334,212</td>
<td>583,384</td>
</tr>
<tr>
<td>Melton (S)</td>
<td>1,510</td>
<td>291,431</td>
<td>87</td>
<td>9,013</td>
<td>6,367</td>
<td>306,810</td>
<td>80,432</td>
<td>387,242</td>
</tr>
<tr>
<td>Mornington Peninsula (S)</td>
<td>1,250</td>
<td>347,922</td>
<td>102</td>
<td>20,086</td>
<td>85,373</td>
<td>453,380</td>
<td>97,517</td>
<td>550,897</td>
</tr>
<tr>
<td>Nillumbik (S)</td>
<td>206</td>
<td>56,813</td>
<td>32</td>
<td>3,948</td>
<td>22,384</td>
<td>83,145</td>
<td>21,900</td>
<td>105,045</td>
</tr>
<tr>
<td>Whittlesea (C)</td>
<td>1,541</td>
<td>304,574</td>
<td>255</td>
<td>29,352</td>
<td>8,889</td>
<td>342,816</td>
<td>268,106</td>
<td>610,922</td>
</tr>
<tr>
<td>Wyndham C)</td>
<td>2,502</td>
<td>487,329</td>
<td>114</td>
<td>15,792</td>
<td>10,872</td>
<td>513,992</td>
<td>307,038</td>
<td>821,031</td>
</tr>
<tr>
<td>Yarra Ranges (S)</td>
<td>493</td>
<td>107,209</td>
<td>66</td>
<td>8,163</td>
<td>37,150</td>
<td>152,522</td>
<td>115,986</td>
<td>268,507</td>
</tr>
<tr>
<td>Outer Suburban LGAs</td>
<td>11,772</td>
<td>2,415m</td>
<td>1,010</td>
<td>131,669</td>
<td>223,311</td>
<td>1,470m</td>
<td>4,241m</td>
<td>13,714m</td>
</tr>
<tr>
<td>Greater Melbourne (Total)</td>
<td>19,132</td>
<td>4,381m</td>
<td>7,739</td>
<td>1,697m</td>
<td>1,325m</td>
<td>7,404m</td>
<td>6,310m</td>
<td>17,134m</td>
</tr>
<tr>
<td>Victoria (Total)</td>
<td>28,812</td>
<td>6,409m</td>
<td>8,656</td>
<td>1,872m</td>
<td>1,674m</td>
<td>9,956m</td>
<td>7,831m</td>
<td>17,787m</td>
</tr>
</tbody>
</table>

Source: Australian Bureau of Statistics (ABS), Building Approvals, Australia, October 2007 (for Outer Suburban Melbourne LGAs), ABS, Canberra, issued 25 October 2007. Figures have been rounded to nearest dollar.

Although Melbourne’s nine outer suburban LGAs collectively register a slightly lower percentage than Greater Melbourne and Victoria for ‘fully owned’ housing (i.e. 30.1 per cent compared to 33.1 per cent and 34.7 per cent respectively), these LGAs have a noticeably higher percentage of homes being purchased (i.e. 47.2 per cent compared to 34.6 per cent and 34 per cent respectively).

Further, the two outer suburban councils with the highest percentage of homes being purchased – Melton (56.4 per cent) and Casey (52.5 per cent) – are among Victoria’s...
top five *fastest* growing municipalities in terms of population from 2001–06 and among the top three *largest* population growth LGAs during that same period (see table below).

**Table 2.9:** Tenure Type – Occupied Private Dwellings – Outer Suburban LGAs - 30 June 2006

<table>
<thead>
<tr>
<th>Local Government Areas</th>
<th>Fully Owned</th>
<th>Being Purchased (incl. rent/buy schemes)</th>
<th>Rented (includes rent-free)</th>
<th>Other Tenure type</th>
<th>Not Stated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardinia (S)</td>
<td>28.4%</td>
<td>48.3%</td>
<td>17.2%</td>
<td>0.7%</td>
<td>5.4%</td>
</tr>
<tr>
<td>Casey (C)</td>
<td>23.5%</td>
<td>52.5%</td>
<td>17.5%</td>
<td>0.9%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Hume (C)</td>
<td>29.2%</td>
<td>45.9%</td>
<td>17.7%</td>
<td>0.4%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Melton (S)</td>
<td>21.8%</td>
<td>56.4%</td>
<td>15.2%</td>
<td>0.6%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Mornington Peninsula (S)</td>
<td>38.0%</td>
<td>35.0%</td>
<td>18.3%</td>
<td>0.9%</td>
<td>7.8%</td>
</tr>
<tr>
<td>Nillumbik (S)</td>
<td>35.8%</td>
<td>50.4%</td>
<td>9.3%</td>
<td>0.4%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Whittlesea (C)</td>
<td>36.9%</td>
<td>39.6%</td>
<td>17.3%</td>
<td>0.5%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Wyndham (C)</td>
<td>24.7%</td>
<td>49.9%</td>
<td>18.9%</td>
<td>0.5%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Yarra Ranges (S)</td>
<td>33.3%</td>
<td>46.9%</td>
<td>13.6%</td>
<td>0.7%</td>
<td>5.4%</td>
</tr>
<tr>
<td>Outer Suburban LGAs (Mean Average)</td>
<td>30.1%</td>
<td>47.2%</td>
<td>16.1%</td>
<td>0.57%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Greater Melbourne (Mean Average)</td>
<td>33.1%</td>
<td>34.6%</td>
<td>24.5%</td>
<td>0.6%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Victoria (Mean Average)</td>
<td>34.7%</td>
<td>34.0%</td>
<td>23.9%</td>
<td>0.7%</td>
<td>6.7%</td>
</tr>
</tbody>
</table>


**Residents’ Backgrounds**

The 2006 Census shows that in six of the nine outer suburban LGAs (Cardinia, Melton, Mornington Peninsula, Nillumbik, Wyndham and Yarra Ranges) the numbers of Australian-born residents are above Greater Melbourne’s average of 64.2 per cent. This trend is reflected in the percentages of residents across those same LGAs who only speak English at home.
Conversely, Casey (63.5 per cent), Hume (63.9 per cent) and Whittlesea (61.7 per cent) all report less than Melbourne’s average of Australian-born residents, with Hume (58.3 per cent) and Whittlesea (52.9 per cent) also reporting that English is spoken at home by fewer residents than the Melbourne, Victorian and Australian averages.

While these variations are not dramatic, poor English skills may disadvantage some outer suburban residents when seeking employment – especially in higher-skilled and better-paid jobs.

**Table 2.10:** Countries of Birth and Dominant Languages, Outer Suburban LGAs, 30 June 2006

<table>
<thead>
<tr>
<th>Local Government Areas</th>
<th>Australian Born</th>
<th>English only spoken at Home</th>
<th>Most common five languages other than English spoken at home in LGA (listed in numerically descending order)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardinia (S)</td>
<td>80.0%</td>
<td>91.0%</td>
<td>Italian, Dutch, German, Croatian, Greek</td>
</tr>
<tr>
<td>Casey (C)</td>
<td>63.5%</td>
<td>71.6%</td>
<td>Sinhalese, Spanish, Italian, Arabic, Serbian</td>
</tr>
<tr>
<td>Hume (C)</td>
<td>63.9%</td>
<td>58.3%</td>
<td>Turkish, Arabic, Italian, Assyrian, Greek</td>
</tr>
<tr>
<td>Melton (S)</td>
<td>69.6%</td>
<td>70.2%</td>
<td>Maltese, Italian, Macedonian, Spanish, Greek</td>
</tr>
<tr>
<td>Mornington Peninsula</td>
<td>74.7%</td>
<td>89.0%</td>
<td>Italian, Greek, German, Dutch, Croatian</td>
</tr>
<tr>
<td>Nillumbik (S)</td>
<td>81.6%</td>
<td>89.4%</td>
<td>Italian, Greek, German, Macedonian, Croatian</td>
</tr>
<tr>
<td>Whittlesea (C)</td>
<td>61.7%</td>
<td>52.9%</td>
<td>Italian, Macedonian, Greek, Arabic, Vietnamese</td>
</tr>
<tr>
<td>Wyndham (C)</td>
<td>68.4%</td>
<td>73.4%</td>
<td>Italian, Arabic, Spanish, Greek, Maltese</td>
</tr>
<tr>
<td>Yarra Ranges (S)</td>
<td>78.2%</td>
<td>90.7%</td>
<td>Italian, German, Dutch, Greek, Mandarin</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>64.2%</td>
<td>68.1%</td>
<td>Italian, Greek, Vietnamese, Cantonese, Mandarin</td>
</tr>
<tr>
<td>Victoria</td>
<td>69.6%</td>
<td>74.4%</td>
<td>Italian, Greek, Vietnamese, Cantonese, Mandarin</td>
</tr>
<tr>
<td>Australia</td>
<td>70.9%</td>
<td>78.5%</td>
<td>Italian, Greek, Cantonese, Arabic, Mandarin</td>
</tr>
</tbody>
</table>


**Age Profiles**
The distribution of age groups across Melbourne’s outer suburban population reveals some trends relevant to this inquiry. Firstly, all of the nine outer suburban LGAs
(except Mornington Peninsula) exceed the Melbourne, Victorian and Australian averages for the number of residents in the 0–4 age groups. There are similarly high numbers for the 5–14 age group. This indicates that these areas remain attractive to (young) families who are raising pre-school, primary and secondary school aged children or teens.

Not surprisingly, many of these same LGAs report below average percentages of older residents in the 55–64 and 65-plus age groups. The inferred ‘youthfulness’ of these areas is summarised by their median ages, which in six out of nine outer suburban LGAs sits below Melbourne’s average of 36 years and Victoria and Australia’s average of 37 years. Melton (31), Casey (32), Hume (32) and Wyndham (32) are clearly ‘younger’ than the national average.

As indicated above, the notable exception is Mornington Peninsula with a median age of 42, due to below national average percentages in the 0–4, 5–14, 15–24 and 25–54 age groups and higher than national average percentages in the 55–64 and 65-plus age groups.

**Table 2.11:** Age of Residents, Outer Suburban LGAs – 30 June 2006

<table>
<thead>
<tr>
<th>Local Government Areas</th>
<th>Ages 0-4</th>
<th>Ages 5-14</th>
<th>Ages 15-24</th>
<th>Ages 25-54</th>
<th>Ages 55-64</th>
<th>Ages 65+</th>
<th>Median Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardinia (S)</td>
<td>7.5%</td>
<td>17.2%</td>
<td>13.2%</td>
<td>42.2%</td>
<td>10.2%</td>
<td>9.8%</td>
<td>35</td>
</tr>
<tr>
<td>Casey (C)</td>
<td>7.8%</td>
<td>16.7%</td>
<td>14.3%</td>
<td>44.8%</td>
<td>8.5%</td>
<td>7.9%</td>
<td>32</td>
</tr>
<tr>
<td>Hume (C)</td>
<td>7.5%</td>
<td>16.8%</td>
<td>15.2%</td>
<td>43.3%</td>
<td>9.0%</td>
<td>8.1%</td>
<td>32</td>
</tr>
<tr>
<td>Melton (S)</td>
<td>8.9%</td>
<td>15.7%</td>
<td>14.2%</td>
<td>47.1%</td>
<td>8.4%</td>
<td>5.7%</td>
<td>31</td>
</tr>
<tr>
<td>Mornington Peninsula (S)</td>
<td>5.7%</td>
<td>13.1%</td>
<td>11.5%</td>
<td>36.6%</td>
<td>13.2%</td>
<td>19.8%</td>
<td>42</td>
</tr>
<tr>
<td>Nillumbik (S)</td>
<td>6.4%</td>
<td>16.1%</td>
<td>15.6%</td>
<td>43.5%</td>
<td>11.4%</td>
<td>7.1%</td>
<td>36</td>
</tr>
<tr>
<td>Whittlesea (C)</td>
<td>7.0%</td>
<td>14.6%</td>
<td>14.6%</td>
<td>44.1%</td>
<td>10.0%</td>
<td>9.7%</td>
<td>34</td>
</tr>
<tr>
<td>Wyndham (C)</td>
<td>8.2%</td>
<td>15.9%</td>
<td>14.0%</td>
<td>46.7%</td>
<td>8.3%</td>
<td>6.8%</td>
<td>32</td>
</tr>
<tr>
<td>Yarra Ranges (S)</td>
<td>6.4%</td>
<td>14.9%</td>
<td>13.8%</td>
<td>42.4%</td>
<td>11.9%</td>
<td>10.4%</td>
<td>37</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>6.3%</td>
<td>12.6%</td>
<td>14.1%</td>
<td>43.9%</td>
<td>10.3%</td>
<td>12.8%</td>
<td>36</td>
</tr>
<tr>
<td>Victoria</td>
<td>6.2%</td>
<td>13.1%</td>
<td>13.7%</td>
<td>42.5%</td>
<td>10.8%</td>
<td>13.7%</td>
<td>37</td>
</tr>
<tr>
<td>Australia</td>
<td>6.3%</td>
<td>13.5%</td>
<td>13.6%</td>
<td>42.2%</td>
<td>11.0%</td>
<td>13.3%</td>
<td>37</td>
</tr>
</tbody>
</table>


The younger trending ages of residents in Melbourne’s outer suburbs places additional demand on all levels of government for increased services – such as infant and
maternal health, pre-school and child-care facilities, and education and training. Yet without adequate provision of such services, LED cannot reach its potential.

For example, without affordable child-care, some residents may be unable to fully participate in the workforce – even to the extent of frustrating their attempts to run a home-based business. Further, without well-equipped and fully-staffed educational facilities, aspiring workers may not readily gain the skills and knowledge needed to enter their local workforce or create a small business. These issues are considered in more depth later in this report.

**Educational Achievements**

The generation of local economic development across any region generally assumes there are sufficient numbers of appropriately educated, trained and skilled workers ready to embrace new job opportunities as they arise. For this reason, an appreciation of educational achievement in Melbourne’s outer suburbs is essential.

The 2006 Census shows that across this region, between one-third and one-half of residents aged 15 years or older list Year 12 as their highest secondary school qualification. The Greater Melbourne average for Year 12 completion is 48.5 per cent; however, only Nillumbik – at 50.8 per cent – exceeds this figure in the outer suburbs.\(^{108}\) Seven of the nine outer suburban LGAs record Year 12 completion rates below the Victorian and Australian averages (44 and 42.2 per cent respectively). Cardinia has the lowest completion rate, with 33.8 per cent holding Year 12.

Of those who have completed post-secondary education or training – with or without also gaining Year 12 – the dominant achievement is a Certificate I–IV level qualification. All nine outer suburban LGAs report results above Greater Melbourne’s 26.5 per cent and Victoria’s 29.2 per cent, with eight of those LGAs also exceeding the Australian average of 31.8 per cent for the number of residents holding a Certificate I–IV level qualification.

Nillumbik is a slim exception, with 31 per cent of residents having completed a Certificate I–IV qualification. However, that LGA reports the highest number of outer suburban residents holding a Bachelor Degree, at 26.3 per cent. This almost matches Greater Melbourne’s 26.5 per cent and exceeds the Victorian and Australian averages of 24 and 22 per cent respectively.\(^{109}\)

This data for ‘Education’ tends to reflect the outer suburban data tabled in the section titled ‘Occupation’.\(^{110}\) For example, Nillumbik has both the highest percentage of ‘Professionals’ and the highest number of residents with a Bachelor’s Degree. Similarly, residents in the other eight outer suburban LGAs dominate the ‘Occupation’ categories of ‘Technicians and Trade’ and ‘Clerical and Administrative’ – both areas generally requiring some form of post-secondary training, usually a Certificate I–IV qualification from a TAFE College or other Registered Training Organisation (RTO). Further links can be generalised between ‘Education’ and the ‘Industry of Employment’.
For example, in seven of the nine outer suburban LGAs the dominant ‘Industry’ sector is ‘Manufacturing’, which increasingly requires some post-secondary training, usually gained through a Certificate I–IV qualification. The two exceptions are:

- Nillumbik, where ‘Health care & social assistance’ is the dominant ‘Industry’ sector (11.5 per cent), often requiring a ‘Bachelor Degree’ or its equivalent in nursing, medicine, dentistry, etc.; and

- Mornington Peninsula, where the largest segment of employed residents is employed in ‘Retail Trade’ (12.8 per cent), narrowly ahead of ‘Manufacturing’ (11.5 per cent).

Finally, it is important to note that the 2006 Census ‘Education’ data excludes residents currently studying at primary, secondary or post-secondary level and residents aged under 15-years. This explains the disparity between the Total resident figures and the significantly larger population figures for each LGA quoted elsewhere in this chapter.
Table 2.12: Secondary School Attainments – Outer Suburban LGAs – 30 June 2006

<table>
<thead>
<tr>
<th>Local Government Areas</th>
<th>Y8</th>
<th>Y9</th>
<th>Y10</th>
<th>Y11</th>
<th>Y12</th>
<th>Y12 as %</th>
<th>No School</th>
<th>Not Stated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardinia (S)</td>
<td>3,113</td>
<td>4,316</td>
<td>9,889</td>
<td>7,535</td>
<td>14,532</td>
<td>33.8%</td>
<td>116</td>
<td>3,532</td>
<td>43,033</td>
</tr>
<tr>
<td>Casey (C)</td>
<td>11,221</td>
<td>13,406</td>
<td>31,785</td>
<td>24,995</td>
<td>64,755</td>
<td>39.9%</td>
<td>1,612</td>
<td>14,526</td>
<td>162,300</td>
</tr>
<tr>
<td>Hume (C)</td>
<td>11,511</td>
<td>9,212</td>
<td>19,185</td>
<td>16,433</td>
<td>42,172</td>
<td>37.7%</td>
<td>2,531</td>
<td>10,792</td>
<td>111,836</td>
</tr>
<tr>
<td>Melton (S)</td>
<td>4,043</td>
<td>4,721</td>
<td>11,184</td>
<td>9,227</td>
<td>23,963</td>
<td>40.3%</td>
<td>529</td>
<td>5,834</td>
<td>59,501</td>
</tr>
<tr>
<td>Mornington P'sula(S)</td>
<td>7,693</td>
<td>9,524</td>
<td>22,211</td>
<td>17,684</td>
<td>40,625</td>
<td>36.7%</td>
<td>371</td>
<td>12,643</td>
<td>110,751</td>
</tr>
<tr>
<td>Nillumbik (S)</td>
<td>1,739</td>
<td>2,956</td>
<td>7,242</td>
<td>7,919</td>
<td>23,581</td>
<td>50.8%</td>
<td>142</td>
<td>2,797</td>
<td>46,376</td>
</tr>
<tr>
<td>Whittlesea(C)</td>
<td>12,094</td>
<td>7,233</td>
<td>15,087</td>
<td>13,177</td>
<td>39,005</td>
<td>39.9%</td>
<td>2,604</td>
<td>8,482</td>
<td>97,682</td>
</tr>
<tr>
<td>Wyndham C)</td>
<td>3,205</td>
<td>3,289</td>
<td>7,625</td>
<td>6,602</td>
<td>18,595</td>
<td>42.9%</td>
<td>383</td>
<td>3,604</td>
<td>43,303</td>
</tr>
<tr>
<td>Yarra Ranges (S)</td>
<td>6,631</td>
<td>9,828</td>
<td>22,805</td>
<td>19,592</td>
<td>42,620</td>
<td>38.6%</td>
<td>394</td>
<td>8,392</td>
<td>110,262</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>226,983</td>
<td>178,290</td>
<td>407,941</td>
<td>364,804</td>
<td>1,415,171</td>
<td>48.5%</td>
<td>38,445</td>
<td>283,767</td>
<td>2,915,401</td>
</tr>
<tr>
<td>Victoria</td>
<td>334,084</td>
<td>288,132</td>
<td>630,950</td>
<td>548,812</td>
<td>1,752,303</td>
<td>44%</td>
<td>43,627</td>
<td>384,126</td>
<td>3,982,034</td>
</tr>
<tr>
<td>Australia</td>
<td>1,144,983</td>
<td>1,110,875</td>
<td>3,638,036</td>
<td>1,589,631</td>
<td>6,723,244</td>
<td>42.2%</td>
<td>138,027</td>
<td>1,573,300</td>
<td>15,918,076</td>
</tr>
</tbody>
</table>

Source: Australian Bureau of Statistics (ABS), Census of Population and Housing (for all listed Outer Suburban Melbourne LGAs), ABS, Canberra, issued 25 October.
Table 2.13: Post-Secondary Qualifications (persons aged 15 years plus), Outer Suburban LGAs, 30 June 2006.

<table>
<thead>
<tr>
<th>Local Government Areas</th>
<th>Cert I-IV</th>
<th>Cert I-IV as %</th>
<th>Degree</th>
<th>Degree as %</th>
<th>Adv Dip, Grad Dip, Post Grad &amp; Other</th>
<th>Not Stated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardinia (S)</td>
<td>9,232</td>
<td>43.6%</td>
<td>3,208</td>
<td>15.1%</td>
<td>4,312</td>
<td>4,413</td>
<td>21,165</td>
</tr>
<tr>
<td>Casey ©</td>
<td>30,705</td>
<td>39.7%</td>
<td>12,183</td>
<td>15.7%</td>
<td>16,600</td>
<td>17,834</td>
<td>77,322</td>
</tr>
<tr>
<td>Hume (C)</td>
<td>18,157</td>
<td>37.9%</td>
<td>7,571</td>
<td>15.7%</td>
<td>9,314</td>
<td>12,877</td>
<td>47,919</td>
</tr>
<tr>
<td>Melton (S)</td>
<td>11,221</td>
<td>39.1%</td>
<td>4,986</td>
<td>17.3%</td>
<td>5,646</td>
<td>6,845</td>
<td>28,698</td>
</tr>
<tr>
<td>Mornington Peninsula (S)</td>
<td>20,985</td>
<td>35%</td>
<td>10,108</td>
<td>16.8%</td>
<td>13,760</td>
<td>15,106</td>
<td>59,959</td>
</tr>
<tr>
<td>Nillumbik (S)</td>
<td>8,405</td>
<td>31%</td>
<td>7,120</td>
<td>26.3%</td>
<td>7,880</td>
<td>3,633</td>
<td>27,038</td>
</tr>
<tr>
<td>Whittlesea(C)</td>
<td>15,407</td>
<td>37%</td>
<td>7,293</td>
<td>17.5%</td>
<td>8,709</td>
<td>10,193</td>
<td>41,602</td>
</tr>
<tr>
<td>Wyndham C)</td>
<td>15,401</td>
<td>36.8%</td>
<td>7,631</td>
<td>18.2%</td>
<td>9,496</td>
<td>9,335</td>
<td>41,863</td>
</tr>
<tr>
<td>Yarra Ranges (S)</td>
<td>23,088</td>
<td>40.1%</td>
<td>10,163</td>
<td>17.6%</td>
<td>13,712</td>
<td>10,528</td>
<td>57,491</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>412,196</td>
<td>26.1%</td>
<td>418,334</td>
<td>26.5%</td>
<td>416,248</td>
<td>333,718</td>
<td>1,580,496</td>
</tr>
<tr>
<td>Victoria</td>
<td>610,415</td>
<td>29.2%</td>
<td>502,516</td>
<td>24%</td>
<td>524,183</td>
<td>455,296</td>
<td>2,092,410</td>
</tr>
<tr>
<td>Australia</td>
<td>2,662,780</td>
<td>31.8%</td>
<td>1,840,660</td>
<td>22%</td>
<td>2,007,092</td>
<td>1,851,282</td>
<td>8,361,814</td>
</tr>
</tbody>
</table>


Employment Activity

The 2006 Census shows that residents in eight of the nine outer suburban LGAs have a full-time employment rate within one or two per cent of the Melbourne, Victorian and Australian averages – with four LGAs (Casey, Melton, Whittlesea and Wyndham) exceeding those average rates.

Conversely, these four LGAs report lower than average rates of part-time employment amongst their local labour forces. Mornington Peninsula has the lowest full-time but highest part-time employment rates – illustrating its council’s claims of an over-reliance on seasonal work, largely generated during the summer holidays at popular bayside resorts. These figures also reflect Mornington Peninsula’s ageing population, with a higher than average proportion of residents at or near retirement. vi
Nillumbik and Yarra Ranges also register above-average rates of part-time employment, which similarly reflects their councils’ reports of a local reliance on seasonally-based tourism and horticultural work (fruit-picking, etc).\textsuperscript{113}

Hume City Council attributes its comparatively high seven per cent unemployment to a ‘skew’ caused by endemic pockets of high unemployment in the older inner ‘brownfields’ suburbs of Broadmeadows and neighbouring Dallas.\textsuperscript{114}

\textbf{Table 2.14:} Labour Force Status (aged 15-plus), Outer Suburban LGAs – 30 June 2006

<table>
<thead>
<tr>
<th>Local Government Areas</th>
<th>Employed Full-Time</th>
<th>Employed Part-Time</th>
<th>Employed Away from Work</th>
<th>Employed Hours not Stated</th>
<th>Unemployed</th>
<th>Total Labour Force (incl. employed &amp; unemployed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardinia (S)</td>
<td>60.5%</td>
<td>29.2%</td>
<td>3.3%</td>
<td>2.8%</td>
<td>4.2%</td>
<td>28,396</td>
</tr>
<tr>
<td>Casey (C)</td>
<td>62.9%</td>
<td>25.7%</td>
<td>3.0%</td>
<td>3.1%</td>
<td>5.3%</td>
<td>106,365</td>
</tr>
<tr>
<td>Hume (C)</td>
<td>60.6%</td>
<td>25.7%</td>
<td>3.1%</td>
<td>3.5%</td>
<td>7.0%</td>
<td>66,012</td>
</tr>
<tr>
<td>Melton (S)</td>
<td>63.9%</td>
<td>23.4%</td>
<td>3.5%</td>
<td>3.3%</td>
<td>5.9%</td>
<td>39,426</td>
</tr>
<tr>
<td>Mornington P'sula (S)</td>
<td>56.0%</td>
<td>32.8%</td>
<td>3.9%</td>
<td>2.6%</td>
<td>4.7%</td>
<td>60,627</td>
</tr>
<tr>
<td>Nillumbik (S)</td>
<td>58.4%</td>
<td>32.5%</td>
<td>3.5%</td>
<td>2.6%</td>
<td>3.0%</td>
<td>33,401</td>
</tr>
<tr>
<td>Whittlesea (C)</td>
<td>61.9%</td>
<td>25.7%</td>
<td>3.0%</td>
<td>3.5%</td>
<td>5.9%</td>
<td>58,707</td>
</tr>
<tr>
<td>Wyndham (C)</td>
<td>63.7%</td>
<td>24.7%</td>
<td>3.3%</td>
<td>2.9%</td>
<td>5.4%</td>
<td>56,590</td>
</tr>
<tr>
<td>Yarra Ranges (S)</td>
<td>59.7%</td>
<td>30.9%</td>
<td>3.4%</td>
<td>2.5%</td>
<td>4.1%</td>
<td>72,691</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>61.0%</td>
<td>27.7%</td>
<td>3.2%</td>
<td>2.7%</td>
<td>5.3%</td>
<td>1,780,783</td>
</tr>
<tr>
<td>Victoria</td>
<td>60.1%</td>
<td>28.4%</td>
<td>3.4%</td>
<td>2.7%</td>
<td>5.4%</td>
<td>2,404,608</td>
</tr>
<tr>
<td>Australia</td>
<td>60.7%</td>
<td>27.9%</td>
<td>3.5%</td>
<td>2.6%</td>
<td>5.2%</td>
<td>9,607,987</td>
</tr>
</tbody>
</table>

Source: \textit{Australian Bureau of Statistics (ABS), 2006 Census QuickStats: Melbourne (and all other listed Outer Suburban Melbourne LGAs), ABS, Canberra, issued 25 October 2007.}

\textbf{Residents’ Occupations}

Of Melbourne’s nine outer suburban LGAs, Nillumbik has the highest number of residents employed in the white-collar ‘Professional’ category (24.1 per cent) and conversely, the lowest number of blue-collar ‘Machinery Operators and Drivers’ (3.1 per cent) and ‘Labourers’ (5.8 per cent).
All outer suburban LGAs except Nillumbik have a greater number of residents employed as ‘Labourers’ compared to the Melbourne and Victorian averages. All outer suburban LGAs – including Nillumbik – report higher numbers employed in ‘Technicians and Trades’, compared to the Melbourne, state and national averages. Six of these nine LGAs also report higher than those averages for ‘Clerical and Administrative Workers’.

These occupational trends mirror educational levels attained in the outer suburban LGAs, as tabled under ‘Education’, where between one-third and one-half of residents hold Year 12, while Certificates I–IV are the dominant post-secondary qualifications.

Further data showing which industries these residents work in can be found in the section ‘Industry of Employment’, where ‘Manufacturing’ dominates in seven of the nine outer suburban LGAs.

**Table 2.15: Occupations (aged 15-plus), Outer Suburban LGAs – 30 June 2006**

<table>
<thead>
<tr>
<th>Local Government Areas</th>
<th>Technicians and Trade</th>
<th>Managers</th>
<th>Clerical and Administrative Professionals</th>
<th>Labourers</th>
<th>Sales</th>
<th>Machinery Operators and Drivers</th>
<th>Community and Personal Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardinia (S)</td>
<td>18.7%</td>
<td>13.8%</td>
<td>13.8%</td>
<td>13.3%</td>
<td>9.6%</td>
<td>9.2%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Casey (C)</td>
<td>17.6%</td>
<td>10.1%</td>
<td>16.3%</td>
<td>11.8%</td>
<td>10.9%</td>
<td>11.2%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Hume (C)</td>
<td>16.7%</td>
<td>9.3%</td>
<td>17.2%</td>
<td>11.5%</td>
<td>12.3%</td>
<td>10.5%</td>
<td>8.7%</td>
</tr>
<tr>
<td>Melton (S)</td>
<td>17.0%</td>
<td>9.5%</td>
<td>17.6%</td>
<td>12.6%</td>
<td>11.2%</td>
<td>10.1%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Mornington Peninsula (S)</td>
<td>18.6%</td>
<td>13.3%</td>
<td>12.8%</td>
<td>17.2%</td>
<td>9.9%</td>
<td>11.3%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Nillumbik (S)</td>
<td>14.9%</td>
<td>14.9%</td>
<td>16.6%</td>
<td>24.1%</td>
<td>5.8%</td>
<td>10.2%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Whittlesea (C)</td>
<td>17.1%</td>
<td>9.0%</td>
<td>16.5%</td>
<td>12.0%</td>
<td>13.0%</td>
<td>11.0%</td>
<td>10.6%</td>
</tr>
<tr>
<td>Wyndham (C)</td>
<td>15.7%</td>
<td>10.6%</td>
<td>18.0%</td>
<td>14.1%</td>
<td>10.4%</td>
<td>10.1%</td>
<td>10.4%</td>
</tr>
<tr>
<td>Yarra Ranges (S)</td>
<td>18.8%</td>
<td>12.3%</td>
<td>14.8%</td>
<td>16.3%</td>
<td>10.5%</td>
<td>10.1%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>13.6%</td>
<td>12.5%</td>
<td>15.9%</td>
<td>22.0%</td>
<td>8.7%</td>
<td>10.2%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Victoria</td>
<td>14.0%</td>
<td>13.5%</td>
<td>14.8%</td>
<td>20.8%</td>
<td>9.9%</td>
<td>10.1%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Australia</td>
<td>14.4%</td>
<td>13.2%</td>
<td>15.0%</td>
<td>19.8%</td>
<td>10.5%</td>
<td>9.8%</td>
<td>6.6%</td>
</tr>
</tbody>
</table>


Despite fierce and rising competition from overseas – most noticeably affecting Australia’s car-making industry – ‘Manufacturing’ remains the leading employment category for residents aged 15-years plus across Greater Melbourne.

This trend is evident in the city’s outer suburban region, where seven out of nine outer suburban LGAs also list ‘Manufacturing’ as their dominant employment sector, in excess of Greater Melbourne’s average of 12.9 per cent.

Casey, with 20.3 per cent, has the highest proportion of residents involved in ‘Manufacturing’, accounting for just over one in five workers. The other six outer suburban LGAs exceeding Greater Melbourne’s average are Cardinia (15.6 per cent), Hume (17.5 per cent), Melton (15 per cent), Whittlesea (18.3 per cent), Wyndham (14.3 per cent) and Yarra Ranges (12.9 per cent). The two exceptions to this trend are:

- Mornington Peninsula – where ‘Retail Trade’ (12.8 per cent) is the dominant industry of employment, just ahead of ‘Manufacturing’ (11.5 per cent); and
- Nillumbik – where ‘Health Care & Social Assistance’ (11.5 per cent) leads ‘Manufacturing’ (10.5 per cent) as the dominant industry of employment.
### Table 2.16: Industry of Employment, (employed persons aged 15-plus), Outer Suburban LGAs – 30 June 2006

<table>
<thead>
<tr>
<th>Industry of Employment</th>
<th>Cardinia (S)</th>
<th>Casey (C)</th>
<th>Hume (C)</th>
<th>Melton (S)</th>
<th>Mornington Peninsula (S)</th>
<th>Nillumbik (C)</th>
<th>Whittlesea (C)</th>
<th>Wyndham (C)</th>
<th>Yarra Ranges (S)</th>
<th>Melbourne</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, Forestry &amp; Fishing</td>
<td>1,236</td>
<td>852</td>
<td>218</td>
<td>202</td>
<td>925</td>
<td>207</td>
<td>394</td>
<td>480</td>
<td>1,627</td>
<td>9,480</td>
</tr>
<tr>
<td>Mining</td>
<td>95</td>
<td>166</td>
<td>78</td>
<td>68</td>
<td>157</td>
<td>58</td>
<td>41</td>
<td>83</td>
<td>121</td>
<td>2,850</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>4,238</td>
<td>20,480</td>
<td>10,752</td>
<td>5,583</td>
<td>6,673</td>
<td>3,391</td>
<td>10,140</td>
<td>7,651</td>
<td>10,004</td>
<td>217,511</td>
</tr>
<tr>
<td>Electricity, Gas, Water &amp; Wastewater</td>
<td>252</td>
<td>923</td>
<td>400</td>
<td>294</td>
<td>408</td>
<td>258</td>
<td>504</td>
<td>433</td>
<td>545</td>
<td>12,165</td>
</tr>
<tr>
<td>Construction</td>
<td>3,337</td>
<td>9,556</td>
<td>5,084</td>
<td>3,457</td>
<td>6,880</td>
<td>3,477</td>
<td>5,045</td>
<td>4,260</td>
<td>8,139</td>
<td>123,135</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>1,685</td>
<td>7,128</td>
<td>3,081</td>
<td>1,943</td>
<td>2,472</td>
<td>1,618</td>
<td>2,846</td>
<td>2,957</td>
<td>4,246</td>
<td>92,904</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>3,115</td>
<td>12,907</td>
<td>7,198</td>
<td>4,280</td>
<td>7,391</td>
<td>3,571</td>
<td>6,884</td>
<td>6,207</td>
<td>8,427</td>
<td>191,485</td>
</tr>
<tr>
<td>Accommodation &amp; Food Svgs</td>
<td>1,184</td>
<td>4,463</td>
<td>3,589</td>
<td>1,926</td>
<td>3,673</td>
<td>1,402</td>
<td>2,875</td>
<td>2,809</td>
<td>3,338</td>
<td>94,889</td>
</tr>
<tr>
<td>Transport, Postal &amp; Warehousing</td>
<td>1,482</td>
<td>5,814</td>
<td>6,104</td>
<td>3,753</td>
<td>1,894</td>
<td>1,112</td>
<td>3,465</td>
<td>4,689</td>
<td>2,473</td>
<td>78,991</td>
</tr>
<tr>
<td>Information, Media &amp; Telecommunications</td>
<td>423</td>
<td>1,603</td>
<td>896</td>
<td>681</td>
<td>705</td>
<td>670</td>
<td>919</td>
<td>1,078</td>
<td>1,197</td>
<td>42,178</td>
</tr>
<tr>
<td>Financial &amp; Insurance Svgs</td>
<td>551</td>
<td>3,185</td>
<td>2,159</td>
<td>1,461</td>
<td>1,294</td>
<td>1,284</td>
<td>2,042</td>
<td>2,310</td>
<td>1,758</td>
<td>80,511</td>
</tr>
<tr>
<td>Rental, Hiring &amp; Real Estate Services</td>
<td>373</td>
<td>1,179</td>
<td>814</td>
<td>474</td>
<td>1,150</td>
<td>390</td>
<td>602</td>
<td>719</td>
<td>909</td>
<td>24,359</td>
</tr>
<tr>
<td>Professional, Scientific &amp; Technical Services</td>
<td>1,219</td>
<td>4,194</td>
<td>2,325</td>
<td>1,563</td>
<td>2,929</td>
<td>2,724</td>
<td>2,271</td>
<td>2,791</td>
<td>3,812</td>
<td>139,918</td>
</tr>
<tr>
<td>Administrative &amp; Support Services</td>
<td>764</td>
<td>3,271</td>
<td>2,109</td>
<td>1,349</td>
<td>1,945</td>
<td>907</td>
<td>1,860</td>
<td>2,027</td>
<td>2,279</td>
<td>59,724</td>
</tr>
<tr>
<td>Public Administration &amp; Safety</td>
<td>885</td>
<td>3,637</td>
<td>3,404</td>
<td>1,960</td>
<td>3,357</td>
<td>1,709</td>
<td>2,644</td>
<td>3,602</td>
<td>2,869</td>
<td>83,000</td>
</tr>
<tr>
<td>Education &amp; Training</td>
<td>1,803</td>
<td>4,776</td>
<td>3,313</td>
<td>2,083</td>
<td>4,538</td>
<td>3,316</td>
<td>2,881</td>
<td>2,913</td>
<td>5,294</td>
<td>128,021</td>
</tr>
<tr>
<td>Healthcare &amp; Social Assist.</td>
<td>2,308</td>
<td>8,337</td>
<td>4,849</td>
<td>3,018</td>
<td>6,610</td>
<td>3,728</td>
<td>5,235</td>
<td>4,318</td>
<td>6,842</td>
<td>169,433</td>
</tr>
<tr>
<td>Arts &amp; Recreation Services</td>
<td>370</td>
<td>1,151</td>
<td>658</td>
<td>517</td>
<td>1,072</td>
<td>563</td>
<td>589</td>
<td>921</td>
<td>994</td>
<td>28,461</td>
</tr>
<tr>
<td>Other Services</td>
<td>1,115</td>
<td>3,988</td>
<td>2,343</td>
<td>1,429</td>
<td>2,206</td>
<td>1,233</td>
<td>2,341</td>
<td>1,853</td>
<td>3,104</td>
<td>61,229</td>
</tr>
<tr>
<td>Not Stated</td>
<td>764</td>
<td>3,071</td>
<td>2,013</td>
<td>1,052</td>
<td>1,524</td>
<td>766</td>
<td>1,689</td>
<td>1,421</td>
<td>1,735</td>
<td>45,717</td>
</tr>
<tr>
<td>Total</td>
<td>27,199</td>
<td>100,681</td>
<td>61,387</td>
<td>37,093</td>
<td>57,803</td>
<td>32,384</td>
<td>55,267</td>
<td>53,522</td>
<td>69,713</td>
<td>1,685,961</td>
</tr>
</tbody>
</table>

**Working from Home**

One local economic development option is to encourage more people to create and operate a home-based business (HBB), perhaps run from a dedicated home office or workshop.

The 2006 Census provides some information on how many people worked from home in Melbourne’s outer suburbs, ranging from a ‘low’ of 1.9 per cent in Whittlesea, to a ‘high’ of 6.5 per cent in Cardinia, with Greater Melbourne’s average at 3.6 per cent. Analysis by the former DOI showed ‘there was only a small increase between 2001 and 2006 in the number of Melburnians working at home’.\(^{116}\) However, neither the Census nor DOI data can tell us whether these residents:

- worked at home on a sole full-time basis or whether they just happened to work at home only on Census Day;

- derived their sole income from working at home or gained a supplementary income by also working off-site; or

- used their home as a registered address for their business entity (e.g. a self-employed and sole-trader, such as plumber) but conducted their work off-site.

In addition, the data does not quantify those residents who may be reluctant to declare they are running a HBB. For example, an AC Nielsen survey released in November 2006 found 5.94 million Australians shopped on-line, using services such as eBay (84 per cent of on-line sales traffic).\(^{117}\) Though most users would be buyers rather than sellers, the anecdotal evidence suggests some eBay ‘power sellers’ (those who have registered over 1,000 on-line transactions) may be earning a considerable tax-free income from their endeavours. Yet to avoid paying tax on that primary or secondary income, they may be reluctant to disclose any lucrative HBB activities.

For these reasons – and as this report argues in subsequent chapters – the potential of HBBs requires greater investigation and quantification, in order to devise informed ways of fostering this potential growth area of cost-effective local economic development.
Table 2.17: Home Based Workers, Outer Suburban LGAs – 30 June 2006

<table>
<thead>
<tr>
<th>Local Government Areas</th>
<th>Worked at Home</th>
<th>Percentage of Home Workers</th>
<th>Total Persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardinia (S)</td>
<td>1,771</td>
<td>6.5%</td>
<td>27,198</td>
</tr>
<tr>
<td>Casey (C)</td>
<td>2,915</td>
<td>2.9%</td>
<td>100,679</td>
</tr>
<tr>
<td>Hume (C)</td>
<td>1,293</td>
<td>2.1%</td>
<td>61,385</td>
</tr>
<tr>
<td>Melton (S)</td>
<td>853</td>
<td>2.3%</td>
<td>37,097</td>
</tr>
<tr>
<td>Mornington Peninsula (S)</td>
<td>3,391</td>
<td>5.9%</td>
<td>57,800</td>
</tr>
<tr>
<td>Nillumbik (S)</td>
<td>1,693</td>
<td>5.2%</td>
<td>32,385</td>
</tr>
<tr>
<td>Whittlesea (C)</td>
<td>1,071</td>
<td>1.9%</td>
<td>55,267</td>
</tr>
<tr>
<td>Wyndham (C)</td>
<td>1,242</td>
<td>2.3%</td>
<td>53,524</td>
</tr>
<tr>
<td>Yarra Ranges (S)</td>
<td>3,623</td>
<td>5.2%</td>
<td>69,711</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>61,667</td>
<td>3.6%</td>
<td>1.685m</td>
</tr>
</tbody>
</table>


Internet Connectivity

The availability of reliable, fast and affordable internet services across Melbourne’s outer suburban region plays an increasingly important role in fostering local economic development. This is especially true for HBBs attempting to compete in an on-line global marketplace to transact the sale of goods, services and information.

Limited access to high-speed broadband internet frustrates attempts by some residents of Melbourne’s outer suburbs to save on transport and associated environmental costs by ‘teleworking’ from home. This situation persists as Telstra claims that ‘by 2010, it’s projected that 50 per cent of Australians will undertake some form of teleworking’. That same report claims that three of Victoria’s top four ‘teleworking locations’ already operate within Melbourne’s outer suburban region: Red Hill and Sorrento within Mornington Peninsula, and The Patch in Yarra Ranges.118

If Telstra’s report is correct then it augurs well for the potential of internet-based HBBs. However, as the 2006 Census data shows below, Melbourne’s outer suburbs are yet to fully embrace the internet, with around four households in every ten connected to ‘broadband’.
### Table 2.18: Type of Internet Connection per Occupied Private Dwelling, Outer Suburban LGAs – 30 June 2006

<table>
<thead>
<tr>
<th>Local Government Areas</th>
<th>None</th>
<th>Broadband</th>
<th>Dial-Up</th>
<th>Other</th>
<th>Total Connected</th>
<th>Not Stated</th>
<th>Total Surveyed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardinia (S)</td>
<td>6,233 (32.8%)</td>
<td>7,568 (39.9%)</td>
<td>4,591 (24.2%)</td>
<td>94 (0.5%)</td>
<td>12,253 (64.6%)</td>
<td>497 (2.6%)</td>
<td>18,983</td>
</tr>
<tr>
<td>Casey (C)</td>
<td>21,551 (31.3%)</td>
<td>30,587 (44.4%)</td>
<td>14,150 (20.5%)</td>
<td>375 (0.5%)</td>
<td>45,112 (65.4%)</td>
<td>2,240 (3.2%)</td>
<td>68,903</td>
</tr>
<tr>
<td>Hume (C)</td>
<td>16,608 (36.4%)</td>
<td>18,410 (40.3%)</td>
<td>8,699 (19%)</td>
<td>254 (0.6%)</td>
<td>27,363 (59.9%)</td>
<td>1,705 (3.7%)</td>
<td>45,676</td>
</tr>
<tr>
<td>Melton (S)</td>
<td>8,190 (32.5%)</td>
<td>10,236 (40.6%)</td>
<td>5,812 (23.1%)</td>
<td>155 (0.6%)</td>
<td>16,203 (64.3%)</td>
<td>795 (3.2%)</td>
<td>25,188</td>
</tr>
<tr>
<td>Mornington Peninsula (S)</td>
<td>18,455 (37%)</td>
<td>18,874 (37.8%)</td>
<td>10,711 (21.5%)</td>
<td>205 (0.4%)</td>
<td>29,790 (59.7%)</td>
<td>1,627 (3.3%)</td>
<td>49,872</td>
</tr>
<tr>
<td>Nillumbik (S)</td>
<td>3,569 (19.2%)</td>
<td>10,458 (56.2%)</td>
<td>4,204 (22.6%)</td>
<td>47 (0.3%)</td>
<td>14,709 (79.1%)</td>
<td>335 (1.8%)</td>
<td>18,613</td>
</tr>
<tr>
<td>Whittlesea (C)</td>
<td>15,305 (38.7%)</td>
<td>15,174 (38.4%)</td>
<td>7,376 (18.7%)</td>
<td>196 (0.5%)</td>
<td>22,746 (57.6%)</td>
<td>1,457 (3.7%)</td>
<td>39,508</td>
</tr>
<tr>
<td>Wyndham (C)</td>
<td>11,054 (30.1%)</td>
<td>17,120 (46.6%)</td>
<td>7,262 (18.9%)</td>
<td>186 (0.5%)</td>
<td>24,568 (66.9%)</td>
<td>1,082 (2.9%)</td>
<td>36,704</td>
</tr>
<tr>
<td>Yarra Ranges (S)</td>
<td>14,736 (30.7%)</td>
<td>20,658 (43.1%)</td>
<td>11,163 (23.3%)</td>
<td>207 (0.4%)</td>
<td>32,028 (66.8%)</td>
<td>1,217 (2.5%)</td>
<td>47,981</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>422,340 (32.9%)</td>
<td>573,888 (44.7%)</td>
<td>237,451 (18.5%)</td>
<td>7,036 (0.5%)</td>
<td>818,375 (63.7%)</td>
<td>42,585 (3.3%)</td>
<td>1.283m</td>
</tr>
</tbody>
</table>


### Internet Trends – National

The 2006 Census indicates internet connections to Australian households have nearly doubled since 2001 via dial-up, broadband or ‘other’ methods, such as satellite. In 2001, 35 per cent of homes nationally were hooked up; in 2006 that had grown to 63 per cent.
Chapter 2: Profiling Melbourne’s Outer Suburban Interface

The ACT has the highest penetration, with 75 per cent of all homes connected and 53 per cent of these on broadband – defined by the ABS as an ‘always on’ connection with a minimum data download speed of 256 kbps or more.

Similar rates are seen in NSW (63 per cent total and 42 per cent broadband), Victoria (63 and 42 per cent), Queensland (64 and 41 per cent) and Western Australia (65 and 41 per cent). The lowest connection rate is in Tasmania, where 55 per cent of homes are connected and 28 per cent are broadband.

The report also shows that income and education are key factors influencing internet take-up:

- households with an income of $2,000 or more per week are three times more likely to have broadband, compared to households on less than $600 per week;
- families with children under 15 or dependant students, are three to four times more likely to have internet access than other families;
- people in low skill occupations are about a quarter less likely to have broadband;
- people not in the labour force (e.g. students, pensioners, etc.) are 18 per cent less likely (than those in the paid workforce) to have broadband; and
- unemployed people are 12 per cent less likely (than those in the paid workforce) to have broadband.\(^{119}\)

Internet Trends – Outer Suburban LGAs

The Census data for internet connections to private dwellings in Melbourne’s outer suburbs reveals:

- Nillumbik’s well-above average connection rates – totalling 79.1 per cent of households with broadband, dial-up or ‘other’ – reflecting the ABS’s conclusions that higher incomes and educational achievement are linked to greater internet use;
- three out of nine outer suburban LGAs (Hume, Mornington Peninsula and Whittlesea) have lower than national average connection rates – again reflecting a link between lower incomes and educational achievement, a greater prevalence of low-skill occupations and residents either not in the labour force or unemployed; and
- around a third of households in each of the nine outer suburban LGAs with no connection at all, mirroring the national average of 32.9 per cent.

Importantly, although a dwelling may not have an internet connection, its occupants could have some access at their school or workplace. Others may use free or low-cost internet provided by many municipal libraries or community facilities, such as Hume’s Global Learning Centre or neighbourhood houses.
The Census provides no evidence that a lack of internet access at home is linked with poor or underdeveloped computing or on-line communications skills, for such skills may instead be developed in a workplace or educational environment. Until the ABS data is refined, it is not possible to determine the impact of non-existent or slow internet connections on the computer skills of residents in Melbourne’s outer suburbs and in turn, their ability to successfully apply those skills in a modern workplace.

Certainly, the Victorian Government advocates the widespread adoption of broadband, arguing: ‘the development of next generation [broadband] networks and services … [is] critical for the State’s future connectivity, innovation and productivity’. \(^\text{120}\) To that end, in February 2007 the Government released research that found the state had added 264,517 new broadband subscribers since 2006 and that ‘99 per cent of Melbourne households now … [have] access to services’. \(^\text{121}\)

At face value, this figure appears to contradict the Census data (see earlier table), which reports that in 2006, just 44.7 per cent of Melbourne households had a broadband connection, with a further 18.5 per cent using the slower dial-up services. However, the office of the Victorian Minister for ICT the Hon. Theo Theophanous has clarified that ‘access to service’ means 99 per cent of Melburnians have ‘broadband’ coverage at a minimum 256 kbps download and 64kbps upload speed but only ‘if they choose to subscribe’. \(^\text{122}\) For largely unknown reasons – perhaps financial or technical – many Melbourne households have not yet chosen to connect.

Nevertheless, the Committee has heard evidence from a number of witnesses – notably including a representative of the Australian Telecommunications Users Group Ltd (ATUG) – who generally support the Government’s assertion that ‘the very high speed and quality of next generation networks … could become part of everyday business and personal communication’. \(^\text{123}\)

If this is the case then fast, reliable and affordable internet services will play a significant role in any moves toward local economic development in Melbourne’s outer suburbs.

**Residents’ Incomes**

From the table below it is evident that Nillumbik residents earn significantly more per week on an individual, household and family basis than residents in Melbourne’s other eight outer suburban LGAs.

Notably, Nillumbik is almost $100 per week better off on an individual basis than the Melbourne average and well-above the state and national averages. This comparative wealth probably reflects its higher than average concentration of generally better-paid ‘white-collar’ workers, which is reflected in its above-average educational achievements (see ‘Education’ section in this chapter).

The lowest incomes across individuals and families are in Hume – skewed by pockets of above-average unemployment in Broadmeadows and Dallas where welfare
payments may be the primary income. Whittlesea holds a close second-lowest position, again possibly skewed by pockets of above-average unemployment.\textsuperscript{124}

Finally, it is important to note that the incomes reported by residents in Melbourne’s outer suburban region may not necessarily be generated or spent within those same regions. Nevertheless, this data gives a good indication of potential spending power and the resulting ‘multiplier effect’, regardless of where the money originates.

**Table 2.19:** Income (Residents aged 15-plus), Outer Suburban LGAs – 30 June 2006

<table>
<thead>
<tr>
<th>Local Government Areas</th>
<th>Individual Income (Median, $/weekly)</th>
<th>Household Income (Median, $/weekly)</th>
<th>Family Income (Median, $/weekly)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardinia (S)</td>
<td>478</td>
<td>1,078</td>
<td>1,184</td>
</tr>
<tr>
<td>Casey (C)</td>
<td>480</td>
<td>1,097</td>
<td>1,170</td>
</tr>
<tr>
<td>Hume (C)</td>
<td>403</td>
<td>1,030</td>
<td>1,102</td>
</tr>
<tr>
<td>Melton (S)</td>
<td>505</td>
<td>1,122</td>
<td>1,195</td>
</tr>
<tr>
<td>Mornington Peninsula (S)</td>
<td>437</td>
<td>914</td>
<td>1,113</td>
</tr>
<tr>
<td>Nillumbik (S)</td>
<td>570</td>
<td>1,522</td>
<td>1,657</td>
</tr>
<tr>
<td>Whittlesea (C)</td>
<td>406</td>
<td>1,043</td>
<td>1,102</td>
</tr>
<tr>
<td>Wyndham (C)</td>
<td>516</td>
<td>1,147</td>
<td>1,257</td>
</tr>
<tr>
<td>Yarra Ranges (S)</td>
<td>474</td>
<td>1,078</td>
<td>1,191</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>481</td>
<td>1,079</td>
<td>1,242</td>
</tr>
<tr>
<td>Victoria</td>
<td>456</td>
<td>1,022</td>
<td>1,170</td>
</tr>
<tr>
<td>Australia</td>
<td>466</td>
<td>1,027</td>
<td>1,171</td>
</tr>
</tbody>
</table>


**Outer Suburban Social and Economic Welfare**

The social and economic welfare and potential of Melbourne’s outer suburban region can be broadly determined by examining the ABS’s Socio-Economic Indexes for Areas (SEIFA) data and similar but more recent analysis by Griffith University’s Urban Research Program (URP).
SEIFA Analysis

The ABS developed SEIFA to assess and compare the welfare of Australian communities. This tool facilitates a ready ranking of regions/areas to determine their level of social and economic well-being, across four related indices, as described here by the ABS:

1) Index of Advantage/Disadvantage: a continuum of advantage to disadvantage, where low values indicate areas of disadvantage and high values indicate areas of advantage (considering variables such as the proportion of families with high incomes, people with a tertiary education and employees in skilled occupations);

2) Index of Disadvantage: derived from attributes such as income, educational attainment, unemployment, and dwellings without motor vehicles and focusing on low income earners, relatively lower educational attainment and high unemployment;

3) Index of Economic Resources: includes variables relating to the income, expenditure and assets of families (e.g. family income, rent paid, mortgage repayments and dwelling size); and

4) Index of Education and Occupation: includes variables relating to the educational and occupational characteristics of communities (e.g. the proportion of people with a higher qualification or those employed in a skilled occupation).

Overall, these indices show where the affluent live (not just high income earners); where the disadvantaged live (not just the unemployed); and where the highly skilled and educated live (not just the tertiary educated).

All indexes are constructed so that relatively disadvantaged areas (i.e. areas with many low income earners) have low index values. Further, all scores are standardised to a mean of 1,000 and a standard deviation of 100 across all collection districts (LGAs). In practice, this means around 95 per cent of scores sit between 800 and 1200.125
### Table 2.20: Comparative SEIFA Indexes, Outer (Melbourne) Suburban Council Areas – 30 June 2001 and 2006

<table>
<thead>
<tr>
<th>Local Government Areas</th>
<th>2001 Relative Socio-Economic Advantage/Disadvantage</th>
<th>2006 Relative Socio-Economic Disadvantage</th>
<th>Economic Resources</th>
<th>Education / Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardinia (S)</td>
<td>984</td>
<td>997</td>
<td>1,019</td>
<td>1,027</td>
</tr>
<tr>
<td>Casey (C)</td>
<td>979</td>
<td>992</td>
<td>994</td>
<td>1,012</td>
</tr>
<tr>
<td>Hume (C)</td>
<td>953</td>
<td>958</td>
<td>954</td>
<td>965</td>
</tr>
<tr>
<td>Melton (S)</td>
<td>981</td>
<td>988</td>
<td>997</td>
<td>1,010</td>
</tr>
<tr>
<td>Mornington Peninsula (S)</td>
<td>998</td>
<td>1,009</td>
<td>1,028</td>
<td>1,026</td>
</tr>
<tr>
<td>Nillumbik (S)</td>
<td>1,104</td>
<td>1,101</td>
<td>1,108</td>
<td>1,104</td>
</tr>
<tr>
<td>Whittlesea (C)</td>
<td>949</td>
<td>966</td>
<td>962</td>
<td>978</td>
</tr>
<tr>
<td>Wyndham (C)</td>
<td>995</td>
<td>1,005</td>
<td>1,008</td>
<td>1,022</td>
</tr>
<tr>
<td>Yarra Ranges (S)</td>
<td>1,009</td>
<td>1,015</td>
<td>1,037</td>
<td>1,039</td>
</tr>
</tbody>
</table>


For the ‘Index of Education/Occupation’, Hume and Whittlesea had equal scores in 2001 but Hume alone held this position in 2006. These results are evident in other tables in this chapter, most notably the lower than average ‘Incomes’ of both Whittlesea and Hume.

In contrast, of Melbourne’s nine outer suburban LGAs, Nillumbik was the best performer across all four indices: a position unchanged from 2001 to 2006. Further, Nillumbik was rated the sixth most advantaged of Victoria’s 80 LGAs (see following table).
### Table 2.21: Victorian Local Government Areas (LGAs): Most Advantaged – Index of Relative Socio-economic Advantage and Disadvantage

<table>
<thead>
<tr>
<th>Rank in Victoria</th>
<th>Local Government Area</th>
<th>Usual Resident Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Borrondara</td>
<td>154,451</td>
</tr>
<tr>
<td>2</td>
<td>Bayside</td>
<td>87,937</td>
</tr>
<tr>
<td>3</td>
<td>Stonnington</td>
<td>89,884</td>
</tr>
<tr>
<td>4</td>
<td>Melbourne</td>
<td>71,380</td>
</tr>
<tr>
<td>5</td>
<td>Port Phillip</td>
<td>85,097</td>
</tr>
<tr>
<td>6</td>
<td>Nillumbik</td>
<td>59,791</td>
</tr>
<tr>
<td>7</td>
<td>Manningham</td>
<td>109,917</td>
</tr>
<tr>
<td>8</td>
<td>Glen Eira</td>
<td>124,084</td>
</tr>
<tr>
<td>9</td>
<td>Yarra</td>
<td>69,330</td>
</tr>
<tr>
<td>10</td>
<td>Monash</td>
<td>161,242</td>
</tr>
</tbody>
</table>


The rankings achieved by some of Greater Melbourne’s 79 Statistical Local Areas (SLAs) help explain the rankings of their parent LGAs. For example, the Nillumbik South SLA made outer suburban Nillumbik the tenth *most advantaged* LGA in Greater Melbourne (see next table).
Table 2.22: Greater Melbourne Statistical Local Areas: Most Advantaged – Index of Relative Socio-economic Advantage and Disadvantage

<table>
<thead>
<tr>
<th>Rank in Victoria</th>
<th>Statistical Local Area</th>
<th>Local Government Area</th>
<th>Usual Resident Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Southbank/Docklands</td>
<td>Melbourne</td>
<td>13,304</td>
</tr>
<tr>
<td>2</td>
<td>Brighton</td>
<td>Bayside</td>
<td>35,412</td>
</tr>
<tr>
<td>3</td>
<td>Kew</td>
<td>Boroondara</td>
<td>28,657</td>
</tr>
<tr>
<td>4</td>
<td>Camberwell South</td>
<td>Boroondara</td>
<td>48,967</td>
</tr>
<tr>
<td>5</td>
<td>Malvern</td>
<td>Stonnington</td>
<td>44,728</td>
</tr>
<tr>
<td>6</td>
<td>Manningham East</td>
<td>Manningham</td>
<td>15,030</td>
</tr>
<tr>
<td>7</td>
<td>Camberwell North</td>
<td>Boroondara</td>
<td>43,337</td>
</tr>
<tr>
<td>8</td>
<td>Hawthorn</td>
<td>Boroondara</td>
<td>33,490</td>
</tr>
<tr>
<td>9</td>
<td>Port Phillip West</td>
<td>Port Phillip</td>
<td>25,299</td>
</tr>
<tr>
<td>10</td>
<td>Nillumbik South</td>
<td>Nillumbik</td>
<td>27,370</td>
</tr>
</tbody>
</table>


In contrast to the previous table’s findings, six outer suburban SLAs were within the ten most disadvantaged LGAs in Greater Melbourne. Notably, the Broadmeadows SLA in the City of Hume was ranked as the most disadvantaged SLA in the metropolitan region (see next table), though the ABS explains that within Broadmeadows ‘around half of [the] residents fell into the most disadvantaged areas while the other half lived in less disadvantaged areas’. 128
Table 2.23: Greater Melbourne Statistical Local Areas: Most Disadvantaged – Index of Relative Socio-economic Advantage and Disadvantage

<table>
<thead>
<tr>
<th>Rank in Victoria</th>
<th>Statistical Local Area</th>
<th>Local Government Area</th>
<th>Usual Resident Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Broadmeadows</td>
<td>Hume</td>
<td>61,692</td>
</tr>
<tr>
<td>2</td>
<td>Sunshine</td>
<td>Brimbank</td>
<td>81,227</td>
</tr>
<tr>
<td>3</td>
<td>Greater Dandenong Balance</td>
<td>Greater Dandenong</td>
<td>70,673</td>
</tr>
<tr>
<td>4</td>
<td>Whittlesea South-west</td>
<td>Whittlesea</td>
<td>58,631</td>
</tr>
<tr>
<td>5</td>
<td>Dandenong</td>
<td>Greater Dandenong</td>
<td>54,847</td>
</tr>
<tr>
<td>6</td>
<td>Cardinia South</td>
<td>Cardinia</td>
<td>5,288</td>
</tr>
<tr>
<td>7</td>
<td>Moreland South</td>
<td>Moreland</td>
<td>46,707</td>
</tr>
<tr>
<td>8</td>
<td>Cranbourne</td>
<td>Casey</td>
<td>63,916</td>
</tr>
<tr>
<td>9</td>
<td>Melton Balance</td>
<td>Melton</td>
<td>39,430</td>
</tr>
<tr>
<td>10</td>
<td>Yarra Ranges Central</td>
<td>Yarra Ranges</td>
<td>14,821</td>
</tr>
</tbody>
</table>


Despite these being ‘average’ findings, the Census SEIFA rankings nevertheless provide an important indication of which LGAs (and SLAs) need specific assistance to enhance the employability and income of local residents and thus their local economic development.

Urban Research Program (URP) Analysis

Further insights into the social and economic welfare of Melbourne’s outer suburbs are available by consulting the ‘General Deprivation Index for Australian Cities’ developed by Griffith University’s URP. This index draws on an analysis of 16 individual variables, grouped under the four areas of demographic/household trends, income, housing and engagement with work.¹²⁹

All source data comes from the latest ABS 2006 Census, so the URP’s resulting analytical tool – the ‘General Deprivation Index’ – complements the SEIFA data outlined previously. Not surprisingly therefore, this index identifies 16 suburbs within Greater Melbourne that are ‘scarred’ through deprivation (according to the URP), 11
of which are either within or directly bounding several of Melbourne’s outer suburban LGAs (see next table).

**Table 2.24:** General Deprivation Index – Outer Melbourne suburbs/areas ‘scarred by socio-economic deprivation’ (based on ABS Census 2006)

<table>
<thead>
<tr>
<th>Band 1 Suburbs</th>
<th>Suburb Location, including relevant Local Government Areas(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albanvale</td>
<td>Brimbank City Council, but on immediate eastern boundary of the Shire of Melton</td>
</tr>
<tr>
<td>Broadmeadows</td>
<td>Hume City Council</td>
</tr>
<tr>
<td>Campbellfield</td>
<td>Hume City Council</td>
</tr>
<tr>
<td>Coolaroo</td>
<td>Hume City Council</td>
</tr>
<tr>
<td>Dallas</td>
<td>Hume City Council</td>
</tr>
<tr>
<td>Dandenong South</td>
<td>Greater Dandenong City Council, but on immediate western boundary of City of Casey</td>
</tr>
<tr>
<td>Kings Park</td>
<td>Brimbank City Council, but on immediate eastern boundary of Shire of Melton</td>
</tr>
<tr>
<td>Lalor</td>
<td>City of Whittlesea</td>
</tr>
<tr>
<td>Meadow Heights</td>
<td>Hume City Council</td>
</tr>
<tr>
<td>Sunshine West</td>
<td>Brimbank City Council, but on immediate north-eastern boundary of City of Wyndham</td>
</tr>
<tr>
<td>Thomastown</td>
<td>City of Whittlesea</td>
</tr>
</tbody>
</table>


According to the URP’s analysis, these ‘Band 1’ suburbs are among the most ‘scarred’ in Melbourne and are:

... home to the real ‘battlers’ of the metropolitan regions. Some of these locales have become well known because of the range of social problems that seem to be concentrated there, but others just struggle along. Many of them tend to have concentrations of multiple disadvantages whereby one social problem is compounded by other problems. The geography of these deprived places also impacts on their social and economic scars as if the disadvantaged:
... live in a community or locality where distance, diminished labour market opportunities and reduced services (particularly public transport, child care, education and training) make both social and economic participation very difficult if not impossible (Cass 1990, p. 9).  

The URP cites several reasons for these suburbs rating so poorly in terms of their economic and social disadvantage, namely:

Many ... were developed with a strong emphasis on public housing estates associated with the rapid growth of manufacturing industries in the 1950s, 60s and 70s. They have become some of the most unfortunate victims of structural economic change.

Specifically, ‘scarred’ suburbs such as Broadmeadows and Dallas within the City of Hume lie within Melbourne’s ‘post-war industrial growth heartlands’, but since the 1970s, they have been ‘at the wrong end of economic and social transitions’.  

Such legacies present enormous challenges for governments at all levels across many areas; however, as this report argues later, such ‘disadvantaged’ suburbs may also present opportunities for well-conceived, competently administered and adequately funded local economic development initiatives.

**Conclusion**

The 2006 ABS Census data confirms the Victorian Government’s observation that ‘Victoria is experiencing its highest levels of population growth since the 1960s’, with Melbourne expanding by around 1,200 people per week. Much of this growth is occurring in Melbourne’s outer suburban LGAs.

Development within the outer suburbs is uniquely subject to the provisions of three broad planning concepts codified under M2030: the ‘Green Wedge Zones’ covering about 79 per cent of the outer suburbs, the Urban Growth Boundary and most recently, the Urban Growth Zone.

Growth within the outer suburbs is creating unprecedented building activity, as new residents, typically first-home buyers and young families, seek out more affordable land for home-building.

The nine outer suburban LGAs are gaining extra revenue through rates and developer contributions, yet still find it impossible to supply even the basic physical and community infrastructure demanded by their ratepayers – without a substantial lift in rates or other income sources or delaying the provision of such amenities.

The demographic profile of Melbourne’s outer suburbs offers some threats and opportunities for encouraging future local economic development. On the one hand, most residents tend to be younger than Melbourne’s average, generally Australian-born and with English as their first language. Employment rates are also favourably
comparable to state and national averages, though most tend to work in ‘blue-collar’
labouring or technical and trade areas, as well as clerical and administrative areas. Most families exist on weekly incomes comparable to the Victorian and national averages.

Importantly though, the ‘education gap’ of many residents makes them unsuited (yet) for higher-skilled, better-paid ‘white-collar’ or ‘professional’ employment without further tertiary training or education. Only a tiny number of residents work from home, a situation that may be exacerbated by the less than optimal connection of ‘fast’ broadband internet to outer suburban dwellings.

The overall assessment of this region’s social and economic wellbeing is a mixed bag: some municipalities are doing comparatively well, thanks largely to higher education, better jobs and higher incomes amongst their residents; conversely, other municipalities are scoring below average because of long-term suburban pockets of high unemployment, low incomes and poor education.

Clearly, there remains much to be done across Melbourne’s outer suburban region to generally improve the wealth, happiness and opportunities of those who live there. The bulk of these improvements will depend on greater local economic development, as driven and delivered by all levels of government. The remainder of this report elaborates on ideas aimed at achieving this goal.
Endnotes:

2 See in particular Ch. 4 and 5 in SGS Economics & Planning Pty Ltd, Local Economic Development in the Interface, Final Report, Melbourne, Interface Councils Group, April 2007, passim.
3 Note that the Committee has employed this definition in its earlier reports, as discussed in Chapter One.
11 Economic Activity profile provided (verbally) to Secretariat by Cardinia Shire Council’s Economic Development team during bus tour of LGA, 8 October 2007.
18 Economic activity profile provided (verbally) to Secretariat by City of Hume Council’s ED team members during bus tour of LGA, 7 November 2007.
23 DPCD, Urban Development Program 2007 Annual Report, Melbourne, DPCD, p. i.
28 ibid., p. 32.
36 AgriWest Inc. 2001, Outer Western Region Agribusiness Audit Project Final Report, Werribee, passim.
38 ibid.
41 Economic activity profile provided (verbally) to Secretariat by Council’s ED team members during bus tour of LGA, 19 November 2007.
156
157

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52 ibid., p. 10.


54 ibid.


57 Economic Activity profile provided (verbally) to Secretariat by Council’s ED team members during bus tour of LGA, 16 July 2007.


64 Economic Activity profile provided (verbally) to Secretariat by Council’s ED team members during bus tour of LGA, 17 September 2007.


66 ibid.


68 ibid.


70 ibid.


72 National Growth Areas Alliance (NGAA), NGAA Fund the Gap Summit Communiqué, Melbourne, 31 August 2007.


75 NGAA, NGAA Fund the Gap Summit Communiqué, Melbourne, 31 August 2007, p. 4.

76 Productivity Commission, Assessing Local Government Revenue Raising Capacity, Canberra, Commonwealth of Australia, April 2008, p. xxv.


79 Municipal Association of Victoria (MAV) 2007, Media Release: Rate rises needed to offset growing cost pressures, MAV, Melbourne, 30 June.

80 Ibid.

81 Ibid.


84 ABS, 3222.0 - Population Projections Australia 2004 to 2101, ABS, Canberra, p. 58.


87 ibid., p. 3.


Local Economic Development in Outer Suburban Melbourne

88 For further information on Melbourne 2030 and its most recent adjustments visit the Department of Sustainability and Environment website <www.dse.vic.gov.au>, Melbourne 2030 section.
92 ibid.
93 ibid.
94 ibid.
95 ibid.
97 ibid.
99 ibid.
100 ibid.
102 ibid.
109 ibid.
111 Mr S. Murphy, Transcript of Evidence, 19 November 2007, p. 432.
113 See, for example, Cr T. Heenan (Mayor), Transcript of Evidence, 23 October 2007, pp. 318–323.
114 Anecdotal evidence from discussions with Hume City Council representatives and Committee members during a tour of Hume City Council, 6 August 2007.
121 ibid.
122 Email clarification sent to OSIDC Secretariat research staff from Kimberley Kitching, Senior Advisor, Minister for ICT, Hon. Theo Theophanous MP, dated 29 February 2008.
124 These comments are based on anecdotal evidence supplied to the Secretariat from Hume and Whittlesea Council representatives to Committee members during bus tours of the respective Hume and Whittlesea LGAs during 2007.
128 ibid.
129 Scott Baum, Suburban Scars: Australian cities and socio-economic deprivation, Brisbane, Urban research Program, Griffith University, February 2008.
130 ibid., p. 24.
131 ibid., p. 28.
CHAPTER 3: INTRODUCING LOCAL ECONOMIC DEVELOPMENT

Chair, George Seitz MLA, site visit to Radio Frequency Systems Pty Ltd (RFS), Kilsyth, 23 October 2007, Photo courtesy of Don Nardella MLA and RFS.

‘The economic success of communities today depends upon them being able to adapt to the fast changing national and international market environment’ and one way to do that is through effective local economic development.


Local Economic Development (LED) is a ‘tool’ now commonly used to assist the ‘economic success of communities’ and is widely promoted by The World Bank and other international organisations involved in global economics.

LED is also used across Melbourne’s outer suburbs; therefore, this chapter begins by presenting key background information on the history and concepts underpinning LED and how it is practiced worldwide today.
The chapter then examines how LED is practised in Australia; the typical LED strategies in use; the profile of LED practitioners; their professional development (PD) needs; and the assessment of LED programs through ‘benchmarking’ and peer-to-peer sharing of ‘best practice’.

Much of the data supporting this chapter has been drawn from Economic Development Australia (EDA) and includes recommendations aimed at strengthening existing ‘best practice’ amongst LED practitioners, as well as assisting them with PD and ways to provide accreditation, encouragement and acknowledgement for their often overlooked efforts.

**What is Local Economic Development (LED)?**

**Background**

Since Federation in 1901, Australia’s federal and state/territory governments have largely assumed responsibility for working with the private sector to stimulate, foster and in some areas, regulate economic development. Examples at the national level include the Commonwealth Government’s regulation of taxation, trade, banking, tariffs and communications – all areas directly affecting the national economy.

Australia’s state and territory governments encourage and facilitate economic growth within their jurisdictions through practical measures, such as the provision of essential public infrastructure (bridges, communications, ports, railways, roads, water supplies, etc), the management of vocational education and training, and the regulation of planning.

LED is largely a micro-level complement to this macro-economic activity. LED programs tend to be initiated across much smaller ‘grassroots’ geographic areas: usually suburbs, municipalities or neighbouring regions with a common interest, such as a wine-growing area. Consequently, many programs are established and monitored by local governments but may still draw on resources such as funding or expertise, provided by the two higher tiers of government.

**History**

The American based International Economic Development Council (IEDC) – boasting more than 4,500 members worldwide – says the concept of ‘urban economic development’ originated in the United States in the 1960s, as a result of the ‘deterioration of urban neighbourhoods’ which had begun as early as the mid-1930s. Ironically, this deterioration was partly due to the construction of much-needed infrastructure across America, including roads and highways. These new thoroughfares ‘created a single integrated market in the United States … [but at the same time] circumscribed the cities, disconnecting neighbourhoods from the regional economy’. ¹
America’s urban turmoil of the 1960s revealed the extent of this disconnection, evident in the chronic unemployment and poverty of neighbourhoods such as Watts: a segregated Los Angeles suburb that erupted in riots in August 1965. President Lyndon Johnson responded by declaring ‘war on poverty’ through his Economic Opportunity Act. This led to the creation of the Economic Development Administration (EDAUS) within the US Department of Commerce, whose mission is ‘to lead the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy’.  

With backing from the US Congress, America’s LED ‘movement’ accelerated in the early 1970s, driven ‘in response to municipal governments realizing that businesses and capital were moving between locations for competitive advantage’.  This hunger for ‘competitive advantage’ was a consequence of the re-emerging forces of ‘globalisation’, where inter-related circumstances – largely driven by dramatic advances in telecommunications and transport – rapidly exposed manufacturers to a highly competitive global marketplace. (See Chapter One for details on earlier ‘waves’ of globalisation.)

To stay in business, manufacturers not only had to lift their quality but also find new ways to cut costs. One obvious solution was to relocate or subcontract their manufacturing operations to those regions offering cheaper labour and other cost-saving ‘incentives’ – such as cheap land or lower taxes – and which were well-served by port access to the new world markets.

A notable modern day example of this international market environment is the ubiquitous iPod: designed by Apple in California’s Silicon Valley, manufactured in China, then marketed, distributed and sold globally. Other everyday examples include mobile phones designed in Scandinavia, Japan or the United States and mostly made in China; computers and software designed in the United States and mostly assembled in Taiwan, China and India; automobiles designed in the United States, Europe and Australia and variously assembled in Japan, Korea, Thailand, Australia, the United States, Europe, Brazil, etc. using components often sourced from myriad locations, and; fashion clothing, footwear and apparel designed worldwide but mostly manufactured in China or India.

**From Global to Local**

Rather than fight the inevitable rise of globalisation, many prudent governments began to adapt their national economic programs for application at a local level. Their broad aim was to either hold existing local businesses or entice so-called ‘footloose’ or ‘butterfly’ global businesses to resettle in their regions.

For example, in the United States’ EDA now encourages investment and job-creation ‘across rural and urban areas alike’. It further aims to:

> Help our partners across the nation (states, regions and communities) create wealth and minimize poverty by promoting a favourable business environment to attract private capital investment and higher-skill, higher-
wage jobs through world-class capacity building, planning, infrastructure, research grants, and strategic initiatives.  

By the late 1980s, this sentiment was being echoed around the globe, spread by LED luminaries such as Prof. Ed Blakely, a leading international ‘prac-academic’ of LED, and Ted Bradshaw. In the third edition of their seminal and widely-used Planning and Local Economic Development: Theory and Practice, they argue the three key goals of LED are to:

1. build quality jobs for the current population;
2. achieve local economic stability; and
3. build a diverse economic and employment base.

Around the world today, Blakely and Bradshaw’s goals remain the keystones of most LED programs and have helped inform the deliberations of this inquiry into LED in Melbourne’s outer suburbs.

Most recently, their ideas have been ‘enhanced’ by complementary approaches that advocate attracting the so-called ‘creative class’ to a region in need of urban revitalisation and economic growth. The leading exponent of this theory is Richard Florida, an American urban planning academic and former student of Blakely. Florida achieved global recognition with his 2002 best-seller The Rise of the Creative Class, then The Flight of the Creative Class in 2005 and his 2008 release Who’s Your City? How the Creative Economy is Making Where to Live the Most Important Decision of Your Life. Some reviewers have since criticised Florida’s over-riding thesis – that ‘in a “knowledge era” it was creative people rather than business or government that brought money into a city or region’ – as being overly simplistic. Nevertheless, he continues to influence and enrich the relatively new field of LED scholarship. Further, like Blakely, Florida has become a household name amongst LED practitioners in Australia, including those in Melbourne’s outer suburbs, impressed by his ‘theory of cultural and recreational opportunities as key economic development tools’.

**LED Today**

As mentioned earlier, LED is today championed by respected organisations such as the World Bank and the Organisation for Economic Co-operation and Development (OECD), the latter through its Local Economic and Employment Development Programme (LEED).

The World Bank believes ‘the economic success of communities today depends upon them being able to adapt to the fast changing national and international market environment’. It adds that one way to do this is through effective LED, which it defines as a policy approach:
... to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation.  

A complementary definition comes from South Africa’s Small Enterprise Development Agency (SEDA), which views LED as:

... an approach towards economic development which encourages local people to work together to achieve sustainable economic growth, bringing economic benefits and improved quality of life for all residents in a local municipal area ... It focuses attention on the local level as the most appropriate place for economic intervention as this level should be most readily accountable to the public, while having the legitimacy of being democratically elected.

In line with these beliefs, the OECD reports that around the globe today ‘most government entities carry out programmes to promote the creation of jobs and to further the general economic development of their jurisdictions’. Further, in the United States during 2005, ‘more than 5,000 separate economic development policies … [were] pursued, as each state and jurisdiction applies various policies to attract and retain existing businesses or to nurture new ones’.  

The LED situation is much the same within the different levels of government of the European Union (EU), based around ‘providing funds and programmes to reduce the economic disparities between member states and regions within those states’.  

Further, as this chapter outlines, governments at all levels in Australia are also involved in LED, with much of the ‘day to day’ responsibility for fostering economic growth mandated to the local government sector.

LED in Practice

Locations and Conditions

LED is practised worldwide in developed and developing countries, in various forms and at different scales, depending on the region or situation. Across Australia, most local municipal governments regardless of size are using some type of LED program for three main purposes:

- firstly, some urban councils are keen to revive ‘brownfield’ regions, such as Broadmeadows in Hume or Epping in Whittlesea, that have been hardest hit by the industrial decline and the global relocation of traditional job opportunities;
- secondly, some regional ‘sea change’ councils along the south-east Australian coast, such as Gosford City Council and Wyong Shire Council on the NSW Central Coast, are keen to ‘grow’ meaningful new employment opportunities
for the increasing numbers of ‘metropolitan refugees’ – often near or at retirement age – who remain keen to participate in a local workforce; and

- thirdly, ‘growth area’ councils are increasingly looking to LED to help provide more jobs for the booming populations attracted to the new ‘greenfield’ fringes of major cities, such as the five designated ‘growth areas’ on Melbourne’s outer fringe.

In practice, the World Bank concedes ‘every town, city and community has unique local conditions that either help or hinder its economic development’. These conditions may include:

- historical use of land, including past industries or other commercial activity;
- changing population demographics;
- the local skill-base/education of available workers;
- the availability of adequate support infrastructure such as communications, energy, ports, transport and water;
- the proximity of the suburb or region to adequate transport/logistics; and
- the capacity of stakeholder authorities to invest appropriate resources such as funds, facilities, training, mentoring, business or legal advice.

To understand their ‘unique local conditions’ and build a strong local economy, the World Bank recommends:

... each community should undertake a collaborative, strategically planned process to understand, and then act upon, its own strengths, weaknesses, opportunities, and threats [SWOT]. This process should enable local areas to become more attractive to business, workers and supporting institutions.

The SWOT analysis is a common strategic planning tool in modern business management and the World Bank believes such an analysis of a local area should ‘form the basis for designing and implementing a local economic development strategy’.

**Executing LED Strategies**

The World Bank’s website offers some excellent resources for trainers and practitioners on the fundamentals of LED and further information and practical tools on how to prepare and execute LED strategies for a particular region, based on a successful globally trialled model. Therefore, it is not necessary – nor is it the brief or intention of the Committee – to reproduce similarly detailed material in this report.
However, the following overview is useful to help place this report’s discussion, findings and recommendations into context.

In practical terms, the World Bank’s LED model advocates a five to ten year period for executing LED strategies from scratch, with annual action plans and the entire process run over five stages. These stages may be summarised as follows:

- **Organising the LED effort** by developing a management team run from a local council or similar body; and a partnership network involving public, private and non-government sectors.

- **Undertaking a Local Economy (SWOT) Assessment**, with ‘local economy’ defined not by municipal or administrative boundaries but by the broader economic relationships across a geographic area, such as wine-making, tourism or industrial areas that may all cross adjacent local government boundaries.

- **Creating the LED Strategy**, with reference to Vision; Goals, with up to six, chosen to meet the Vision; Objectives that are time-bound and measurable; Programs to achieve the Goals and Objectives; Projects; and Action Plans that are all prioritised, costed, time-bound and measurable.

- **Implementing the LED Strategy**, guided by three key documents:
  1. the LED strategy, generally planned to run over a 5–10 year timeframe;
  2. an Implementation Plan, generally planned to run annually or longer; and

- **Reviewing the LED Strategy**, by annually assessing improvements to, or investment in, areas such as:
  - the Local Business Investment Climate;
  - Hard Strategic Infrastructure;
  - Sites and Premises for Business;
  - Soft Infrastructure;
  - Local Business Growth;
  - New Enterprise;
  - Inward Investment, such as funding from external or foreign sources;
  - Sector (and business cluster) Development;
  - Area Targeting / Regeneration Strategies; and
  - Integrating Low Income or Hard-to-employ Workers.
The World Bank recommends its five-stage LED strategic planning process ‘should be tailored to correspond with other local planning processes’ and that its funding remains a crucial consideration, generally shared between public and private stakeholders.\(^{23}\)

**LED Practice in Australia**

**Introducing Economic Development Australia**

The peak body in Australia representing those who practice economic development (ED) is appropriately named Economic Development Australia (EDA). Its members come from all levels of government, the private sector and the ‘Third Sector’: the last comprising those private ‘not-for-profit’ community or voluntary organisations generally promoting the ideals of volunteering and philanthropy.\(^{24}\)

The EDA’s stated goals are to:

- promote effective economic development policies/strategies to government;
- provide suitable professional development (PD) programs for its members; and
- collaborate with like-minded organisations within the national economic development ‘space’.\(^{25}\)

Given its broad representation of ED practitioners, especially in local government, the EDA’s own research has allowed this inquiry to compare and contrast the operations and achievements of the LED units operating in Melbourne’s outer suburbs with their counterparts nationwide. Using this data, the Committee has been able to draw some conclusions and frame recommendations aimed at improving LED programs in outer Melbourne (see later in this chapter).

**Practitioner Profile**

In August 2007, the EDA conducted an on-line *Nationwide Survey of Professional Development needs of Australian Economic Development Professionals* and received 125 responses from its then 260 members.\(^{26}\) This revealed a typical respondent was:

... male, aged 40–59 years who has worked in the profession for at least 6 years in local government and has been in their current position for 1–3 years. They are most likely senior economic development practitioners. They hold at least a Bachelor Degree (most likely in a specialised Arts or Economics degree) and have completed a second qualification (most likely a graduate Diploma in a Business/Urban Development field or an MBA (10% respondents).\(^{27}\)
The EDA’s database already records that 58 per cent of its members are male. The EDA’s survey revealed 73 per cent of respondents were aged 40 years or older; most were senior managers employed in local government; and 92 per cent held a TAFE/university qualification. Further, of those respondents who worked in local government around Australia, just 4.8 per cent were in ‘interface’ or outer suburban municipalities, as tabled next:

**Table 3.1**: Areas of Employment: Economic Development Australia members, 2007 Survey.

<table>
<thead>
<tr>
<th>Area of Employment</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Government Sector</td>
<td>77.6%, comprising:</td>
</tr>
<tr>
<td></td>
<td>• Regional/Rural 46.4%</td>
</tr>
<tr>
<td></td>
<td>• Metropolitan 26.4%</td>
</tr>
<tr>
<td></td>
<td>• Interface 4.8%</td>
</tr>
<tr>
<td>Private Industry (Consultants, etc)</td>
<td>10.0%</td>
</tr>
<tr>
<td>Area Consultative Committees (ACCs)</td>
<td>7.2%</td>
</tr>
<tr>
<td>Rural/Economic Development Organisations</td>
<td>6.4%</td>
</tr>
<tr>
<td>State/Territory Government</td>
<td>0.8%</td>
</tr>
<tr>
<td>University/TAFE Sector</td>
<td>1.0%</td>
</tr>
<tr>
<td>Federal Government</td>
<td>0%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>125 respondents of 360 ED practitioners</strong></td>
</tr>
</tbody>
</table>

*Source: Survey data reproduced with kind permission of Economic Development Australia; EDA, Nationwide Survey of Professional Development needs of Australian Economic Development Professionals, Melbourne, Economic Development Australia, August 2007.*

The 92 per cent of survey respondents with post-secondary qualifications typically held a Bachelor’s Degree or higher (71 per cent), as tabled next:
### Table 3.2: What is the Tertiary Education Level of ED Practitioners? Economic Development Australia 2007 National PD Survey

<table>
<thead>
<tr>
<th>Qualification Held</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Master's Degree (MBAs = 10%)</td>
<td>23.0%</td>
</tr>
<tr>
<td>Graduate Diploma</td>
<td>17.6%</td>
</tr>
<tr>
<td>Bachelor's Degree (Honours)</td>
<td>3.7%</td>
</tr>
<tr>
<td>Bachelor's Degree (often multiple degrees)</td>
<td>26.8%</td>
</tr>
<tr>
<td>Diploma</td>
<td>3.0%</td>
</tr>
<tr>
<td>Certificate I-IV</td>
<td>6.5%</td>
</tr>
<tr>
<td>Associate Diploma</td>
<td>1.0%</td>
</tr>
<tr>
<td>Other</td>
<td>8.0%</td>
</tr>
<tr>
<td>Not Stated</td>
<td>10.4%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*Source: Survey data reproduced with kind permission of Economic Development Australia; EDA, Nationwide Survey of Professional Development needs of Australian Economic Development Professionals, Melbourne, Economic Development Australia, August 2007.*

In terms of experience, most respondents on average had held at least two previous jobs before becoming an ED practitioner. Further, 60 per cent had been employed in the private sector and 40 per cent in the public sector, in areas such as:

- management;
- marketing;
- economic development;
- tourism;
- business development;
- town planner;
- sciences (various);
- real estate / property development; and
- financial professions.
In summary, these results show Australia’s ED practitioners are generally well educated and hold a range of skills and previous work experiences relevant to the challenges of their profession.

However, the Municipal Association of Victoria – ‘the peak representative and advocacy body for Victoria’s 79 municipal councils’\textsuperscript{29} – believes there is further scope for enhancing the LED performance of its member councils. The MAV’s Paula Giles, Director Policy, Programs and Commercial, told this inquiry that:

\begin{quote}
... economic development activity within councils ... is a relatively new function for municipalities; it is not one of the icon or traditional functions that municipalities and councils have performed since their inception and many of the people performing this function are often new to local government. Indeed, from many of the conversations that I have had with economic development officers, this represents a new career, one that they enjoy tremendously but they are often new to local government. As a result, I think they bring a lot of useful skills and experience gained either in the not-for-profit, private sector and either tiers of government.\textsuperscript{30}
\end{quote}

The Committee agrees with Ms Giles that LED is a relatively ‘new’ role for local councils and consequently, represents a ‘new’ and evolving career path for many practitioners. Therefore, the next section examines the need for suitable PD for these practitioners, which should enhance LED outcomes in Melbourne’s outer suburbs.

**Professional Development**

The EDA’s *Nationwide Survey of Professional Development needs of Australian Economic Development Professionals August 2007*, highlights ‘a definite demand for more structured and specific ED training and formal ED qualifications’.\textsuperscript{31}

In the two-year period prior to being surveyed, 87 per cent of respondents indicated they had attended an ED related PD activity aimed at enhancing their ‘core competencies’, as listed later in this chapter. These activities included:

- workshops and seminars;
- conferences;
- local and national study tours; and
- formal courses.\textsuperscript{32}

Respondents indicated their participation in such activities was ‘only limited by timing or scheduling problems, [the] expense involved and [a] lack of awareness of [the] availability of PD activities’. Consequently, some wanted ‘more information on [the] opportunities available, the introduction of an ED accreditation program, less expensive fees and the introduction of ED continuing PD point system’, similar to other professions. They also felt ‘more structured and specific ED training and formal
ED qualifications … should be addressed by [the] EDA on a national basis’, and the EDA could assist with ‘increasing the recognition given to ED as a career and its career paths … [by] having greater input into university course structures and content’. 33

The MAV submitted a complementary recommendation to this inquiry for increased PD for EDU practitioners in Melbourne’s outer suburbs:

_Economic development is a relatively new function for local government and would benefit from on-going support in skills development, professional advice and involvement with economic development process in other tiers of government._ 34

This view is endorsed by Prof. Ed Blakely, who told the Committee’s secretariat:

_All economic development staff in local councils need adequate training in their field, as well as sufficient resources to conduct professional research on their regional profile and needs; this training may need to be subsidised by state governments as a worthy, practical investment into grassroots economic development._ 35

The question therefore arises: What is the best way to address these apparent gaps in PD for economic development unit (EDU) practitioners?

**Accredited LED Training**

Professional Development in LED could be undertaken at many different levels of content and sophistication, depending on the needs, timeframe and budget of a participating individual or organisation. For example, a majority of respondents to the EDA’s 2007 survey listed attendance at single-day workshops and seminars as their PD method. 36

However, any ED practitioner seeking a more formal nationally recognised qualification, or wanting to upgrade an existing qualification, must either successfully complete training and assessment within Australia’s vocational education and training (VET) sector or undertake units of study within the national higher education sector, generally through a registered university. 37

Australia’s VET sector comprises government funded institutes or colleges of technical and further education (TAFEs) and other registered training organisations (RTOs). Many deliver accredited Certificate I–IV, Diploma and Advanced Diploma level courses in Business Services, developed in consultation with an industry skills council – in this case the Innovation and Business Industry Skills Council. For students to receive nationally recognised accreditation for their study, all courses must first be approved by the Commonwealth Government’s Australian Quality Training Framework 2007 (AQTF 2007). 38 The current business courses allow students to
specialise in management streams such as marketing, frontline management, accounting and human resource management.

There are similar options for Graduate Diploma and Degree studies in Business Management at many higher education universities and colleges across Australia.

However, though there is some scope for ‘customising’ the content of these courses, there are few, if any, accredited courses addressing the specific needs of existing or aspiring LED practitioners. 39

So what module (or subject) content should be included in a potential new or enhanced accredited business course for LED practitioners? Some worthy suggestions can be gleaned from the following ‘established skills’ that ED practitioners reported they brought to their own roles, listed in order of ‘usefulness’:

- business development;
- communication;
- management;
- marketing;
- networking/relationship building;
- data and trend analysis;
- people skills;
- research/analysis;
- negotiation;
- community consultation;
- interpersonal skills; and
- entrepreneurship and innovation.

Conversely, the practitioners listed those areas in which they felt most confident in and therefore, required the least training:

- management and leadership;
- marketing and communications;
- relationship building and partnerships;
- accessibility to services;
- business planning;
Local Economic Development in Outer Suburban Melbourne

- finance and grants;
- policy/strategy development;
- tourism;
- networking and clusters; and
- entrepreneurship and creativity.

Despite holding these general skills or capabilities, respondents indicated a greater need for training in the following specific areas:

- property development/real estate management;
- statutory planning;
- environmental sustainability;
- business attraction;
- business retention;
- economic profiling/industry trends; and
- ICT, such as e-commerce and website/internet management.

In addition, the EDA’s survey respondents suggested the following ‘core competencies’ could be mandated into accredited LED courses to produce better skilled and qualified practitioners:

- an ability to build relationships and partnerships;
- a sound knowledge of strategic and statutory planning processes;
- an ability to conduct economic profiling, especially of local business trends;
- an ability to attract new business; and
- major project management skills.

Finally, to enhance the delivery of LED content and competencies, EDA Board Member Steve Chapple believes ‘all training should be delivered by ED practitioners, not university lecturers with no experience; in other words, they should “walk the walk, not just talk the talk”’. This is a view shared by the Committee, whilst recognising the difficulty many tertiary level training providers are currently experiencing in attracting and affording to pay suitably qualified professionals to deliver such courses.
RECOMMENDATION 1
The Victorian Government works with Economic Development Australia and other relevant organisations to develop, auspice and support new nationally accredited vocational education and training and higher education sector courses in business, with a major course component in local economic development.

RECOMMENDATION 2
The Victorian Government works with Economic Development Australia, the Municipal Association of Victoria, registered Victorian vocational education and training and higher education providers to attract experienced local economic development professionals to teach in newly developed local economic development courses in Victoria.

Professional Recognition
The EDA’s survey respondents believed ED achievements in their profession should be ‘strongly encouraged’, presumably by the EDA. Based on these responses, the EDA concluded:

There is clearly a very high demand for the development of a structured professional development program for ED practitioners across Australia. Respondents indicated that such a program should be practical in nature to meet their needs and integrated with an accreditation scheme.

Collectively, these survey findings have given the Committee a greater understanding of the strengths and weaknesses of LED practitioners around Australia. However, the Committee acknowledges the results are based on a single survey and there is no data available over time yet to compare trends. Therefore, the Committee believes policymakers at all levels need more data on LED in order to make informed decisions about the needs of LED practitioners in Melbourne’s rapidly growing outer suburbs.

Further, the Committee agrees more ought to be done to assist the EDA, in conjunction with the MAV, to advance the PD of its Victorian members. This in turn should improve the effectiveness of LED management and delivery across all LGAs, including Melbourne’s outer suburbs. Therefore, the Committee makes the following recommendations, which may also involve the local and federal levels of government:
### RECOMMENDATION 3
The Victorian Government works with Economic Development Australia and the Municipal Association of Victoria to organise and collate regular annual surveys of the profile and professional qualifications of local economic development practitioners working in Melbourne’s outer suburban local government areas, to better direct training, resources and other necessary assistance.

### RECOMMENDATION 4
The Victorian Government works with Economic Development Australia and the Municipal Association of Victoria, to organise and promote a professional accreditation scheme for local economic development practitioners working in Melbourne’s outer suburbs, so they can enhance and upgrade their skill base and have an opportunity to enjoy and participate in regular professional development opportunities.

### RECOMMENDATION 5
The Victorian Government works with Economic Development Australia and the Municipal Association of Victoria, to initiate and support achievement awards for ‘best practice’ in local economic development, especially for those practitioners working in Melbourne’s outer suburban local government areas.

### Assessing LED Program Effectiveness
As highlighted earlier, the OECD advocates world’s best-practice in LED. However, amongst its broad research literature on this topic are essays critical of most current processes for evaluating the success or effectiveness of LED programs. The following quote from the OECD sums up the problem:

*Given the magnitude of resources used for local economic and employment development, few countries have made a commensurate investment in generating rigorous evaluative evidence on which policies work and which do not. It is not simply that, frequently, there is limited funding of evaluation. In addition … there is considerable variation in the usefulness of many studies that purport to be evaluations. For instance, the local development literature is replete with case studies of local areas and their development programmes. However, many such studies simply describe a particular locality at a given point in time. They lack the longitudinal data on the area and/or its residents that might help to trace...*
the causes of changes in economic or social circumstances. Consequently, policymakers are frequently unsure about which policy choices are best suited to which circumstances, and which policies should not be considered at all.\textsuperscript{44}

The OECD argues that without sufficient credible data on LED programs, those who fund such activities – generally governments at various levels – cannot determine if they are getting sufficient value for money.\textsuperscript{45}

The EDA agrees there are similar problems in Australia trying to assess the value and outcomes of ED sector programs. EDA board director Margaret Nicholls, an ED practitioner at Queanbeyan City Council who is undertaking a Master of Business Administration (MRD) in regional development, says evaluation is ‘a problem she has noted in particular relating to policy transfer between countries and on a micro level between states’. She believes part of the problem is:

"Australia is an adopter and importer of international policy, modifying and massaging them to suit its particular requirements. Yet, while the value of transferring policy models or importing best practice across nations may be seen as saving time and resources there are warnings that systematic evaluation of the policy or idea should take place prior to any importation or adoption (Mossberger and Wolman, 2003, Peel, 2005, Hoyt, 2006).\textsuperscript{46}"

As an example, Ms Nicholls cites Brisbane City Council’s use of large-scale public-private investment partnerships to create Business Improvement Districts (BIDs) as one ED model where ‘There is very little robust data collected prior to the implementation of a BID or its various forms’. This flimsy approach to ED is apparently commonplace, for:

"In Australia, tool kits have been developed for small rural township renewal or town centre management (Kenyon, Black, Cavaye, Duff, O’Meara and Palmer, 2001, Planning by Design, 2005). However there is little academic investigation within Australia or internationally into the outcomes and benefits attained from the introduction of a revitalisation model and which can be seen to contribute to the economic longevity of a town (Pal and Sanders, 1997, Elle, Schwartz and Voici, 2007, Dawkins G. and Grail, 2007).\textsuperscript{47}"

Ms Nicholls saves her most damning criticism for the way some Australian governments enter into LED projects with little or no accountability for outcomes:

"When governments are involved in partnerships such as BIDs ensuring that public monies expended to support business requires detailed analysis to determine benefit is mandatory. Yet it has been noted that there is no coherent framework governments can use in their decision making to assess the benefits of area regeneration in any of its guises and little empirical assessment undertaken."
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She concludes that ‘Development of performance measurements and other assessments in relation to success or otherwise of any form of area revitalisation is worthy of future academic investigation’.\(^{48}\)

In its submission to this inquiry, the MAV cited similar problems of accountability for the LED programs operated by Melbourne’s outer suburban councils:

\[\ldots\text{it is not directly clear whether these [LED] activities target the most appropriate and effective levers of economic development within the community and if the initiatives the councils are applying are having a significant and lasting impact.}\(^{49}\)\]

In 2007, the EDA sought to clarify the perceived problems of accountability within its profession by surveying members on how they measured the success of their ED efforts.\(^{50}\) Alarmingly, one in ten respondents did not even measure their results, with reasons not stated! The remaining 90 per cent cited a range of success measurement areas, as in the following table.

**Table 3.3:** How is ED Success Measured? Economic Development Australia, 2007 National PD Survey.

<table>
<thead>
<tr>
<th>Success Measure</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivery of Projects in ED Strategy</td>
<td>78%</td>
</tr>
<tr>
<td>Business Creation in Region</td>
<td>57%</td>
</tr>
<tr>
<td>Job Creation in Region</td>
<td>52%</td>
</tr>
<tr>
<td>Customer Satisfaction Survey</td>
<td>47%</td>
</tr>
<tr>
<td>Liveability in Region</td>
<td>38%</td>
</tr>
<tr>
<td>Capital Investment in Region</td>
<td>35%</td>
</tr>
<tr>
<td>Did not measure results</td>
<td>10%</td>
</tr>
<tr>
<td>Export Performance from Regions</td>
<td>9%</td>
</tr>
<tr>
<td>Other (e.g. funding attracted to an LGA, the extent of business engagement and involvement, population growth and unemployment, Key Performance Measures and project outcomes, participation and information flows)</td>
<td>0%</td>
</tr>
</tbody>
</table>


The results of the first four ‘success measurement’ areas from this section of the EDA’s survey warrant further comment.
Firstly, the high 78 per cent ‘success measurement’ rating for ‘Delivery of Projects in ED Strategy’ is to be expected, since most ED Units – especially those operating within a local council – would be answerable to an annual strategy and budget. This would require them to measure their performance and success against prescribed indicators, so delivering to the strategy would be a prime consideration, unless the strategy was found to be flawed when being implemented.

Secondly, the next two ‘success measurement’ categories focus on business and job creation, where success in either would bring monetary returns for those employed or self-employed, and create a ‘multiplier effect’ in the local region when those wages were spent. However, as the OECD notes, the ‘jobs created’ yardstick can be problematic:

"Job creation is the most common yardstick of local development policy. However, studies often use opaque or non-standard measures of job creation. This makes cost-per-job-created claims unreliable and even misleading. For example, if a company has been created in, or moves to, a given location, and hires ten employees, this is invariably publicised as the creation of ten jobs. However, if the ten recruits simply moved from existing positions [e.g. from one LGA to another] there may have been no net job creation."

Most councils examined in this inquiry still rely on ‘jobs created’ as the yardstick of success, regardless of where or how those jobs originate. For example, the Shire of Melton’s Chief Executive Officer (CEO) Neville Smith told the Committee:

"We used rough indicators, if you like, to get a feel for how we are going. I would like to think that we would have one job locally for every household locally. There are 30,000 households in the municipality at the moment and we only have 8,000 jobs. We are well shy of what we believe an appropriate local employment indicator would be. So it is no surprise to the committee, I think, that one of the key areas that Melton is addressing at the moment is: ‘How do we generate more local employment?’.

The City of Whittlesea’s Mayor Kris Pavlidis told the Committee:

[Our] … council is very passionate about providing jobs for local residents and has set a local benchmark of one local job for every new household in our jobs/housing balance. And although we have been able to achieve this to date, as our municipality expands from 130,000 people to about 240,000 residents by 2030, it is understandable that this will become more of a challenge for all of us.

Whittlesea’s ambitious ‘one job per household’ yardstick originally came from California in 1988, as CEO David Turnbull explained to the Committee:

"I did a study tour … and noted that it is law in California for local authorities … planning for new growth areas … to deliver one new job for every new house, for a whole host of reasons, including keeping traffic
congestion down and greenhouse and whatever else. Whilst it was not mandated here, it seemed like a pretty good concept to me and the council I was at at the time, which is now the City of Hume, adopted it – and Whittlesea also adopted that pretty soon after ... [Since then] it has been like no other policy in council. You hear it repeated wherever you go, by a range of staff, as well as obviously the councillors, who are very focused on it as well. It is very difficult to achieve by the way, and I think over in California they will tell you it is aspirational rather than necessarily a goal that you can meet. But when we plan for a residential growth area we do not plan for residential in isolation; it must be accompanied by jobs.54

Meanwhile, the rapidly growing Cardinia Shire has probably set the most ambitious ‘job creation’ yardstick of all outer suburban councils, as Mayor Kate Lempriere testified to the Committee:

The change of pace we are experiencing in Cardinia in unprecedented in Victoria. As a council, we are committed to growing a self contained community. Our target is to generate a job for each employable person in Cardinia Shire, to create up to 100,000 jobs. It is our ambition to make Cardinia Shire a place where residents can live in a beautiful area, work in employment close to home and follow their individual recreational pursuits without having to leave the shire.55

While empathising with advocates of the ‘jobs created’ yardstick, the Committee hopes that one council does not ‘grow’ new jobs at the expense of another council. Instead, as the works of Blakely, Florida and others have argued, the Committee believes all councils should be encouraged to ‘grow’ their own new jobs by exploiting their existing resources and unique regional advantages, such as a skilled and creative labour force, ample serviced land for business/domestic growth and appropriate infrastructure. Further, all EDUs and their councils should regularly examine the effectiveness of their LED programs and develop appropriate measuring tools – as discussed in the next two sections.

The final point to be made from the ‘success measurement’ area relates to the Customer Satisfaction Survey result of just 47 per cent. In effect, less than half the respondents either conducted such surveys or placed much emphasis on them as a means of measuring their EDU’s success. The Committee believes that in modern business practice, successful organisations ignore their clients’ or customers’ feedback at their own peril; for this reason, this report includes a recommendation relating to customer/client surveys, detailed later in this chapter.

A ‘Balanced Scorecard’ for LED

Whilst it is not the intention of this inquiry to produce a simplistic ‘how to guide’ for best practice in LED, the evidence from the OECD and the EDA indicates more should be done to improve the assessment of existing LED programs. One solution
could be the more stringent application of ‘benchmarking’, using accepted business tools such as Kaplan and Norton’s ‘Balanced Scorecard’, which is:

... a strategic planning and management system that is used extensively in business and industry, government, and nonprofit organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals.\(^{56}\)

Typically, organisations ‘benchmark’ their performance against ‘key performance indicators’ (KPIs) set internally in accordance with a periodic business plan or strategy. Many organisations also compare their results with ‘best practice’ leader organisations within their field, allowing them to more readily identify areas for potential improvement.

Since 2004–05, the Local Government Democratic Reform Act 2003 (The Act) has required Victoria’s 79 local councils to report their performance against ‘key strategic activities’ (KSAs) across all areas – including LED – as set out in each council’s annual budget. In addition, The Act ‘introduced the requirement [for councils] to prepare a four-year council plan, containing strategic objectives and indicators to measure achievements’.\(^{57}\)

The Committee notes Melbourne’s nine outer suburban LGAs use the KSA approach to report their performance in areas including LED. However, the Committee believes this reporting process could be markedly improved, in line with the independent findings of the Victorian Auditor-General’s Office.\(^{58}\) Its report titled Performance Reporting in Local Government, released in June 2008, found the performance statements issued by Victoria’s 79 councils:

... generally fail key tests of usefulness. They contain information that is largely irrelevant and inappropriate to users’ needs. The failure to include critical performance information and explanations makes it difficult for ratepayers and residents to hold their elected representatives fully accountable.

Through their reporting approaches, councils have taken a very narrow view of their performance reporting obligations – treating the minimum mandatory legal requirements as the maximum disclosure standard.

Councils have not established key elements of the frameworks necessary to support the development of useful performance information.\(^{59}\)

The report includes a recommendation that ‘all councils critically review their adopted performance information for relevance, appropriateness and clarity’.\(^{60}\)

The Committee concurs with these findings and welcomes any initiative to improve the accountability and performance assessment of LED in Melbourne’s outer suburbs. For example, suitable performance measuring tools for LED could be readily adapted from the Auditor-General’s new guide Local Government Performance Reporting: Turning Principles into Practice.\(^{61}\)
To complement internal assessment, the OECD endorses the use of independent surveys and focus groups with businesses and clients as a further means of assessing the value of a council’s LED operations:

*Surveys that are independently administered, ensure anonymity, and ask specific questions can provide additional evidence on the effectiveness of the [LED] program in affecting business actions. Surveys and focus groups can also give some insight into how and why a program is effective, and suggest how the program can be improved.*

The Committee agrees a standardised reporting process, including surveys of local businesses and clients conducted by independent external auditors, would allow LED performance to be more fairly and effectively assessed, compared or ‘benchmarked’ across councils. This would facilitate a better identification of trends, common achievements or failures, which in turn might provide those councils facing similar challenges with greater leverage for seeking additional resources from external sources.

**RECOMMENDATION 6**

The Victorian Government partners with Melbourne’s outer suburban local governments, Economic Development Australia and the Municipal Association of Victoria, to develop and implement performance assessment and reporting tools for all economic development units in Melbourne’s outer suburbs, using agreed key performance indicators/key strategic areas, adjusted to local variations.

**RECOMMENDATION 7**

The Victorian Government works with Economic Development Australia and the Municipal Association of Victoria, to develop a survey methodology for outer suburban economic development unit clients and local businesses that can be independently and regularly applied across all outer suburban local government areas. This methodology should assess the performance and economic contribution of local economic development units.

**Sharing ‘Best Practice’ in LED**

The Committee commends the EDA’s efforts to date in assisting ED practitioners to share the ‘best practice’ evident across their profession but there appears to be much room for improvement.
For example, the EDA’s previously cited August 2007 survey asked respondents if there were any ‘best practice benchmarks, templates, policies, etc.’ they had developed and would be prepared to share with other ED professionals. An alarming 76 per cent responded they either had no such ‘tools’ to share or would not share them anyway, for reasons not stated.

The remaining 24 per cent indicated they did have such ‘tools’ and were prepared to share these and their knowledge with peers. These ‘tools’ are listed in alphabetical order below and provide a useful overview of the current methodologies used by ED practitioners ‘at the coalface’ across Australia:

- business and strategic plans, tourism and services strategy, website creation;
- business development and attraction strategy;
- business mentor program;
- case studies;
- cluster performance, incubator, tourism, transport;
- cultural and economic development plan;
- developing best practice benchmarks for assessing entrepreneurial business development and investment decision-making;
- customer satisfaction survey;
- development of sustainable competitive advantage;
- economic development activities that have worked in our region;
- economic development strategies linked to KPIs;
- employment growth monitor;
- integrated development strategy;
- local business database development;
- the use of OutcomeManager and REMPLAN (planning and economic modelling software);
- position statements on key regional issues;
- quadruple bottom line reporting in regional development;
- retail survey, industrial land study, ‘making dollars from community’ events, 55-plus marketing opportunities, home business;
- sales management and project management; and
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- tourism development plan.

The Committee has seen or heard evidence about most of these methodologies being used to greater or lesser effect in all nine outer suburban LGAs included in this inquiry. Most, but not all, are applicable to all LGAs; for example, a tourism development plan is not a high priority for Hume and Whittlesea but is seen as essential for Mornington Peninsula and Yarra Ranges, amongst others.

The Committee agrees more should be done to assist the EDA and the MAV to identify and promote ‘best practice’ in LED across their Victorian members, specifically in Melbourne’s outer suburbs. The Committee therefore makes the following recommendations, which may also involve the local and federal levels of government:

**RECOMMENDATION 8**
The Victorian Government partners with Economic Development Australia and the Municipal Association of Victoria, to promote the development of ‘best practice’ in local economic development, especially in Melbourne’s outer suburban local government areas.

**RECOMMENDATION 9**
The Victorian Government partners with Economic Development Australia and the Municipal Association of Victoria, to document proven local economic development methodologies and case studies relevant to outer suburban economic development units and makes this information freely available to all practitioners, students, etc. – perhaps via a dedicated local economic development web portal.

**RECOMMENDATION 10**
The Victorian Government partners with Economic Development Australia and the Municipal Association of Victoria, to organise annual professional development activities to enhance the professional skills and knowledge of local economic development practitioners working in Melbourne’s outer suburban local government areas.

**LED Mentoring**
One further method of sharing and encouraging ‘best practice’ among EDU staff working in Melbourne’s outer suburbs is through a professionally run mentoring
scheme. This concept was endorsed by the EDA’s 2007 survey, with half the respondents indicating they would like access to mentoring to assist them in their roles. A further 41 per cent indicated they would act as mentors, though 23 per cent indicated no interest in either option, for reasons not stated.

Potential mentors need not come strictly from the current ED circle of practitioners because as the EDA suggests, there could be great benefits in exploring ‘the link between economic development and community prosperity and community development’. Naturally, any such mentoring relationships would need to observe the normal protocols regarding the handling of confidential information between all parties and the potential ‘poaching’ of staff: both situations already being routinely and successfully dealt with by ethical consultants working with local government.

**RECOMMENDATION 11**

The Victorian Government works with Economic Development Australia and the Municipal Association of Victoria, to initiate and promote a local economic development mentoring scheme, where more experienced practitioners mentor early career practitioners with a focus on local economic development issues in Melbourne’s outer suburban local government areas.

**Conclusion:**

The Committee acknowledges the findings and recommendations it has made in this chapter could be readily applied to almost all of Victoria’s 79 local councils, rather than just those in Melbourne’s outer suburban local government areas.

Evidence from the EDA clearly reveals a growing need for a more professional approach to LED, especially in training and the recognition of practitioner competence; access to relevant and ongoing PD; adequate ‘benchmarking’ of EDU outcomes; and the regular sharing of ‘best practice’ tools and ideas. The Committee believes that by enhancing these areas, ED practitioners would be able to work more efficiently and effectively in their pursuit of quality LED outcomes.

The next chapter builds on this line of investigation by examining the resourcing of LED operations in Melbourne’s outer suburban local government areas, including the use of professional economic modelling techniques.
Endnotes:


4 Much has been written about globalisation; however, for a unique viewpoint on the history of this economic and social phenomenon, see Robbie Robertson, *The three waves of globalization: a history of developing global consciousness*, London and New York, Zed Books, 2003, passim.


8 Blakely uses the term ‘prac-academic’ to describe an academic who concurrently practices within his/her discipline.


10 For further details on Richard Florida’s works, see Bibliography.


12 The World Bank has an excellent LED web section with many free publications for download; visit <www.worldbank.org> for details; visit the OECD’s Local Economic and Employment Development Programme at <www.oecd.org>.

13 ibid.


17 ibid.

18 Representatives of this Committee heard first-hand about the ‘sea change’ employment problems confronting coastal areas at the *Australian Regional Economies Conference*, at Terrigal NSW, from 11–13 May 2008.

19 The World Bank has an excellent LED web section with many free publications for download; visit website <worldbank.org> for details; visit the Organisation for Economic Co-operation and Development (OECD)’s Local Economic and Employment Development Programme at <www.oecd.org>.


28 Note that some survey respondents ticked more than one box, so the total result is 103%.

29 For further details on the Municipal Association Victoria, visit <www.mav.asn.au>.


31 Survey data reproduced with kind permission of Economic Development Australia (EDA); *Nationwide Survey of Professional Development needs of Australian Economic Development Professionals*, EDA, August 2007, pp. 3–4.

32 ibid.

33 ibid.


35 Prof. Ed Blakely, Chair of Urban and Regional Planning, Director Planning Research Centre, The University of Sydney, from notes taken during briefing with Secretariat, Melbourne, 6 March 2008.
Chapter 3: Introducing Local Economic Development


Conclusions based on a search of Australian Quality Training Framework (AQTF) course documents in the Business Services area, and a random on-line selection of university Business Management course offerings.

Steve Chapple (Economic Development Australia (EDA) Board Member), delivering findings from *Nationwide Survey of Professional Development needs of Australian Economic Development Professionals*, at EDA National Economic Development Conference 2007, attended by Secretariat on 31 October and 1 November 2007, Sydney.

Survey data reproduced with kind permission of Economic Development Australia (EDA); *Nationwide Survey of Professional Development needs of Australian Economic Development Professionals*, Melbourne, EDA, August 2007, pp. 3–4.


Margaret Nicholls, *The Business Improvement District Special Levy: Can its impact to the success or otherwise of the business, community or property be measured?*, unpub. MRD thesis (in progress), proffered on behalf of the EDA Board in an email to the Secretariat received 7 May 2008, in response to questions submitted to the EDA by the Secretariat on 2 May 2008.

*MAV, submission* for Inquiry into Local Economic Development in Outer Suburban Areas, Melbourne, Municipal Association of Victoria, September 2006, p. 5.


Mr N. Smith, *Transcript of Evidence*, 30 April 2007, p. 25.


Cr Kate Lempriere, *Transcript of Evidence*, 8 October 2007, p. 249.


*ibid.*

*ibid.*

*ibid.*

*ibid.*

*ibid.*

CHAPTER 4: IMPROVING LOCAL ECONOMIC DEVELOPMENT

The Airbus A380 lands at Melbourne Airport. Photographer Craig Abraham, Courtesy of The Age.

‘The role of government is to create conditions in which jobs are created’.

Assuming the above assertion from America’s EDA is correct, then this chapter outlines how the three tiers of government in Australia are working toward this goal of job creation, especially government at the local ‘grassroots’ level in Melbourne’s outer suburbs.

The chapter begins with a brief overview of programs and policies at the Commonwealth and Victorian government levels affecting economic development, before concentrating on LED operations in the nine outer suburban councils of this inquiry.

This examination includes the strategies, staffing and resourcing of outer suburban EDUs, based on data and testimony from those councils as well as from Economic Development
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Australia. This chapter also investigates ways to improve effective local economic modelling used across those EDUs.

Throughout this discussion, the Committee makes recommendations aimed at improving LED in Melbourne’s outer suburbs, based on evidence presented to this inquiry as well as the Committee’s own observations and independent research.

Who is involved in LED?

Federal or national governments around the globe have a major role to play in assisting LED, according to the World Bank:

> At the national level, macro-economic, fiscal and monetary reforms have directly impacted the economy at the local level. National regulatory and legal frameworks such as tax reform, telecommunications deregulation and environmental standards directly influence the local business climate, either enhancing or reducing the potential for local economic development. In many countries, national government functions continue to be decentralized, thereby increasing the responsibility of municipal government to retain and attract private industry.¹

Currently there are a number of LED programs operating at the Commonwealth and Victorian government levels, which offer services to small and medium sized enterprises (SMEs) in Melbourne’s outer suburbs. These are summarised below.

Australian Government initiatives

While the Committee has not received submissions or heard direct evidence from federal departments working on LED initiatives, the following Commonwealth programs are relevant to this inquiry.

Infrastructure Australia

On 9 April 2008, the Rudd Labor Government commissioned a new statutory authority, Infrastructure Australia, with developing a ‘strategic blueprint’ for Australia’s infrastructure needs, in partnership with the states, territories, local government and the private sector.² A budget allocation of $20 million over four years has been provided to support this work.³

The government believes the new authority will provide a:

> national approach to planning, funding and implementing the nation’s future infrastructure needs and will provide advice to Australian governments about infrastructure gaps and bottlenecks that hinder economic growth and prosperity. It will also identify investment priorities and policy and regulatory reforms that will be necessary to enable timely and coordinated delivery of national infrastructure investment.⁴
Chapter 4: Improving Outer Suburban Local Economic Development

The government also established a new ‘Building Australia Fund’ in its 2008–09 Budget, from which it allocated $3.2 billion for ‘nation-building road and rail projects across the country’. The Committee notes that in 2008-09, investment from this fund was committed to improve the capacity of the Westgate Bridge, serving Melbourne’s western suburbs.

In addition, the Department of Infrastructure, Transport, Regional Development and Local Government (DITRDLG) has provided approximately $31.1 billion in Financial Assistance Grants to the local government sector between 1974-75 and 2008-09, to fund a range of local priorities. For Victoria in 2008-09, this has resulted in an allocation of $436.9 million: a 4.4 per cent increase over the state’s 2007-08 allocation.

**Austrade**

Austrade, or the Australian Trade Commission, is the Commonwealth Government’s export and business facilitation agency. It offers services to any qualifying Australian business, including those in Melbourne’s outer suburbs.

Its stated aims are to provide:

- access to overseas markets and international opportunities for Australian businesses through offices and partners across Australia and an expansive international presence;
- export market development grants;
- programs designed to improve community awareness of and commitment to, trade and international investment; and
- consular, passport and immigration services in designated locations.

In the 2006-07 financial year, Austrade worked with 15,000 Australian companies and assisted 5,147 businesses to achieve what it terms ‘export success’. The agency’s chief economist, Tim Harcourt, highlighted the importance of exports to the Australian economy:

'Austrade/ABS/Sensis research estimates that there are around 42,000 exporting businesses today, with around 15 per cent of all SMEs now actively engaged in exporting. Many SMEs are also moving beyond traditional exporting and importing and are globally engaged with the world through licensing, franchising, strategic alliances and global supply chains.'

In 2006–07, with a budget of $329 million from the Commonwealth Government for service delivery (including $153 million for the Export Market Development Grants scheme) and $31.8 million in external revenue, Austrade maintains a broad global network of offices and affiliations. At 30 June 2007, it operated across 62 countries in 119 locations over four regions: the Americas; Europe, the Middle East and Africa; North East Asia; and South East Asia, South Asia and the Pacific.
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In Australia, Austrade has 18 offices and 51 TradeStart offices (see details below). The agency has links with external organisations, such as the Australian business community, professional firms, chambers of commerce, peak industry associations, federal, state and local government agencies and regional development organisations.

Austrade is involved with the following major programs of potential interest to LED in Melbourne’s outer suburbs, each funded to assist Australian businesses involved in exporting:

**Export Market Development Grants (EMDG) scheme**

Austrade views its EMDG scheme as the government’s key financial assistance program for potential and existing exporters. Its aim is to encourage SMEs to ‘enter and develop sustainable export markets by reimbursing up to 50 per cent of eligible export promotion expenses above a threshold of $15,000’.

In 2005, a government review of the scheme suggested it ‘induces export promotion, boosts exports, improves the sustainability of SMEs and has a positive impact on export culture’. More tangibly, Austrade stated the scheme is important for businesses seeking finance, especially firms faced with ‘high risk and uncertainty and with little track record of export success’. The Austrade review made a number of findings to enhance the scheme and recommended it continue until the end of 2010-11, when a further review would report to the relevant Minister by 30 June 2010.

**TradeStart**

TradeStart began in July 1998 and largely aims to assist rural and regional Australian businesses, including those in Melbourne’s outer fringe, to improve their export sales by providing resources, advice and expertise. As of 30 June 2007, there were 51 offices throughout Australia and the program received $23.3 million in 2006-07 to extend its operations until 2009-10.

Austrade says its TradeStart program resulted in 859 businesses achieving export sales worth $301.2 million in 2006-07. TradeStart links in with ‘industry specialists’, for example, industry peak bodies and partner organisations, including Australian Business Ltd, Australian Industry Group and NIETL/North Link, which provide industry and sector advice.

**New Exporter Development Program (NEDP)**

The NEDP offers a series of coaching and preparatory services designed to assist new Australian exporters and is again available to SMEs in Melbourne’s outer suburbs.

Austrade is also involved in a Corporate Partnerships Program, which comprises three key areas:

- developing partnerships and alliances with the private sector;
• Business Club Australia, which utilises international sporting events as a basis for providing business opportunities for Australian companies; and

• the Australian Export Awards which comprise eight state and territory export awards across 12 categories.\(^{22}\)

**GrantsLINK**

The DITRDLG administers over 250 government grants through its GrantsLINK website, designed to address local and national needs across a diverse range of areas, including LED. For example, in the business and industry category, the grants include the AusIndustry Grants and Funding Programs, Business Ready Program for Indigenous Tourism, Export Market Development Grants, Innovation Investment Fund and the Venture Capital Ltd Partnerships Programme.\(^{23}\)

Once again, all SMEs and/or local councils in Melbourne’s outer suburbs are generally eligible to apply for these grants.

**Auslink**

Auslink, the Australian Government’s ‘planning framework’ for investment in road and rail transport infrastructure, received an allocation of $3.2 billion for 2008-09.\(^{24}\)

Under this program, the DITRDLG has outlined the following projects and initiatives, many of which complement or fund infrastructure that will affect LED in outer suburban Melbourne:

**National Projects**

Projects determined as having a high national priority.

**Roads to Recovery**

To address problems associated with local roads reaching the end of their economic life and their replacement being beyond the capacity of local councils to repair or upgrade.

**Black Spots**

To improve the physical condition or management of hazardous road locations with a history of crashes involving death or serious injury.

**Strategic Regional**

Supports land transport projects that encourage the growth of regional industry.
Innovation and Research
Provides funding for land transport research, intelligent transport initiatives and rail corridor studies.

Funding for local roads
Road funding through Auslink and Financial Assistance Grants.\(^{25}\)

In addition, Auslink 2 will run between 2009-14 as a partnership between the Australian and Victorian governments. It will fund a mix of road, rail and intermodal projects, including a $2.2 billion upgrade of Melbourne’s Western Ring Road, as well as interstate rail corridors and connections to trading ports.\(^{26}\)

Area Consultative Committees
The former Area Consultative Committees (ACCs) were defined as non-profit, community-based organisations funded by the Australian Government under its Regional Partnerships Program, with voluntary members appointed by the government. They were formed to bring ‘community stakeholders together to identify opportunities, priorities and growth strategies for the region’.\(^{27}\)

Up until March 2008, 54 ACCs operated across rural, regional and remote metropolitan areas of Australia, with the government viewing the ACCs as ‘key regional stakeholders to build networks and partnerships to find local solutions to local problems’.\(^{28}\)

Two former ACCs presented evidence to this inquiry: the South East Development (Melbourne) ACC and the Northern Melbourne ACC.

The Executive Officer of the South East Development (Melbourne) Area Consultative Committee, Ms Anita Buczkowsky, expanded this definition at a Mornington based public hearing, stating ACCs:

...are federally funded organisations that facilitate regional development and our particular ACC covers nine local government areas—Bayside, Casey, Cardinia, Frankston, Glen Eira, Greater Dandenong, Kingston, Mornington Peninsula and Port Phillip….We assist regional development by providing access to funding ...[such as] the Regional Partnerships Program and a number of projects that have been funded by that program on the Peninsula probably over the past year, about four or five.

On a triennial basis we develop a strategic regional plan which looks at what the challenges are across the whole region and the ACC, via a fairly strategic and specific process, which decides on a number of priorities over that three years. On an annual basis a business plan is developed and that business plan looks at what is going to happen in that 12 months. Our strategic regional plan identified two core priorities, one being sustainable development—all of which is inherent
in the word ‘sustainable’—and what we call pride in community which really is about community building, assisting the community to build itself, to empower itself.

I would not say that area consultative committees are economic development experts but we do try to systematically unpack what the issues are in our region and, for us, because we have a number of interface areas—interface areas and the things that concern them—are of particular concern to us....

Clearly interface areas face a number of economic development challenges which are unique because they have a foot in the metropolis and a foot in the regions but for a number of reasons, particularly interface areas, they are unable to access a range of funding that is available to regional and rural areas. You may well be aware that probably 70 per cent of employment opportunities are generated by local businesses, not by businesses that come in from anywhere else. The concept of retaining and supporting your local businesses is a really important one.29

At an earlier hearing, Tony Coppola from the former Northern Melbourne ACC based at RMIT University in Bundoora, presented a wider view in his evidence to the Committee:

...our role is to support regional development across the north of Melbourne. We cover seven local government areas in that coverage, including Whittlesea and Nillumbik...and our role is to support economic, social and environmental development across the region. We do research to identify what the barriers are to development across the region, and a lot of our work is working with partners in collaboration to undertake issues that address some of the barriers that have been identified from the research.

For instance, we chair a meeting of the seven economic development managers in the north of Melbourne roughly every two months or so. That group works jointly with us in terms of identifying and overcoming barriers that have been identified through the research. We also get involved with a number of other activities.

We work with the two universities, the two TAFEs, the local learning and employment networks that are based across the region and we are able to also access funding through the commonwealth through the regional partnerships program to again get funding to tackle issues that are limiting development across the north of Melbourne. That is the broad coverage of what we do. The committee is actually a community based organisation made up of volunteers from business, industry, community and education and training providers.30

On 20 March 2008, the newly appointed Federal Minister for Infrastructure, Transport and Regional Development and Local Government, Hon. Anthony Albanese MP, announced the ACCs would be replaced by a new structure called Regional Development Australia (RDA).31

The Minister stated the RDA would advise the Australian government on issues such as:
Local Economic Development in Outer Suburban Melbourne

- the provision of community infrastructure;
- regional issues and opportunities;
- local implementation of Commonwealth programs;
- economic development planning and attracting investment;
- identification of unique local attributes which assist the development of new and innovative industries;
- initiatives to retain and expand skills and local businesses and industries;
- ad hoc consultations on behalf of Australian Government agencies in cases where a regional network needs to be established;
- the adequacy of service delivery in regions;
- networks and relationships with other levels of government and key stakeholders in the region;
- social inclusion issues; and
- ways to improve the efficiency, effectiveness and coordination of Commonwealth regional initiatives.\(^{32}\)

The Minister added his support of RDA when he stated that:

> [The] Government’s new vision for Regional Australia is based on building partnerships to ensure the government is responsive to local priorities and needs, but is underpinned by major new investments in the areas of infrastructure, broadband, housing, health care, education, skills development, innovation and water.\(^{33}\)

On 21 March 2008, EDA announced its backing for the creation of RDA, commenting: ‘we support the government’s underpinning of RDA with increased resources being devoted to infrastructure in regional Australia’.\(^{34}\)

**Victorian Government initiatives**

**Melbourne 2030 (M2030)**

The Victorian Government’s *M2030* document was released in October 2002 as ‘a 30-year plan to manage growth and change across metropolitan Melbourne and the surrounding region’.\(^{35}\)
Chapter 4: Improving Outer Suburban Local Economic Development

As outlined in Chapter One and again in Chapter Five, $M2030$ can be summarised as a plan that seeks to curb the city’s outward growth by focusing on residential development in 26 higher density ‘principal activity centres’ (PACs), with one of its major stated aims being to create a ‘more sustainable, equitable, prosperous and accessible city for current and future generations’. $36$

$M2030$ is important to this inquiry because a robust and forward-looking planning system should be complementary to any LED initiatives. Chapter Five will include further discussion of $M2030$.

**Meeting Our Transport Challenges (MOTC)**

MOTC was unveiled by the Victorian Government in May 2006 as an ‘action blueprint for shaping Victoria’s transport system into the future’. $37$

As highlighted in Chapter One, the Victorian Government is spending $10.5$ billion on MOTC initiatives over 10 years, in addition to $1.6$ billion already allocated, for ‘improving transport infrastructure and services to ensure that Victoria remains one of the most liveable places in the world’. $38$

Some of these initiatives are directly relevant to successful LED in Melbourne’s outer suburbs and will be further examined in the following chapter.

**Transit Cities**

The DPCD states its Transit Cities are designed to ‘revitalise metropolitan and regional centres and make them economically stronger, better places to live and work’ $39$ while also linking ‘communities across Melbourne and Victoria’. $40$

In its submission to the Committee, the Department of Innovation, Industry and Regional Development (DIIRD) stated: ‘Transit cities promote employment nodes based on transport hubs by encouraging better transport options, easier access to a range of shops, services and job opportunities and safer, more attractive communities that set new standards in urban design’. $41$

Thirteen Transit Cities are part of the Victorian Government’s $M2030$ plan and are described as ‘regional cities and suburbs that are important in managing Melbourne's future population growth and the demand on housing and transport’. $42$ Of these Transit Cities, three are relevant to outer suburban Melbourne:

- Broadmeadows
- Epping
- Werribee
Of relevance to LED in Melbourne’s outer suburbs, the government also notes its Transit Cities will:

- improve the use of public transport and the integration of public transport services;
- develop high-density housing near transport centres;
- provide a range of housing options, including affordable housing;
- provide opportunities for private investment and business innovation;
- build communities that offer fair access for all to services and employment opportunities; and
- improve the overall quality of the Transit Cities and encourage sustainable development.43

In addition, the government believes the benefits of Transit Cities will include:

- better, safer and well-connected rail and bus stations, services and facilities;
- less traffic congestion, noise and pollution and more use of public transport, walking and cycling;
- more local retail stores, so most shopping can be done locally;
- more jobs for local residents;
- more housing options, many right near the local city and transport centres;
- centrally located health centres, child-care and education facilities and community halls – all easily accessible;
- a better range of recreational facilities and activities, bringing local residents together;
- a greater ‘sense of place’ or community; and
- a better place to live.44

**A plan for Melbourne’s growth areas**

In 2005, the Victorian Government released *A plan for Melbourne’s growth areas*, aimed at creating employment opportunities closer to where people live.45

The plan included a number of components which the government said would better manage growth, including:
1. the release of new land to protect housing affordability and provide adequate land for industrial uses and employment creation over the next 25 years and beyond;

2. long-term plans in each of five growth areas, to provide certainty about the direction of future growth;

3. a new GAA to help streamline processes and support councils, developers and the community, to ensure new neighbourhoods are well planned and new communities receive the services and infrastructure they need sooner; and

4. a new partnership approach to infrastructure provision that builds on existing arrangements and ensures developers in growth areas provide a fair contribution towards the provision of infrastructure’. 46

Further comment on the plan and the role of the GAA and its relevance to LED, will be covered in Chapter Five.

**Innovation Agenda**


The NIA defines innovation as being ‘about change that adds value – finding new and better ways of working’. In addition, ‘Innovation involves the generation and application of knowledge and ideas to add value and create wealth through new goods, services and processes’. 47

All documents identified the importance of innovation to economic development, with the NIA proposal based around the following five themes:

- increased business innovation;
- providing the infrastructure to enable innovation;
- developing skills for the innovation economy;
- creating a better regulatory environment for innovation; and
- forging better connections and collaborations. 48

The NIA proposal included international best practice case studies, with Finland held up as ‘an innovation success story’, while the US, Britain, Germany, Ireland, South Korea and China have all developed national approaches to their innovation policy. 49 The proposal formed the basis for consultation with government and industry stakeholders to develop an agreed NIA Proposal.
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From these Victorian Government initiated consultations across Australia, the government published its *Progressing a Shared National Innovation Agenda*, which updates the original proposal and provides a framework for a new approach to innovation policy. The agenda addresses the following five sections:

- why innovation matters;
- Australia’s innovation and productivity challenge;
- Australia’s innovation performance [room for improvement];
- formalising the NIA as part of the national reform process; and
- the National Innovation Agenda framework.

The Victorian Government also states its *Progressing a Shared National Innovation Agenda* has a high level of congruence with the Commonwealth Government’s 10 point framework for improving innovation policy.

The NIA is important to LED in outer suburban Melbourne through its focus on fostering and nurturing innovative developments, particularly those involving technology and scientific innovations. These developments will assist more than just export markets; they will enhance the capacity of local regions to compete locally, nationally and internationally. Further discussion on the relevance of innovation policy to LED will be included later in this report.

Local Government initiatives

*Introducing Municipal LED*

Of the three tiers of government in Australia, it is the local government sector that tends to have the major responsibility for LED, although not always with the appropriate recognition.

This responsibility is stipulated in Victoria under the *Local Government Act 1989*, where ‘economic development’ is one of the key mandated functions for the state’s 79 local councils as they individually and collectively ‘endeavour to achieve the best outcomes for the local community having regard to the long term and cumulative effects of decisions’.

In line with this legislative responsibility, the MAV recognises and encourages the importance of LED amongst its member councils:

> Economic development in a locality can consist of encouraging people to live, work, buy, sell and interact in this place. It is the combination of these activities that makes an economy thrive and as such economic development must be multifaceted.

This belief in LED was endorsed by Ronnie Bryant, Director of the IEDC, who reminded the EDA’s 2007 National Economic Development Conference delegates:
If we bring investment into a region it helps all firms, and that’s why investment attraction agencies [such as LEDs] are critical. The private sector must then step in and help with facilitation and brokerage of information, communications and stitching up deals. 54

The remainder of this chapter examines the specific structure, operations, resourcing and future of LED programs underway across Melbourne’s nine outer suburban councils, as well as the EDUs that largely facilitate this activity. These sections also include further recommendations, supported by evidence, that the Committee believes will strengthen existing LED programs and help make the various EDUs more accountable for the resources invested in their activities.

**LED in Melbourne’s Outer Suburbs**

The Committee appreciates that generally speaking, most outer suburban council operated EDUs provide a valuable role in generating local economic growth, as summarised by the Shire of Melton:

> You must have someone locally to assist local businesses and those businesses that make their first point of call at council. The one thing we have heard back from businesses that have successfully established in Melton is about the opportunity to talk to someone locally who will provide a streamlined process to allow them to have their development approvals in place. So an economic development unit which provides the initial point that provides a one-stop shop for businesses to establish is fundamental.

> If we did not have our local economic development unit supporting such things as the Home Occupation Alliance that has been created, we would not have effectively, I think, 500 new jobs in our municipality. So from my point of view, or the Melton point of view, it is absolutely critical that local economic development units have a role to play. 55

A range of similar LED programs are being implemented in Melbourne’s outer suburbs, resourced and funded by stakeholders working either in isolation or in partnership. Most are led by a dedicated EDU within each council, acting locally in partnership with stakeholders such as:

- the Federal Government;
- the Victorian Government;
- Regional Development Australia Committees, formerly Area Consultative Committees;
- Chambers of Commerce, or similar;
- Regional Consultative Bodies, or similar;
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- private enterprise;
- TAFE institutes/colleges;
- RTOs; and
- Third Sector workforce/employment agencies.

According to the MAV, these LED initiatives are usually incorporated into each council’s economic development strategy which:

... maps out the actions the council plans to take over several years to enhance economic health and vitality. These strategies focus exclusively on the main economic barriers and opportunities in each council, however there are often similarities between the types of activities councils choose to undertake.\(^56\)

The City of Whittlesea’s Mayor Kris Pavlidis told the Committee her council’s economic development strategy incorporated four key objectives:

... retaining existing wealth, through the retaining of expenditure of local business, residents and workers; creating new wealth, through attracting and growing high value-adding businesses and providing goods and services to other business and residents; capturing wealth from elsewhere, through attracting and providing goods and services to those who either live and/or work outside the city; and finally, creating a smart community, through place-making and community-building that builds social capital, a learning and creative community.\(^57\)

Melton Shire Council provided a further example of an economic development strategy. After it adopted its Economic Development Plan in November 2003, the council’s EDU developed a communications and marketing plan ‘to guide its every day activities and to strategically deliver on council’s economic development goals’. This plan includes a range of initiatives facilitated by council, including:

- Toolern Concept Development Park for the municipality’s new master planned community;
- Landcare Environment Action Plan (LEAP) new business networking group;
- Making the Connection seminar series to link local business with students;
- Caroline Springs Community Market;
- a community bus;
- training and development workshops in various business areas;
- local business awards;
• a special levy on traders to promote Melton businesses;
• business facilitation;
• SPACE 2 business lounge;
• provision of recycled water for appropriate industries (in conjunction with the regional water authority, Western Water);
• promotion of local agribusiness and the equine industry;
• community leadership programs;
• shire-wide promotional activities;
• ‘Missed Business’: a program to provide residents with a disability access to local shops;
• an advocacy role with other levels of government to lobby for greater business support; and
• developing shire-wide triple-bottom-line KPIs to measure sustainability and develop measurable targets for the EDU’s performance.  

Most of Melbourne’s outer suburban LGAs have similar goals for their EDUs, according to a survey by the MAV which reported the following common to most:

1. provide or facilitate networking opportunities for business owners;
2. source transport options to link people without transport to employment opportunities;
3. provide business facilitation (including one-on-one business advice and planning assistance);
4. promote the municipality (including the promotion of business opportunities in the area);
5. link tourism to economic development;
6. build community awareness and participation;
7. sponsor community/farmers’ markets;
8. facilitate training and development workshops for business owners;
9. develop urban renewal programs;
10. promote youth participation; and
11. develop a skilled workforce in the area.59

All of Melbourne’s outer suburban LGAs make use of the internet to explain and promote their economic development activities. Most council websites feature links to take users to the relevant economic or local business sections, with the following information from Yarra Ranges Shire being a typical example:
Chapter 4: Improving Outer Suburban Local Economic Development

The Shire of Yarra Ranges

How We Help Business - Role of the Economic Development Unit
The Economic Development Unit assists the business sector of the Shire in the following broad areas:

- provides advice on getting started in business in the Shire and managing and growing businesses in a sustainable way;
- investigates opportunities to aid business viability and growth;
- analyses and provides key data on the make-up and performance of various industry sectors;
- identifies skills gaps and needs and ensures appropriate courses are available to meet needs;
- supports the operation of key business and industry groups;
- prepares policies and strategies to guide the Shire’s direction and activities in economic development;
- seeks funding and government support to promote and facilitate business development;
- supports opportunities to increase youth employment and training; and
- encourages business to employ more local people, and workers to live and work locally.

How We Help Business and Industry

Business Information
- First point of contact for business enquiries
- Provide a regular e-newsletter to over 2,500 businesses
- Maintain and expand an on-line business directory comprising over 6,700 businesses
- Provide comprehensive and quality information on the Shire’s business website,
- Provide analysis and publication of economic data

Networking
- Support business breakfasts throughout the Shire
- Provide networking opportunities through Business Mums’ Network, Maroondah Home Biz, Eastern Business Network
- Investigate the value of a forum to promote sustainable business practices

Support Business Groups
- Provide support for the operation of business and industry groups, including facilitating training for volunteer committees, and administering the Special Charge Scheme for Belgrave Shopping Centre.

Business Development
- Identify options for budget accommodation and transport for seasonal workers
- Investigate the viability of a shared industrial kitchen/warehousing facility for small-scale food processors

Publications
- Develop a ‘Living and Working in the Shire’ promotion, targeting employers and residents
- Provide BusiEssentials Newsletter and new publication, Opportunities for Establishment or Expansion of Home Based Business

Training & Events
- Provide a comprehensive range of training courses that meet the needs of employers and residents. Courses such as: Getting Started in Small and Home Based Business, Employing People, Marketing, Time Management and e-change.

The Economic Development Team
- Agribusiness & Tourism Officer
- Business Support Officer
- Economic Development Officer

In reviewing the on-line activity of Melbourne’s nine outer suburban councils, the Committee has noted that some are far more vigilant than others in ensuring:
• ease of council website use;
• ease of finding relevant and up-to-date information on local economic activity;
• friendliness of website language;
• the use of visually attractive website design elements and other graphics; and
• overall council website maintenance and currency.

Given the internet’s proven potential as a 24/7 global marketing tool, the Committee believes all councils should aim to keep their EDU web pages current, easily navigable and well designed, in order to portray a professional image to prospective new businesses and investors. The Committee appreciates this requires an ongoing commitment of resources such as time, staff and funding but believes this to be a worthy investment in the overall marketing of a council’s economic image.

RECOMMENDATION

The Victorian Government allocate funds to the Municipal Association of Victoria and Melbourne’s outer suburban councils for a specific project to create and maintain a standardised, high quality website that all economic development units can adopt and use to highlight their services to assist prospective businesses to establish or grow in their region.

Economic Development Strategies

Through this inquiry, the Committee has noted most outer suburban EDUs look to convert the general aims of their Economic Development Strategies into specific outcomes using any and all of the following common job creation options:

• individual ‘Start-Ups’;
• HBBs;
• Micro Businesses;
• Business Incubators (BIs), run by either privately or publicly funded bodies, such as local councils;
• businesses ‘cultivated’ under an ‘Economic Gardening’ model, usually by a local council;
• SMEs;
• Social Enterprises, generally run by not-for-profit organisations;
• Business Parks, run by privately or publicly funded bodies, such as commercial developers or local councils;

• BIDs, operated as public-private development-based partnerships; and

• Business Parks/Clusters, again run by either privately or publicly funded bodies such as commercial developers, local councils or state/territory governments.

Many of these job creation options are developed with or without some form of incentive, which can be financial, such as discounted council rates on land purchased by a new incoming business; or some other non-monetary incentive, such as free council assistance for marketing or labour sourcing.

Few, if any, of the submissions made to this inquiry advocate the expenditure of council funds as an incentive to attract new businesses or assist existing ones. Instead, most councils have reported the simplest ‘incentives’ can often have broad benefits for local business and job growth, as Yarra Ranges Shire told the Committee:

> A lot of the work of economic development units is through marketing and promotion. There is a certain sense that building business confidence in the region is really enhanced by getting strong messages out there to business. Some of the simple initiatives we have taken are just rewarding businesses that are winning awards in their different industry sectors through simple letters from the mayor and other key staff as appropriate. They have gone a long way. We go out and visit businesses and often up on the wall will be a framed letter that we have sent them. It is amazing that those small tokens are really helping to build the way businesses feel about their prosperity.  

Given this evidence, the Committee reiterates its belief that all information pertaining to successful job creation needs to be shared more widely amongst councils, so that cumulative learning continues over time as to which activities work best in attracting or generating new LED.

**A Regional Approach to LED**

The Committee acknowledges growing evidence that many successful LED practices require a regional approach, often spanning two or more LGAs rather than being restricted to operating within a single council’s boundaries. The World Bank is a major advocate of such an approach, where applicable:

> Communities within and between regions often compete to attract external and local investment. Opportunities exist for communities across regions to collaborate with each other to help their economies grow, for example, by supporting infrastructure or environmental improvements that demonstrate a broad regional impact. An association of local municipalities or regional governments can serve to facilitate these types of LED effort by acting as an intermediary between national and municipal governments.
Local Economic Development in Outer Suburban Melbourne

LED practitioners in the US are also embracing a regional approach, according to Ronnie Bryant who told the EDA’s 2007 Conference:

Successful local economic development must embrace regionalism and not be bound by local government or state boundaries. The goal should be to create ‘mega-regions’ ranging across boundaries.  

Certainly, most of Melbourne’s outer suburban councils with common concerns or interests already realise the benefits of partnering with neighbouring councils, with tourism and agriculture in the ‘green wedge zones’ being two examples of regionally-based activities that flow across LGAs. Hume’s Manager Economic Development Brett Luxford – who is also the EDA’s treasurer – further explained to the Committee:

We spoke before about working in partnership or Wyndham City Council spoke about working in partnership. I guess the key points regarding regional economic development is that we understand that local businesses do not operate within local government areas. We work closely with our northern councils whether it be Whittlesea or the councils to our south, which are Moreland and Brimbank, to look at economic development from a regional perspective.

Some outer councils have formalised their co-operative cross-boundary attitude to economic development by establishing larger regional organisations, such as the Interface Councils’ Group, NORTHLink/NIETL and Western Melbourne Tourism Ltd. Mick Butera, Executive Director of NORTHLink/NIETL, told the Committee his organisation is:

... a partnership of industry, education and local government ... concerned with two things: regional economic development, regional prosperity and employment; and enterprise development. One way of achieving regional prosperity is to undertake tasks and support for local industry. We have been going about 20 years or so and we have quite a track record as a business network and in regional economic development ... [We have produced] a number of documents: a socioeconomic study of the region that we undertook in conjunction with the Northern Area Consultative Committee, a regional prospectus or invitation to tread, if you like, for want of a better word, into the region, and some newsletters.

Melbourne’s newest regional organisation LeadWest was launched on 21 May 2008. Local MP Martin Pakula told Parliament its aim was to ‘foster and undertake activities to support the sustainable development of the west’ and that:

LeadWest has been heavily supported by the cities of Brimbank, Maribyrnong, Moonee Valley, Melton and Wyndham ... [and] has recently released a strategic plan for Melbourne’s west entitled Western Agenda. The plan goes to six areas: education and skills; economic development and jobs; transport and infrastructure; health and community development; environment, planning and image; and tourism, arts, culture and recreation.
The Committee commends the aims of these larger joint-interest groups and believes there are further similar opportunities yet to be identified or developed. The Committee therefore encourages all councils to continue exploring such possibilities, backed by appropriate assistance from relevant state and federal agencies – such as the former South East Development (Melbourne) ACC and the Northern (Melbourne) ACC, who both made presentations to this inquiry.

**RECOMMENDATION 13**

The Victorian Government actively encourage Melbourne’s outer suburban councils to work more collaboratively in regional economic development, perhaps by partnering with and funding (through specific grants) existing regional economic development bodies.

**Resourcing EDUs in Melbourne’s Outer Suburbs**

As mentioned earlier, the EDA’s August 2007 national member survey found 77.6 per cent of respondents worked within local government, with 26.4 per cent of those respondents based in a metropolitan council and 4.8 per cent in an interface council.67

Within those workplaces, ED practitioners typically operate within a single department and report to a director or general manager. Further, local council EDUs employed an average of 3.2 full-time and 2.1 part-time staff, while 51 per cent of responding EDUs spent between 20 and 60 per cent of their annual budget on salaries.68 The annual budgets for those EDUs in 2007 were as follows:

**Table 4.1:** Approximate Annual EDU Budget Australia

<table>
<thead>
<tr>
<th>Budget Amount</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $200,000</td>
<td>32.0%</td>
</tr>
<tr>
<td>$200,001 to $400,000</td>
<td>22.4%</td>
</tr>
<tr>
<td>$400,001 to $600,000</td>
<td>16.0%</td>
</tr>
<tr>
<td>$600,001 to $800,000</td>
<td>19.4%</td>
</tr>
<tr>
<td>More than $800,000</td>
<td>19.2%</td>
</tr>
</tbody>
</table>

**Source:** Survey data reproduced with kind permission of Economic Development Australia; EDA, Nationwide Survey of Professional Development needs of Australian Economic Development Professionals, Melbourne, Economic Development Australia, August 2007, p. 15.
The data above shows EDU funding across Australia’s LGAs is diverse and no doubt largely related to the size and location of individual councils, e.g. Sydney versus Casey.

However, with the largest single group of 38.4 per cent of respondents indicating an ED budget of between $200,000 and $600,000, it is relevant to note that six of Melbourne’s nine outer suburban councils – Hume, Melton, Mornington Peninsula, Whittlesea, Wyndham and Yarra Ranges – exceed $600,000 for their annual EDU budgets.

Further, five of the nine councils – Casey, Hume, Melton, Mornington Peninsula and Wyndham – also exceeded the national average of 3.2 full-time EDU employees, as detailed in the following table.

**Table 4.2:** Summary of Local Economic Development Unit (EDU) Resourcing: Melbourne’s Outer Suburban LGAs 2007-08

<table>
<thead>
<tr>
<th>Local Government Area</th>
<th>Budgeted Operating Expenditure 2007-08</th>
<th>LED Budget 2007-2008</th>
<th>LED as % of Operating Expenditure</th>
<th>LED, EFT Directly involved employees</th>
<th>LED EFT Indirectly involved employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardinia (S)</td>
<td>$50.565m</td>
<td>$366,141</td>
<td>0.72%</td>
<td>2.7</td>
<td>2</td>
</tr>
<tr>
<td>Casey (C)</td>
<td>$134.553m</td>
<td>$540,507</td>
<td>0.40%</td>
<td>5</td>
<td>Various, not defined</td>
</tr>
<tr>
<td>Hume (C)</td>
<td>$112.380m</td>
<td>$1.15m</td>
<td>1.02%</td>
<td>7</td>
<td>Various, not defined</td>
</tr>
<tr>
<td>Melton (S)</td>
<td>$70.977m</td>
<td>$1.55m</td>
<td>2.20%</td>
<td>12-14</td>
<td>Various, not defined</td>
</tr>
<tr>
<td>Mornington Peninsula (S)</td>
<td>$126.701m</td>
<td>$1.3m</td>
<td>1.03%</td>
<td>11</td>
<td>Various, not defined</td>
</tr>
<tr>
<td>Nillumbik (S)</td>
<td>$52,700m</td>
<td>$435,000</td>
<td>0.82%</td>
<td>1.1</td>
<td>0</td>
</tr>
<tr>
<td>Whittlesea (C)</td>
<td>$104.888m</td>
<td>$950,000</td>
<td>0.90%</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Wyndham (C)</td>
<td>$103.261m</td>
<td>$982,285</td>
<td>0.95%</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Yarra Ranges (C)</td>
<td>$117.853m</td>
<td>$881,132</td>
<td>0.74%</td>
<td>3.1</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: Expenditure figures from Annual Budgets 2007–08 for listed Outer-Suburban LGAs, sourced from council websites, April 2008; all other data provided by individual council EDUs in response to email request sent from Secretariat on 23 April 2008.
### Table 4.3: Summary of Local Economic Development Unit (EDU) Resourcing: Melbourne’s Outer Suburban LGAs 2007-08

<table>
<thead>
<tr>
<th>Local Government Area</th>
<th>Titles of Council employees directly involved in LED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardinia (S)</td>
<td>Business Development Officers x 2</td>
</tr>
<tr>
<td>Casey (C)</td>
<td>Team Leader Economic Development, Senior Business Development Officer, Retail Centre Co-ordinator, Business Attraction Officer, Business Support Officer, Agribusiness Officer</td>
</tr>
<tr>
<td>Hume (C)</td>
<td>Manager Economic Development, Industry Facilitation Officer, Business Development Officer, Tourism Development Officer, Business Support Officer, Visitor Information Centre Officer, Administration Officer</td>
</tr>
<tr>
<td>Melton (S)</td>
<td>Manager Business Growth and Sustainability, Project and Research Officer, Economic Development Officer, Events Development Officer, Community Arts Officer, Tourism and Events Co-ordinator, Visitor Services Officer, Tourism and Events Admin Officer (0.6), Community Event Officer, Visitor Centre Officers x 2 (p/t), Caroline Springs Market Co-ordinator (p/t), ‘Bridging the Gap’ Community Bus Driver (p/t), Shopping and Business District Co-ordinator (p/t)</td>
</tr>
<tr>
<td>Mornington Peninsula (S)</td>
<td>Manager Economic Development, Business Support Officer, Business Liaison Officer, Corporate Support Officer, Project Officer, Executive Tourism Officer, Senior Tourism Officer, Tourism Officers x 2, Information Officers x 3</td>
</tr>
<tr>
<td>Nillumbik (S)</td>
<td>Co-ordinator – Tourism &amp; Business Dev., Mgr–Major Projects &amp; Business Svs(0.1)</td>
</tr>
<tr>
<td>Whittlesea (C)</td>
<td>Various, not defined</td>
</tr>
<tr>
<td>Wyndham (C)</td>
<td>Director Economic Dev. &amp; Planning, Economic Development Co-ordinator, Place Manager, Events Officer, Tourism Officer, PA/Administration Officer</td>
</tr>
<tr>
<td>Yarra Ranges (S)</td>
<td>Executive Development Officer, Agribusiness and Tourism Officer, Administration Staff (0.1)</td>
</tr>
</tbody>
</table>

*Source:* Data provided by individual council EDUs in response to email request sent from Secretariat on 23 April 2008.
The various EDU roles listed for each council, except Whittlesea, indicate the current ‘priority’ areas for LED. For example, tourism, events and visitor services appear to be well-resourced in Melton, Mornington Peninsula, Hume, Nillumbik, Wyndham and Yarra Ranges. This suggests either these LED sectors are already well-developed in those LGAs or the councils concerned see worthwhile potential for future development and are willing to invest resources toward realising that development. Casey does not have a dedicated tourism officer; however, it is no surprise to instead find a Retail Centre Co-ordinator, given that Casey hosts one of Melbourne’s largest retail shopping precincts: Fountain Gate at Narre Warren.

It is also unsurprising to note that neighbouring Cardinia, with its vast tracts of valuable agricultural land within the Westernport Green Wedge, employs an Agribusiness Officer and a Farmers’ Market Co-ordinator. For similar reasons, Yarra Ranges and Casey also devote EDU resources to developing local Agribusiness potential. Meanwhile, Hume employs an Industry Facilitation Officer to manage its long-standing industrial and manufacturing interests and encourage further potential growth in that sector.

The most interesting information from this data is the wide variation in EDU resourcing across Melbourne’s nine outer suburban councils. When individual EDU budgets are calculated as a percentage of each councils’ total annual expenditure, the results range from 0.4 per cent and five Effective Full-Time (EFT) staff members at Casey, to 2.2 per cent and over 12 EFT staff members at Melton.

Melton Shire’s Business Growth and Sustainability Manager Dirk Dowling explained the make-up of his EDU to the Committee:

[The] Melton Shire Council plan highlights economic development as one of the key areas of focus. In line with this commitment council this year created the Business Growth and Sustainability Unit to take advantage of the enormous growth being experienced in the area, and to tackle the challenges that such strong growth presents to the community. The new unit combines the areas of economic development, tourism, events and arts under the one portfolio. The unit is staffed by 14 people and managed by an economic development professional recently recruited from Queensland. The creation of the new unit within council is the first step in developing a detailed economic development strategy for the entire shire. The strategy document itself will be formulated in close consultation with all stake-holders over the next 12 months and will contain a series of action plans that the new unit will work to in coming years.\(^{69}\)

The disparity in resourcing EDUs in Melbourne’s outer suburbs raises an obvious question: Why do some local councils spend a greater percentage on ED compared to others? Further: What is the minimum budget required to effectively resource a successful EDU – especially in Melbourne’s ‘growth areas’?

A council with a lower ED budget might legitimately argue its EDU is more efficient than others with higher ED budgets and therefore, achieves more on a lower budget or fewer staff. Alternately, it could be argued that some councils either don’t place sufficient emphasis or
value on LED activities or they perceive it to be a responsibility of other levels of government. This is certainly implied in evidence presented to this inquiry by the MAV’s Paula Giles:

*I think it is not so much the individuals [working in LED within the outer suburbs]; it is the recognition that this is a function of councils. That will vary very much depending on the priorities of one to another. You would appreciate that priorities will depend on the preferences and views of elected officials, the CEO, et cetera.*

The contrasting approaches to LED in the outer suburbs may mirror a much wider problem, as highlighted by the following national findings from the EDA, which shows that not even two thirds of respondents’ organisations rated ED as being ‘Very Important’:

**Table 4.4:** What level of Importance is Given to Promoting and Facilitating Economic Development?

<table>
<thead>
<tr>
<th>Level of Importance</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Important</td>
<td>59.2%</td>
</tr>
<tr>
<td>Somewhat Important</td>
<td>32.0%</td>
</tr>
<tr>
<td>Not Very Important</td>
<td>8.8%</td>
</tr>
<tr>
<td>Not Important At All</td>
<td>0%</td>
</tr>
</tbody>
</table>

*Source: Survey data reproduced with kind permission of Economic Development Australia (EDA); EDA, Nationwide Survey of Professional Development needs of Australian Economic Development Professionals, EDA, Melbourne, August 2007, p. 12.*

The Committee has seen no evidence to draw a firm conclusion on what constitutes an appropriate level of resourcing for a cost-effective council EDU. The nine councils visited for this inquiry have anecdotally suggested ‘they could all do with more funds and more staff’, yet there appears to be no reliable longitudinal data available or methodology in use to allow even a general comparison of EDU effectiveness per dollar spent or officer employed. This lack of data represents a serious shortcoming which should be addressed.

Certainly, where appropriate resources are invested in LED and there is overwhelming support by the elected councillors, the results eventually flow. This has notably been the experience of Ipswich City Council in recent years, where:

*Strong charismatic leadership with a focus on including local people, improving liveability, and aggressively reversing a negative culture can go a very long way. Cr Paul Pisasale, Mayor of Ipswich, left no doubt in anyone’s mind [at the 2007 EDA Conference in Sydney] about his commitment to the task at hand and the importance of adapting to change. Many strong initiatives are being pursued by [his] Council including: Harvard Medical School establishing a presence in*
Local Economic Development in Outer Suburban Melbourne

Ipswich; major new residential developments; high rise apartments; an international hotel; and establishing a ‘Future’s Committee’.71

The Committee commends Mayor Pisasale for his dedicated and entrepreneurial promotion of Ipswich. However, the Committee acknowledges that few, if any, mayors or their councillors would be similarly keen to publicise their weaknesses or limitations in areas such as LED. Further, council ED officers would be understandably reluctant to openly criticise their elected councillors over issues such as their lack of support for, interest in or understanding of LED. Given this situation, the Committee realises that the evidence presented to it by Melbourne’s outer suburban councils only forms ‘part of the picture’.

To make a more complete assessment of LED activity within those councils, the Committee believes it would be prudent to regularly survey councillors and their councils’ ED staff in a confidential and objective manner, similar to the People Matter Survey of Victoria’s 50,849 public sector workers, conducted annually by the State Services Authority (SSA).72

The results could then be read in conjunction with each council’s EDU strategy, budget, resources and other factors to gain a broad overview of LED activity; in turn, this data could be more easily compared across similar councils.

**RECOMMENDATION 14**

The Victorian Government works with Economic Development Australia and the Municipal Association of Victoria to devise, administer and collate an annual Victorian Government funded survey of all economic development unit staff and their councillors in Melbourne’s outer suburban councils. The feedback and results should also be publicly circulated to all participating councils, to allow them to better assess their future economic development unit resourcing and operations.

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**A Funding Maze for LED**

Even with favourable support and vision from their elected councillors and adequate resourcing, many councils complain of having to navigate through too many state and federal government funding sources and bodies to fund their LED activities.

This apparent ‘funding maze’ may help explain the EDA’s national findings that 48 per cent of EDUs received less than 10 per cent of their budget funds through grants in 2007.73 Further, 70 per cent of EDUs received no outside sponsorship at all (see following table).
Table 4.5: What Percentage of ED Budget is Assisted by Sponsorship?

<table>
<thead>
<tr>
<th>Sponsorship money received</th>
<th>% of EDU Budgets</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>70%</td>
</tr>
<tr>
<td>Between 1 and 9 per cent received</td>
<td>20%</td>
</tr>
<tr>
<td>Between 10 and 19 per cent received</td>
<td>6%</td>
</tr>
<tr>
<td>Between 20 and 35 per cent received</td>
<td>4%</td>
</tr>
</tbody>
</table>

Source: Survey data reproduced with kind permission of Economic Development Australia (EDA); EDA, Nationwide Survey of Professional Development needs of Australian Economic Development Professionals, EDA, Melbourne, August 2007, p. 16.

The MAV’s Paula Giles informed the Committee that councils in Melbourne’s outer suburbs face similar problems in managing external funding:

> The efforts involved in acquiring or seeking grant funds that might be through different policies or policy objectives of either federal or state governments come at some cost. These are critical quite often in supplementing the taxation base of councils, and we would encourage the committee to look at whether grants can be potentially more flexible in their interpretation or scope.\(^{74}\)

In a further response to the Committee’s questioning, Ms Giles offered the following example of her members’ frustration over sourcing appropriate funding:

> There are myriad grants that might come from, say, DVC\(^{75}\) or DHS\(^{76}\) - maybe not such much Regional Development Victoria because it does not cover that area - but you often find the focus and target are quite similar. I often hear councils saying it is taking a lot of time and effort, when if there was a whole-of-government or a more themed approach you would often find that some of the grants around, say, community houses from DVC to something that might be done by DHS, kindergarten and child-care clusters – you might be able to find that there are a lot of similar objectives being sought. The concern councils obviously have is the residual cost to maintain that infrastructure, and if there was a way of more jointly planning those facilities that serve many different social objectives or community needs, that might be a way of looking at it. So often you find that councils are the common denominator joining up bits of funding programs, and so their effort is in saying, ‘Do you realise over here in the Department of Education, for example with our current programs there, that we could combine two or three of these and get a much more effective synergy?’. So a lot of un-costed time and effort of councils is in fact in performing that function.\(^{77}\)
Local Economic Development in Outer Suburban Melbourne

The Committee has also heard of related problems concerning the difficulties in packaging funds from different government sources. Mick Butera from NORTHLink/NIETL told the Committee:

... although the State Government does have a number of programs of industry support, the way they are packaged makes it difficult to access funding for joint partnerships with the Federal Government to assist groups of manufacturers to run programs – such as business excellence – to assist groups of manufacturers. The State Government does have a group program, but it does not quite fit into something that is easily packaged with the Federal Government, and thereby deprives us of an opportunity to leverage the funding possible to undertake a project.\(^78\)

In considering the funding and resourcing problems faced by outer suburban LGAs, the Committee appreciates no two councils are the same: a point made by Shane Murphy of Mornington Peninsula Shire, who said ‘geography and history helps shape the structure of our economic development unit, what we service, how we service’.\(^79\) Further, each council’s EDU must operate within a set annual budget. These complications were identified by the MAV in its written submission to this inquiry:

\begin{quote}
Inevitably, given the diversity within interface councils, difficult strategic choices apply on whether to spread resources thinly over a wide range of business groups or specifically target activities and run the risk of leaving certain sectors of the local economy without support. In other words, how can council economic development planning be made as effective and efficient as possible?\(^80\)
\end{quote}

In response to these concerns and its own observations, the Committee believes some outer suburban councils could and should provide more resources for their EDUs to assure at least a minimum level of effectiveness and efficiency. In reaching this view, the Committee acknowledges the Victorian Government cannot mandate these councils to allocate a set amount of their annual budgets to EDUs.

Instead, the Committee hopes to encourage an equitable resourcing of all EDUs through the introduction of regular ‘benchmarking’ and a ‘best practice’ system, especially in Melbourne’s outer suburbs. This is particularly important given the MAV’s contention that the success of LED in these regions rely:

\begin{quote}
... on the capacity of each council to identify growth areas and industries in their areas and develop initiatives to support them. This capacity depends on the skills and knowledge of the economic development officers and councillors and the processes in place to support the unit across the organisation. Anecdotal evidence suggests these factors are not always in sufficient depth or breadth to meet current demands.\(^81\)
\end{quote}
RECOMMENDATION
The Victorian Government adopts a whole-of-government approach to simplifying and streamlining the access to funding sources available to local government, particularly for local economic development, while also encouraging the Australian Government to adopt a similar approach.

RECOMMENDATION
The Victorian Government works with Economic Development Australia and the Municipal Association of Victoria, to establish and publicise guidelines for the effective resourcing in funding and staffing for economic development units in Melbourne’s outer suburban local government areas.

Improving Local Economic Modelling
In its submission to this inquiry, the MAV noted that ‘local government is currently experiencing difficulty carrying out its local economic strategic planning due to the pace at which technology development and the economic climate changes’. The MAV further explained that:

Councils feel they do not have the capacity to keep strategic plans current and relevant and would seek support to do so. This question of the capacity of councils to play a significant role in the economic development is one that needs careful consideration as it has been raised with reference to the capabilities of the EDUs, the appropriateness of council economic development programs and the strategic planning activities of councils. 82

From its investigations, the Committee believes many outer suburban EDUs could improve their strategic planning by developing a more detailed understanding of business activity and potential economic growth at the ‘grassroots’ level of their municipalities. This requires a greater investment in economic modelling software and associated technology, backed by an appropriate investment of time, staff and funding into a more rigorous and ongoing data collection and analysis methodology.

Former US Defence Secretary Robert S. McNamara notably discovered the importance of economic modelling while employed as a senior analyst, then president, with the Ford Motor Company in the late-1950s. He realised that to improve the auto giant’s waning fortunes, he first had to ‘Get the data’. McNamara reasoned – rightly, as it turned out – that he could not improve his organisation without accurately measuring its inputs and outputs, then analysing long-term trends. 83 Prof Ed Blakely reiterated McNamara’s belief:

Data is king! Good data is the key to gaining a complete picture of what’s happening across an area or region and what then needs to be done to generate
more growth. Economic development planners need to make full use of ‘top-down’ modelling [i.e. using ABS statistics] combined with ‘bottom-up’ surveys – and apply the findings and trends to economic development. We also need to do more surveys of local businesses.  

All outer suburban councils rely on ‘top down’ data on their municipalities, from either a government provider, or a respected private sector organisation. For example, in evidence to this inquiry, Hume’s Manager Economic Development Brett Luxford noted:

... one of the key things we look at from the local government economic development perspective is that one of the key indicators is unemployment and investment data which we tend to track from the Federal Government’s Department of Employment and Workplace Relations statistics and through the Building Control Commission through the investment data.  

Councils also make use of the freely-available ABS Quick-stats profile of their LGA and most refer to this information on their website demographic profiles. Some councils also commission a customised profile of their municipality, supplied by an external demographer:

Statistics for Cardinia Shire Council are compiled by ID (Informed Decisions), a company of demographers, housing analysts and census data experts who have developed information products specifically for the Australian Local Government market. The information is provided in three ways: via ‘ProfileID’ which gives you statistical information based on the latest census data, ‘ForecastID’ which gives you estimated statistics starting from the base of the current census data, projecting forward following identified trend patterns, and via ‘AtlasID’ which is an interactive community atlas providing profile information in pictorial form.  

LGA profiles drawn from five-yearly ABS Census data provide councils with worthwhile longitudinal data on municipal trends, such as local population or jobs growth. However, an over-reliance on such broad ‘top down’ data can be problematic because:

1. the results are usually restricted to LGAs and cannot accurately encompass what is happening across broader geographic regions with common interests, such as a tourism region that might encompass two or more LGAs;

2. the data is refreshed only every five years, and in a globalised marketplace a lot can change in five years;

3. the Census questions or the statistical area boundaries sometimes change over time, making it difficult, if not erroneous, to compare one Census result with another; and

4. the Census may report statistics only of moderate relevance or interest to the needs of an individual council or region; for example, not enough tourism data available on what is happening within a tourism region.
David Keenan, Director City Sustainability at Hume City Council, told the Committee of his frustrations relying on ABS Census data:

*I think the other … [barrier to LED] we have in there is a lack of data … we would like further, more immediate data – rather than waiting for Census data to come through. That is supposed to inform us about how we best deal with the local economy and also to create a platform for investors and all of those businesses which are seeking to expand in their own area, to actually think about how they do that at the same time.*

The biggest drawback with the ABS data is the quantitative nature of the information and that rarely, if ever, is it qualitative. In other words, the data tells a council’s EDU what is happening within their statistical area but not why it is happening.

The best solution to this problem is for individual councils to invest resources – namely time, staff and therefore money – in ongoing ‘bottom up’ surveys that collect qualitative data at the ‘grassroots’ level on LED. The resulting data can be combined with quantitative ABS Census data to produce a database that offers a far more detailed ‘picture’ of the strengths, weaknesses, threats and opportunities of a local economy. Further, adjacent councils could collaborate on the collection, compilation and analysis of qualitative data on broader regional areas of common interest, from which they could then develop and implement appropriate regional strategies in areas such as tourism, agriculture or manufacturing.

**Potential Economic Modelling Solutions**

The Committee’s Secretariat has inspected several proprietary software ‘tools’ developed to assist local councils and other planning bodies create detailed economic models of their municipalities or regions, then track the effect of changes within that model. The developers of one such product, REMPLAN, claim it is:

*… a user friendly regional economic analysis software package … [offering clients] a dynamic economic modelling capability and detailed regional economic data for up to 109 different industry sectors. Regions are defined by single, or combinations of, local government areas. For any actual or hypothetical economic change in a region, REMPLAN users can assess the direct and flow-on implications across industry sectors in terms of employment, wages and salaries, output and Gross Regional Product for a region.*

La Trobe University senior economics lecturer Ian Pinge explains software such as REMPLAN first requires the surveying of ‘all firms in the entire region to obtain details of the source of supply of all inputs and the destination of outputs’. The results can then:

*… facilitate a better understanding of the performance of key sectors in the regional economy, the ability to calculate the value of gross regional product and the ability to assess likely economic impacts of proposed changes. Regional
modelling can also foster an understanding of the interdependent nature of the regional economy and provide an essential tool for strategic planning. 90

Software modelling tools such as REMPLAN and a competitor called Bugseye both accommodate ‘top down’ and ‘bottom up’ data. 91 Many outer suburban councils already conduct their own surveys to accumulate ‘bottom up’ knowledge on their local economy. Ian Ada, Agribusiness and Tourism Officer with Yarra Ranges, told the Committee of his shire’s 2007 survey:

*We are doing a survey of business in all our commercial and industrial zones at present, and this will provide us with some hard evidence so when we make a report to council later this year we can certainly look at the relative importance of the shortage of land in these zones relative to other impediments facing business.* 92

As an important aside, the Yarra Ranges Shire’s Economic Development Officer Simon O’Callaghan cautioned the Committee about the potential pitfalls of relying on e-mail to conduct such surveys:

*Earlier this year we did a business survey. We visited every business located in an industrial and business zone in the shire — that is, all our retail-based and our industrial-based businesses — and we were quite amazed at the number of businesses that do not have a computer in their business at all. Sending out things like e-bulletins might work well in other areas where everyone is technologically savvy, but in Yarra Ranges we have a diverse range of businesses, so we have to have a number of different mechanisms to reach business.* 93

Regardless of the survey method used, a wide range of information is already collected on outer suburban LGAs and regions. This is analysed by numerous government departments and agencies, such as the Federal Department of Infrastructure, Transport, Regional Development and Local Government; Victoria’s DPCD; DOI and VicRoads. Data is also collected by private sector organisations, such as the Victorian Employers’ Chamber of Commerce and Industries (VECCI) or the Housing Industry of Australia (HIA). However, as the OECD has observed around the world:

*Administrative data is often unavailable for small geographic areas. And different parts of government sometimes collect data across geographic units of different scales. There is a need for small geographic units that remain stable over time. It is essential to collect baseline data that are relevant to the goals of the [LED] policy, can be obtained across target and comparator localities and firms, and that can also be tracked over time. Collecting data at the point of [LED] programme delivery can be much less costly than ex post data collection. Especially in pilot phases of programme development, programme assistance might be directed to areas for which detailed statistical information is available.* 94
Chapter 4: Improving Outer Suburban Local Economic Development

The Committee is duly impressed with the potential LED benefits that could flow to councils employing professional economic modelling tools. However, the Committee also realises this is a relatively new area for most councils and would therefore encourage more investigation into the tools currently available.

The Committee is aware that Australia’s largest local governments in Sydney and Melbourne already use sophisticated Graphical Information System (GIS) databases and other in-house developed software to gain a better understanding of their municipal economies and their potential for growth. These exemplary economic modelling tools are worthy of further examination over the next two sections of this report.

**Exemplary Economic Modelling Tools: Sydney**

The most sophisticated example viewed by the Committee’s Secretariat is Sydney City Council’s extraordinary Floor Space and Employment Survey, showcased at the EDA’s 2007 National Economic Development Conference.

Since 1976, Sydney City Council has conducted its survey of the Sydney CBD every five years, to coincide with the ABS Census results. 

Data from both surveys is then entered into Sydney’s proprietary software, covering:

- 27,300 buildings;
- 20,000 business establishments;
- 45,000 non-business establishments, such as parks or residences;
- 70,000 floors of above and below ground space, including residential; and
- 580,000 spatial records of individual grouped space uses.

Sydney City Council’s EDU can then interrogate the resulting database to produce highly detailed 3D plans and maps of its CBD that reveal information such as:

- business types and locations;
- retail densities;
- full and part-time employment concentrations across a range of occupations;
- the use of building space within each building;
- business industry linkage potential; and
- available critical business services, such as parking spaces, proximity to public transport and communication links.

Sydney says its economic modelling methodology and software could be applied to any municipality or region in Australia but such work does not come cheap. The initial software cost $950,000 to develop, while every five yearly survey of the Sydney CBD costs $500,000.
Notably, Sydney estimates its economic model of the CBD would be worth around $5.5 million to a commercial buyer.\(^9^8\)

**Exemplary Economic Modelling Tools: Melbourne**

Melbourne City Council has also developed its own planning and economic modelling tool called the Census of Land Use and Employment (CLUE) that could be similarly applied beyond the Melbourne CBD.\(^9^9\) CLUE allegedly provides ‘a comprehensive information system about land use, employment and economic activity and trends’, with details on:

- industry structure and type, such as the number of establishments or business locations;
- floorspace type, use and vacancy rates in the commercial office, retail, industrial, accommodation and entertainment sectors;
- full-time, part-time and casual employment type and status;
- building information, such as the number of floors, gross floor area and the ‘letable’ area of a particular building;
- venue and capacity measures, accounting for variables such as café seats, education seats, child care spaces, rooms, off street car parking spaces, residential dwellings, student dwellings, student beds, theatre/stadium seats, conference and meeting seats and gaming machines; and
- spatial distribution maps or CLUE blocks, across regions and suburbs.\(^1^0^0\)

Melbourne says CLUE ‘integrates with a council’s existing property data systems to enable access to detailed property information, business activity and contact details’. It also has ‘the capacity to hold reliable, quantitative data on a time based series and reporting tools to assist with planning, monitoring analysing and comparing trends in an efficient and consistent manner’.\(^1^0^1\)

In February 2008, the City of Darebin received funding from DPCD to join the ‘CLUE for Local Government’ pilot program: a trial supported by DSE and the former DVC (now DPCD). By 30 June 2008, Darebin’s ED and Urban Development Units completed surveying approximately 700 business properties in the Preston Activity Centre area, ready to enter this data into the CLUE database. The application of CLUE to the whole of the Darebin municipality now depends on the results of the pilot and Darebin’s 2008–09 Budget.\(^1^0^2\)

However, the MAV believes all of Victoria’s 79 local councils might benefit by gaining similar access to CLUE, especially for enhancing their LED performance. To further investigate this possibility, in March–April 2007 the MAV conducted its CLUE for Local Government Survey, which found:

*All councils collect some form of CLUE-like data for their municipality but it is often ad hoc, at a small area level, and is subject to inconsistent methods and standards (often making data incompatible for data linkage). With the exception*
of some valuation data and business contact and address details, there is a dearth of municipal-wide data across this sector.\textsuperscript{103}

These interim findings are generally consistent with the Committee’s observations of economic modelling within Melbourne’s outer suburbs. For example, Hume City Council’s Manager Economic Development Brett Luxford explained that it was very difficult to maintain accurate current data on local business/economic activity within his LGA:

\begin{quote}
Having that knowledge of which businesses are coming and going is a challenge. As a right, in some of the industrial areas they [businesses] can come and go. They can set up and move on, so it is hard to track some of those. We run a business directory with which we track about 4,000 businesses. But again it is voluntary for businesses as to whether they want to go in the directory or not, so it is not a finite list.
\end{quote}

\begin{quote}
In some of the areas where we would like to extend home based businesses, a lot of businesses operating from home are actually quite fearful of council in that they may not understand that they do have a right to operate there. It is difficult trying to attract some of those businesses.
\end{quote}

\begin{quote}
I guess the provision of information through whatever other source [apart from the ABS] would be really beneficial for local government. I think most local governments try to track which businesses are in their area and have a hard time doing it.\textsuperscript{104}
\end{quote}

Part of the frustration in attempting to track local business data is due to the restrictions imposed by the \textit{Privacy Act}, though as Brett Luxford added:

\begin{quote}
We are not particularly after any personal data on the businesses. We would just [like to] have an appreciation of which businesses were operating in our patch, what they do, and how we and some of the programs we deliver may be able to assist some of them.\textsuperscript{105}
\end{quote}

Hume City Council’s concerns were reinforced by further findings from the MAV’s CLUE for Local Government Survey, which concluded:

\begin{itemize}
\item ‘councils holding data have a reliance on sourcing data through their internal staff and resources’, with the noted exception of employment breakdown data;
\item ‘the highest value [demand] for economic development is business contact information’; and
\item ‘50 to 60 per cent of the data required … [by a CLUE system] already exists within councils (rates and valuations) but is not easily accessible by the users of that data (economic and strategic planners), or is not yet reportable in a useful way’.\textsuperscript{106}
\end{itemize}

Finally, the survey reported that ‘91 per cent of councils across Victoria indicated that they would like to have a CLUE system or similar available in their organisation, with 98 per cent
stating that CLUE would be of professional assistance'.

These views were endorsed by David Keenan in his evidence to the Committee, both as Director City Sustainability for Hume as well as Chair of the EDA:

Business directories are notoriously a major problem for local government authorities. There are issues associated with privacy. We are also consistently approached by other departments within council, as well as external agencies. Sometimes you will even get approached by the State Government trying to find out what your database is so that they can run your ‘Under New Management’ programs ... I do not think there is any easy solution to your business databases. I think it comes down to the proactiveness of the local government authority in going out and communicating with those businesses.

From its investigations, the Committee agrees with and endorses Mr Keenan’s observations and the MAV’s findings regarding the need for improved economic modelling, survey methodologies and the registration of business activity within Melbourne’s outer suburban LGAs. Employed altogether, these are important tools in facilitating a more professional and successful LED strategy for any council or region.

RECOMMENDATION 17
The Victorian Government, Economic Development Australia and the Municipal Association of Victoria jointly evaluate all economic planning and modelling tools used across Australia and internationally – including the 2008 CLUE System – to determine which would be appropriate for Melbourne’s outer suburban economic development units.

RECOMMENDATION 18
The Victorian Government funds – through specific council grants – the purchase and ‘roll out’ of an agreed economic planning and modelling tool and associated technology into Melbourne’s nine outer suburban councils.

RECOMMENDATION 19
The Victorian Government works with Economic Development Australia, the Municipal Association of Victoria and Melbourne’s outer suburban councils to encourage best practice in ‘economic modelling’ through improvements to the ‘bottom up’ collection, compilation and sharing of economic data from each local government area.
Conclusion

As with the previous chapter, the Committee realises its findings and subsequent recommendations made in this chapter could be readily applied to almost all Victorian local government areas.

Evidence from the EDA clearly reveals a growing need for a more professional approach to LED, especially in greater resourcing of local council EDUs so they can pursue and produce quality LED outcomes.

However, Melbourne’s outer suburban councils – especially those within the city’s five growth areas – are in particular need of urgent assistance due to their rapidly growing populations, as summarised by Melton Shire’s Business Growth and Sustainability Manager Dirk Dowling in his testimony to this inquiry:

There are many pressures that accompany such growth, such as the need for appropriate infrastructure, health and other community services. Council has a responsibility to undertake sufficient long-term planning to take advantage of the situation and to formulate and implement programs designed to enhance outcomes for all residents. Council, however, cannot do everything. There is a desperate need for both the State and Federal governments to recognise the challenges that high growth areas ... are facing and to commit to directly assist, particularly with infrastructure planning and delivery. Without this direct assistance, shires like ours will do everything in their power as the third tier of government, but continue to fall short of shaping a vibrant and strong economy for their particular communities.\(^{109}\)
Local Economic Development in Outer Suburban Melbourne

Endnotes:


4. Ibid.


6. Ibid.


9. Ibid., p. 5.

10. Ibid., p. 10.

11. Ibid., p. 7.

12. Ibid.

13. Ibid.


15. Ibid., p. 6.


17. Ibid., p. 5.

18. Ibid.


20. Ibid.

21. Ibid.


27. Ibid.


31. Ibid., p. 2-3.

32. Ibid.


39. Ibid.


41. Transit Cities are classified as regional cities and suburbs that are important in managing Melbourne’s future population growth and the demand on housing and transport.


43. Ibid.


45. Ibid.

Chapter 4: Improving Outer Suburban Local Economic Development

46 ibid., p. 5.
47 ibid., p. 16-17.
49 ibid.
51 MAV, MAV submission for Inquiry into Local Economic Development in Outer Suburban Areas, MAV, Melbourne, September 2006, p. 2.
53 Mr N. Smith, Transcript of Evidence, 30 April 2007, pp. 26–27.
54 MAV, MAV submission for Inquiry into Local Economic Development in Outer Suburban Areas, MAV, Melbourne, September 2006, p. 4.
55 Cr Kris Pavlidis, Transcript of Evidence, 16 July 2007, p. 123.
57 MAV, MAV submission for Inquiry into Local Economic Development in Outer Suburban Areas, MAV, Melbourne, September 2006, p. 4.
62 Mr B. Luxford, Transcript of Evidence, 30 April 2007, p. 36.
63 Mr M Butera, Transcript of Evidence, 18 June 2007, p. 105.
65 Survey data reproduced with kind permission of Economic Development Australia (EDA); EDA, Nationwide Survey of Professional Development needs of Australian Economic Development Professionals, EDA, Melbourne, August 2007, p. 4.
66 ibid.
68 Ms Paula Giles, Transcript of Evidence, 21 May 2007, p. 61.
70 For details on the People Matters Survey, visit the State Services Authority (SSA) website at <www.ssa.vic.gov.au>.
71 Survey data reproduced with kind permission of Economic Development Australia (EDA); EDA, Nationwide Survey of Professional Development needs of Australian Economic Development Professionals, EDA, Melbourne, August 2007, p. 4.
72 Ms Paula Giles, Transcript of Evidence, 21 May 2007, p. 60.
73 Department for Victorian Communities (DVC) is now known as the Department of Planning and Community Development (DPCD).
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77 Mr S. Murphy, Transcript of Evidence, 19 November 2007, p. 440.
78 MAV 2006, MAV submission for Inquiry into Local Economic Development in Outer Suburban Areas, MAV, Melbourne, p. 5.
79 ibid., p. 6.
81 Prof. Ed Blakely, Chair of Urban and Regional Planning, Director Planning Research Centre, The University of Sydney, from notes taken during a briefing with Secretariat, Melbourne, 6 March 2008.
82 Mr B. Luxford, Evidence from Transcript, 30 April 2007, p. 34.
83 For examples of the QuickStats Local Government Area (LGA) profiles, visit Australian Bureau of Statistics (ABS) website <www.abs.gov.au>.
85 Mr D. Keenan, Transcript of Evidence, 30 April 2007, p. 35.
87 Ian Pinge, Bringing It All Together – Regional Economic Modelling as a Tool for Empowerment and Effective Decision-making, Bendigo, La Trobe University, 1999, p. 1.
89 Mr Ian Ada, Transcript of Evidence, 30 April 2007, p. 44.
90 Mr S. O’Callaghan, Transcript of Evidence, 23 October 2007, p. 334.
93 ibid.
94 ibid.
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98 ibid.
100 ibid.
101 ibid.
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105 ibid.
107 ibid.
108 Mr D. Keenan, Transcript of Evidence, 30 April 2007, p. 38.
CHAPTER 5: OPPORTUNITIES FOR OUTER SUBURBAN LOCAL ECONOMIC DEVELOPMENT

Committee Site Visit to Port of Hastings, Melbourne, 19 November 2007, Photograph courtesy of Don Nardella MLA.

Introduction

‘A rising tide lifts all boats.’


Several noted world leaders have quoted the economic metaphor ‘A rising tide lifts all boats’ to explain how economic growth that increases GDP will inevitably lift all individual incomes within that economy. However, as the OECD has observed, even the most buoyant economies will have some ‘leaky boats’ needing to be ‘bailed out’:

The justification for government intervention in a market economy, in addition to its role of protecting property rights and providing a workable regulatory environment, is to counter market failures – the failure of private markets to achieve an optimal allocation of resources.'
The OECD offers several reasons why ‘market failures … [prevent] regional economies in general from realising their full potential’, namely:

- inadequate supply of information on how to improve business productivity;
- underinvestment in research and development for business;
- undersupply of business capital;
- underinvestment in education and worker training;
- underinvestment in public infrastructure; and
- inflexible business regulation and tax structure.\(^2\)

Many of these same ‘market failures’ also confront LED in Australia. An EDA survey conducted in April 2007 identified the following six issues as those most frustrating their members’ endeavours when trying to implement effective LED programs:

- inadequate and decaying infrastructure;
- skills shortage;
- regional development and coastal urbanisation;
- broadband availability;
- availability of affordable housing; and
- innovation.\(^3\)

On a broader scale, the Victorian Government highlighted several additional areas likely to affect Victoria’s future economic development in its *Final Report to the Council of Australian Government’s Infrastructure Working Group and Infrastructure Australia*, issued in June 2008. That report listed ‘five key priority areas where significant infrastructure investment or further policy reform is needed for Victoria to continue to be a key contributor to Australia’s growth’:

- the transport needs of a growing city [i.e. Melbourne];
- freight access, exports and linkages;
- water reform projects;
- telecommunications infrastructure development and market reform; and
- climate change and energy infrastructure.\(^4\)

Most of the submissions and evidence presented to this inquiry also highlight many of the challenges identified by the Victorian Government, the EDA and the OECD. They also
explain how these problem areas are frustrating well-intentioned LED activities in Melbourne’s interface region.

This chapter outlines the major challenges confronting LED practitioners and policy makers, with a focus on five key areas which impact on economic growth. The chapter is separated into five sections based on these key themes, namely: Planning, Transport, Skills and Training, Information Technology, Infrastructure and other challenges for LED: tourism, agriculture, logistics, health care and community development.

The chapter sections draw heavily on evidence received by the Committee at public hearings, during site visits and in various research reports. As such, a wide range of issues are canvassed, with recommendations to the Victorian Government contained throughout each section.

- Planning
- Transport
- Infrastructure: water, sewerage, ports
- Broadband ICT
- Training, Education & Skills
- Other Challenges: Tourism, Logistics, Health, Peri-Urban

Planning

This section briefly describes what is meant by planning and the various debates over its meaning and application, then reviews the planning environment in Victoria and the impact planning has on LED in outer suburban Melbourne.

Planning definitions and debates

In a comprehensive study on planning in Australia, published in 2007, the head of the Planning and Urban Development Program at the University of NSW, Associate Professor Susan Thompson, defined planning as:

*A continuously evolving process, at times chaotic and often contested, difficult and frustrating. Even its name is debated. Historically referred to as ‘town and country planning’, it has more recently been described as ‘town planning’ or urban and regional planning’ and in some quarters, environmental planning.*

In support of planning, Thompson further argued:

*At its best, planning is respectful of the built and natural environments, encompassing people and the interactions they have with these surroundings.*
Good planning respects current and evolving Australian ways of life, meeting the needs of diverse communities by acknowledging their histories and the challenges facing them as they grow and change. It facilitates appropriate and good development, ensuring that economic, social and cultural prosperity is in balance with environmental and species protection. Planning is mindful of the richness that can emerge from community involvement in its processes and recognises that, ultimately, everyone has a connection to the places they inhabit and use every day.³⁶

Thompson also reinforces what she views as ‘the crucial role of planning’ when she states: ‘Planning matters because its impact is felt every day in the places where people work, live and seek rest and relaxation. Ultimately, planning is about hope for a good future.’⁷

In Planning Local Economic Development - Theory and Practice, published in 2002, authors Edward Blakely and Ted Bradshaw argue planning, at its broadest, should ‘encompass the broad concept of formulating courses of action for socioeconomic change’.⁸

University of NSW senior lecturer in the Faculty of the Built Environment, Peter Williams, argues Australian states retain complete power over their local governments and that ‘although state governments have delegated planning responsibilities to local councils in the past, tension has recently increased because of a perceived resumption or centralisation by state governments of certain planning responsibilities’.⁹

Expanding on this point, Williams argues:

...it appears that government has nevertheless sacrificed at least some traditional characteristics of governance such as participatory democracy, safeguarded public interest and shared planning responsibilities. As a consequence, planning is also struggling to promote its traditional community focused objectives, such as the public interest, social equity and environmental protection. Achieving a balance between crucial public policy outcomes and the public consultation and participation process that ideally should accompany them is therefore likely to be an ongoing challenge for both governance and planning in Australia.¹⁰

How then does planning link in with LED objectives, especially with the aims of local councils? Williams sees the linkage as follows:

Governments want their states and capital cities to be attractive places for national and international investment, economic activity, employment generation and development. Therefore they have undertaken ‘reform’ by removing unnecessary planning red tape and delay, by streamlining, fast-tracking or providing for ‘appropriate’ assessment procedures and by simplifying planning controls.¹¹
Chapter 5: Opportunities for Outer Suburban Local Economic Development

**The Planning framework**

The Committee believes successful LED strategies occur where there is a balance between planning requirements that encourage investment and development, while at the same time protect and enhance local character, heritage and amenity.

In each Australian jurisdiction, there exists an overarching strategic (or forward) planning framework, which operates at state, regional and local levels. At this level sits statutory plans, which are legislatively based planning instruments to regulate development. Strategic planning may occur outside statutory planning, ‘although strategic planning may occur outside the auspices of the primary planning legislation’\(^{12}\) while ‘there is usually a close connection between the two types of planning, as strategic planning may feed into and be implemented by statutory planning instruments’\(^{13}\).

In Victoria, the lead administrative planning bodies are: DSE, DIIRD and DPCD, while the statutes overseeing the land-use planning system are the Planning and Environment Act 1987 and the Environment Effects Act 1988.\(^{14}\) In addition, the Planning and Environment Regulations 2005 and the Planning and Environment (Fees) Regulations 2000 are also part of the legal planning framework.\(^ {15}\)

The DPCD has defined planning as ‘decisions that change the environment and affect everyday life’, such as the provision of public transport, shopping centre developments, the location of parks, bicycle paths or new roads.\(^ {16}\) In addition, the DPCD outlines what is meant by the ‘planning scheme’, noting it comprises land use and development within a municipality, while it contains State and local planning policies, zones, overlays and various other provisions.\(^ {17}\)

Section 7 of the *Planning and Environment Act 1987* stipulates that a planning scheme for an area must include (and separately specify) state standard provisions and local provisions,\(^ {18}\) namely:

**State standard provisions** –

- Must consist of provisions selected from the Victorian Planning Provisions.

**Local provisions** –

- Must include a Municipal Strategic Statement (if the planning scheme area includes whole or part of a municipal district);
- Must include other provisions which the Minister directs to be included in the planning scheme; and
- May also include any other provision which applies to the area of the planning scheme.

Williams has argued that the Victorian Government has taken a very active role in creating a centralised planning system, with its setting of the strategic planning framework in addition to prescribing the nature and content of local statutory plans, resulting in ‘significant direct
state and ministerial intervention in local planning controls [which] has been a feature of the Victorian planning system’. 19

How this is viewed at the local level was articulated by Brian Welch, Executive Director of the Master Builders’ Association of Victoria (MBAV). He told the Committee in relation to planning regulations:

*I make the observation that the building industry is confused continuously by differing councils having different interpretations. I suppose all of those councillors in question ... try to do the will of their constituents. The trouble is it ends up being like Babel to someone trying to work across municipalities because there are the differences between them.* 20

‘Distance Decay’

As with comparable cities around the world, Melbourne is at risk of what planning experts term ‘distance decay’, where ‘hundreds of thousands of home owners [are] stranded on the fringes of the nation’s capital cities away from the better jobs, services and infrastructure’. Further, Melbourne urban planner Marcus Spiller, from SGS Economics & Planning, believes that ‘left to its devices ... [‘distance decay’] can become a force for social division in our city’ because:

*... those people who are in socio-economic groups that are reliant on non-professional jobs, or migrant groups and people who haven’t had opportunity to secure good education and quality jobs, the only housing they can access is going to be at a point distant from the central city areas.* 21

The socio-economic divide between Melbourne’s inner and outer suburbs can be illustrated by examining house price trends over the last two decades. Typical properties in suburbs more than 30 kilometres from the CBD – Seaford, Cranbourne, Lilydale, Sunbury and Melton – have risen 95 per cent in value between 1979 and 2006, compared to a 273 per cent jump in inner city property values – around St Kilda or South Yarra. 22

Apart from the divide between property prices in the outer suburbs compared with the inner city/suburbs of Melbourne, Victorian Council of Social Services (VCOSS) spokesperson, David Imber, has said: ‘There is increasing evidence that people in outer suburbs are being excluded from the economic activity that people take for granted’. 23

On this issue, Paula Giles, Director of Policy, from the MAV, told the Committee:

*The population in these areas, when compared to others, is often disadvantaged. Quite often they have a high multicultural population or CALD [Culturally and Linguistically Diverse] population, as it is referred to. We feel for that in itself—the challenges on councils as they simultaneously cope with economic growth, the challenges of dealing with a diverse and multicultural population in terms of resettlement, access to jobs and support is a key one. Again we would encourage the inquiry to be supportive of the efforts this requires and takes, particularly in*
the interface areas, to ensure that the facilities available to new migrants are available.\textsuperscript{24}

One possible solution has been outlined by Marcus Spiller, who suggested the relocation of ‘high-paying jobs to the outer suburbs and create secondary CBDs elsewhere’, as in the Victorian Government’s current ‘Revitalising Central Dandenong’: a $290 million VicUrban renewal project aimed at making it ‘the capital of Melbourne’s south-east growth corridor over the next 20 years’\textsuperscript{25} as part of M2030, discussed shortly.

**Planning and local government**

Through access to up-to-date and reliable local planning and economic data, Melbourne’s outer suburban local council EDUs can pursue LED through what the World Bank believes is ‘the most important and effective local economic development activity that a municipality can undertake’: the improvement of ‘the regulatory processes and procedures to which businesses are subjected to by the municipality itself’.\textsuperscript{26} The World Bank argues:

\begin{quote}
A survey of most municipalities would reveal a number of complex, poorly managed, expensive and unnecessary business registration systems … [and that by] reducing these, a municipality can quickly improve its local investment climate.\textsuperscript{27}
\end{quote}

As mentioned in the previous chapter, it would be most unusual for any local council to declare publicly that its own planning and regulatory processes were responsible for frustrating or delaying much-needed LED. Nevertheless, the Committee believes there is considerable room to improve most council functions in this area.

Highlighting the challenges that exist for outer suburban LGAs, Mike Ellis, Acting CEO at Cardinia Shire Council, told the Committee:

\begin{quote}
... we are aiming to create a new job for every employable person in Cardinia. The question is, how are we planning to achieve these very important strategic objectives of council? One of the critical areas is to get our structure planning right. Currently, the planning department are working on the preparation of a number of structure plans for the various precincts through the growth corridor. This is absolutely critical so we get sound and orderly planning that really ensures vibrant and sustainable communities for the future generations. The urban growth is occurring at a very rapid rate; you would see that coming through the municipality. That aligns or is in accordance with the Melbourne 2030 strategies. However, it is absolutely critical that we get all the forward planning in place before the development occurs. We are under pressure along a number of fronts which we will go into more detail as the morning proceeds. But some of the areas, particularly to the west up around the Cardinia Road precinct where we have housing development there, we are looking at trying to fit in and plan for rail stations and other public transport facilities. It is a matter of ensuring that they come on line at the appropriate time so that we do get truly integrated planning.\textsuperscript{28}
\end{quote}
Taking a characteristically candid approach, Cardinia’s Mayor, Cr Kate Lempriere, also expressed to the Committee:

*Grave concerns from Cardinia Shire. I am sure none of you can fail to realise that we are very concerned about where we are at. It is a hit and miss state responsibility for many things. Believe me, I am not knocking the government because it does not seem to matter which government is in. But the bureaucracy seems to run rings around us. It is wait, wait, wait, delays, wait. It is extremely difficult.*

**Community Planning**

The publication in December 2007 of a report prepared for the DPCD by researchers Sue West and Hayden Raysmith, titled *Planning Together: lessons from local government community planning in Victoria (Final Report)*, argued for a greater focus on community involvement in planning decisions.

The study was based on the ‘community planning’ experiences of the following 11 Victorian local councils: Ararat Rural City Council, City of Casey, Golden Plains Shire Council, Hume City Council, Loddon Shire Council, Mitchell Shire Council, Surf Coast Shire Council, Wyndham City Council and Yarra Ranges Shire Council.

The report defined ‘community planning’ as a set of principles, processes and products that:

- are facilitated by local government;
- produce a long-term vision;
- establish key priorities and actions;
- have a holistic focus on the social, economic, environmental and cultural wellbeing of the community (not a programmatic focus);
- are municipal wide but incorporate local neighbourhood and precinct plans; and
- have community strengthening as a goal and community participation as a central feature of the planning process.

The aim of the report was to support the strengthening of local communities by:

- improving people’s ability and opportunity to get involved in community planning and decision-making; and
- changing the way Government works to improve the way it responds to local priorities and aspirations.

The authors explained:

*Planning is both a rational/technical process and a political one and it is both an art and a science. This is why there is no simple recipe or formula. It can be*
improved by the application of rigorous scientific method, but experience and learning from others can also lead to better planning processes.\textsuperscript{33}

Councils involved in the study identified the following benefits:

**Benefits to councils**

- gives council a strong understanding about what is important to the community;
- assists council to make strategic decisions;
- brings a level of ‘integrity’ to council planning;
- improves council’s reputation in the community;
- provides a powerful lobbying tool; and
- can be a process (or result in a process) for building partnerships with key stakeholders.

**Benefits to the community**

- a sense of empowerment as their views are listened to and incorporated into future planning;
- a chance for people to deliberate together and to get to know each other;
- community capacity is built as new skills are learnt;
- more connected communities where difference can be tolerated;
- an increased sense of wellbeing from being engaged in community life;
- an understanding that people can influence outcomes;
- feelings of belonging are engendered; and
- assists local groups to lobby; and community perceptions of what is important are crystallized.

The participating councils also acknowledged that community planning had its downside, in that it is resource intensive, especially so for small rural councils who are resource poor, especially in terms of their limited rate base.\textsuperscript{34}

The authors argued the key issues that need to be addressed in order to strengthen local government community planning are:

- how to engage the state government in the formative stages of local planning so that its policy frameworks and priorities are part of the community planning process;
Local Economic Development in Outer Suburban Melbourne

- how to make the council plan an integrated plan and centre piece that can address the community’s aspirations as well as the evidence, statutory requirements and practical considerations;

- how to provide feedback on the outcomes of the community planning process, especially in relation to the council plan and resource allocation;

- how best to synchronise planning processes so as to minimise demands on citizens but increase the effectiveness of their participation;

- how to establish guidelines, best practice and build a body of knowledge in relation to community planning; and

- how to ensure the skills and resources are available to undertake community planning processes.\(^{35}\)

The Committee acknowledges the importance of sound community planning and its beneficial effects on LED, especially as local councils engaging with their communities on planning issues remain crucial to planning decisions being endorsed and defensible. The Committee also believes a community planning approach is evidence that participating councils are willing to further engage with their communities, while this initiative can also help businesses to partner with councils and the wider community to foster greater LED.

There are a number of international examples of community planning, notably in the UK and Canada, in addition to models in NSW. However, rather than analyse various international and interstate models, for the purposes of this inquiry into LED, the Committee highlights the recent Victorian example, as described in the above mentioned Planning Together report and recommends the Victorian Government further investigate the benefits of ‘community planning’, especially as it relates to LED in outer suburban Melbourne.

<table>
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<tr>
<th>RECOMMENDATION</th>
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<td>The Victorian Government undertakes further research into the costs and benefits of ‘community planning’ and its links to LED in outer suburban Melbourne. If this research identifies quantifiable benefits to the whole community, the Victorian Government should then partner with Melbourne’s outer suburban councils to promote the model across the interface.</td>
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<th>RECOMMENDATION</th>
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<tr>
<td>The Victorian Government, in conjunction with Melbourne’s outer suburban councils and other stakeholders, engage in ‘planning partnerships’ with local community groups, businesses and residents.</td>
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Chapter 5: Opportunities for Outer Suburban Local Economic Development

**Melbourne 2030**

Various planning policies have already featured in previous chapters of this report. Therefore, this section will offer just a brief description of M2030, then focus on the insights and views of people whom the Committee heard from during this inquiry into LED.

As first noted in Chapter Two, M2030 can be summarised as a plan that seeks to curb Melbourne’s outward growth by encouraging future residential development in 26 higher density PACs. In doing so, M2030 aims to create a ‘more sustainable, equitable, prosperous and accessible city for current and future generations’.\(^{36}\)

In an article on Melbourne’s record population growth published in March 2008, Monash University academics Bob Birrell and Ernest Healy argued that M2030’s core objective of curbing outward growth, helped by the establishment of a UGB to facilitate a more ‘compact city’, has not been achieved.\(^{37}\) Ironically, they believe, ‘most of the city’s growth has occurred on the city’s outer frontier’.\(^{38}\)

Birrell and Healey’s research also indicates that between 2001 and 2006, 59 per cent of population growth and 60 per cent of household growth occurred in Melbourne’s outer suburbs, although M2030 aims to limit this share to 31 per cent over the 2001–2030 period.\(^{39}\)

To reverse this trend, Birrell and Healey recommended ‘the need for a new [planning] vision for outer suburbia’\(^{40}\) in which:

> ...the government should be promoting the creation of relatively self sufficient decentralised communities. These would have recognisable borders and be planned to facilitate the integration of civic, residential, commercial and industrial developments within these boundaries. The goal would be to ensure that residents have easy access to locally-based jobs, commercial and recreational activities without the necessity for long commutes elsewhere in Melbourne.\(^{41}\)

In an earlier research article, RMIT University academics Michael Buxton and Jan Scheurer suggested an alternative to reduce this ‘outward growth’. They called for an increase in outer suburban densities and challenged what they viewed as the long held belief of ‘Australians generally’\(^{42}\) that ‘increasing the density of urban settlement on the urban fringe will reduce the quality of suburban living but achieve negligible land savings’.\(^{43}\) Instead, they argued for an increase in residential densities – alongside a reduction in non-residential land which, they stated, will lead to an improvement in residential amenity for outer suburban residents (possibly through higher demand for goods and services).\(^{44}\)

Buxton and Scheurer’s push for an increase in outer suburban density rests on their belief that:

> Unless current practices are changed in Melbourne, land set aside in outer suburban areas will be used up for housing faster than necessary and large areas of land squandered. Melbourne’s comparatively advantageous position on land supply in both Australian and international terms will [therefore] be lost with substantial economic, social and environmental costs.\(^{45}\)
In a 2003 article reviewing developments in employment trends and the location of jobs in Melbourne’s inner city and suburban areas between 1986 and 2001, University of Melbourne planning academics Kevin O’Connor and Virginia Rapson offer yet another approach. They argue that inner city Melbourne was becoming focused on what they termed ‘new economy’ employment, while the location of jobs in suburban Melbourne was increasingly dispersed. Their article identifies what they viewed as the ‘tension between the development of activity centres and the dispersal of economic activities’. O’Connor and Rapson’s central point was that patterns of metropolitan development could be traced to two clear and emerging trends: the first involved a narrow concentration of economic activity in the CBD and surrounding inner city (former industrial) suburbs; while the second involved an increase in the diversity of jobs and housing stock, (predominantly) in Melbourne’s middle suburbs.

The authors argue that the central location is favoured by professional business services associated with global and national firms, as well as firms specialising in tourism, entertainment and retail functions. The latter trend, however, ‘has been shaped by the maturation of suburban economic activity beyond the initial growth in manufacturing and retail functions that located there more than 30 years ago’. The result has been the establishment across the middle suburbs of jobs in a range of industries and professions, including: high level medical, tertiary education, entertainment, some research and development activities and new forms of complex manufacturing linked to professional services, such as in the ICT sector.

The authors argue that ‘activity centres’, through their necessarily higher concentrations of people, density and commercial activity, ‘do not provide for industrial estates or low-rise warehouse, research and development, light manufacturing and diverse other service functions’. As such, ‘it is very unlikely that the Melbourne 2030 planning vision will achieve the kind of focus of job creation in particular activity centres to which it aspires’. Since O’Connor and Rapson’s article was published five years ago, many businesses have either expanded from the middle to the outer suburbs or set-up operations in outer suburban Melbourne, as seen in the site visits undertaken by the Committee to all outer suburban LGAs.

In evidence presented to the Committee on M2030, the Interface Group of Councils presented a report titled: Local Economic Development at the Interface, prepared by SGS Economics and Planning and consultant Mr Ming Toh. Mr Toh told the Committee:

... if you look at Melbourne 2030, for example, the whole idea of concentrating new development — use of retail, residential and commercial into sites which are heavily accessible by public infrastructure, including by trains and by buses — is perhaps exactly what this report is highlighting. Concentrating development around nodes well serviced by infrastructure which are closer towards people’s work, decreasing journey-to-work travel times, will have substantial benefits for the economy in terms of its sustainability.

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Chapter 5: Opportunities for Outer Suburban Local Economic Development

Following Mr Toh’s comment, the then Chair of the Interface Group of Councils, Ian Robins, advised the Committee:

A substantial change has actually happened in the way that Melbourne has developed. The west offers significant advantages in terms of proximity to central Melbourne and land prices, and so is highly competitive in that area. I think the other thing which has happened is in terms of Melbourne’s west — and a few developments have actually shown the sort of potential that can happen. I am thinking particularly of Sanctuary Lakes, Caroline Springs and those sorts of places. So we are seeing more interest coming through from that point of view. I think there are a couple of factors in it as well. In terms of the middle ring of suburbs Melbourne 2030 aimed at getting a lot of urban consolidation. It is not happening; the market is not operating that way, and that is putting more pressure on the growth areas as well. But I think it is a combination of affordability and options.55

Melton Shire Council’s CEO, Neville Smith, provided further support to Mr Robins’ comment when he told the Committee:

... one of the issues that we see — and most interface councils see — is that given they are predominantly all about 70 per cent rural and 30 per cent urban, it is the urban–rural mix that is so appealing to many people. They can live in reasonable proximity to the city but still experience a rural feel. I know from my own council that we get that feedback and I think that is symptomatic of all the interface councils.56

As an example of how M2030 operates from the viewpoint of an outer suburban council, Nillumbik Shire Council’s Manager of Projects and Business Services, Andrew Port, provided the Committee with details on how former government transport infrastructure could be put to new uses to further the aims of M2030, whilst also enhancing LED:

I really want to stress to the Committee the need for a good level of coordination and cooperation, obviously, between councils, agencies such as VicRoads and the various agencies that are involved in owning and operating and leasing and managing railway land. We have significant areas of railway land that are not actually used for railway purposes in both Eltham and Diamond Creek and our experience has been that there could be some benefits from better coordination amongst the various agencies in trying to deliver the sorts of outcomes that Melbourne 2030 is recommending. By definition, major activity centres [a cornerstone of M2030] have good access to rail networks and that generally means that there is a lot of railway owned land in the vicinity. Often that land has been neglected over many years and there are many different agencies—DOI, DSE, Connex, VicTrack, whoever it is—involved and they do not seem to always have parallel objectives.57

On a broader scale, Greg Aplin, Director of Economic Development and Planning at wyndham City Council, told the Committee:
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It is hard to argue against the principles of Melbourne 2030. We want a fairer city, we want a greener city, we want all those things. But the real rub here is: how do you make those things happen? There is also another point which I hope does not happen again because it has happened in the last two major studies that I have been involved in — one back in the early ‘90s and now more recently with Melbourne 2030. It is that employment and transport, which are so inextricably linked to the land-use issue, are left to the end. They are not dealt with simultaneously as they ought to be.\(^{58}\)

**M2030 Audit**

M2030 underwent its first five year audit in 2007, after a four person independent Audit Expert Group (AEG) was appointed by the Minister for Planning, the Hon. Justin Madden MP, in June 2007. In response to its call for submissions, the AEG received over 200 responses.

Meanwhile, prior to the release of its response, the Victorian Government had released its own interim assessment. In 2007, the DPCD released *Melbourne 2030 Audit: Analysis of Progress and Findings from the 2006 Census*.\(^{59}\) That report outlined the AEG process, noted key statistics from the 2006 Census and provided an analysis of government actions to achieve M2030’s objectives.

In late-May 2008, the AEG released its review of findings on M2030. It found ‘the fundamental principles of Melbourne 2030 are more relevant than ever’; however, the report also said the Victorian Government needed to do more to provide a ‘clarity of vision’, ‘adequate resources’ and create ‘broad-based support’ to accelerate the plan’s implementation and acceptance, thus ensuring the ‘sustainability’ of Melbourne’s future growth.\(^{60}\) The AEG also acknowledged what it views as both the strong support from many stakeholders to the fundamental objectives of M2030, as well as the ‘considerable criticism of the plan and its implementation’.\(^{61}\)

The audit recognised the significant and accelerated population growth Melbourne is experiencing (due primarily to increases in fertility rates and overseas migration) and notes the city’s population could reach five million by 2030.\(^ {62}\) To place this growth into perspective, M2030 originally estimated an additional one million residents by 2030, but this projection has now been brought forward to 2020.

Therefore, with this growth in mind, the AEG listed three imperatives for M2030 to work:

- responsibility for implementation: one coordinating body be responsible for implementation of the plan;
- adequate and ongoing funding: sufficient resources to implement the plan; and
- communicating and building support: the creation of broad-based support for the plan’s direction.\(^{63}\)
Chapter 5: Opportunities for Outer Suburban Local Economic Development

The AEG made 12 further recommendations to help address the following three major issues it identified, with many of these having direct or indirect implications for furthering successful LED in Melbourne’s outer suburban LGAs.

Managing growth:

- develop a metropolitan economic, development and employment strategy focusing resources in inner Melbourne and in fewer key activity centres in the metropolitan area;
- give priority to new residential developments in established suburbs;
- increase densities and housing mix in the growth areas
- maintain and manage the UGB;
- link land use planning to the provision of public transport services; and
- develop a stronger planning framework for regional towns and cities.

Engaging communities:

- committing to community engagement in decisions about the application of new residential zones in established suburbs; and
- through education and engagement, emphasis M2030’s importance as a response to climate change.

Enhancing liveability and sustainability:

- reduce congestion and accessibility by encouraging people to live closer to jobs and services, along with reducing car dependency through investment in alternative travel modes;
- increase social housing funding, including considering the mandating of affordable housing in new residential developments; and
- improved open space provision and services, to ensure quality of life is maintained despite increases in Melbourne’s population.  

In response to the AEG report, in late-May 2008 the Victorian Government released its Planning for all of Melbourne. In that document, the Premier and the Minister for Planning both acknowledged ‘one million more residents are now expected to live in Melbourne about a decade earlier than forecast in 2002’. They also agreed that:

*We must ensure our land-use planning system is dynamic and flexible enough to prepare Melbourne for the challenge of a more extreme climate and to enable Victoria to capitalise on opportunities generated by the emerging climate change economy.*
It is imperative to provide for more housing close to good transport, to balance the location of jobs and housing, maximise the use of existing infrastructure, protect neighbourhood amenity and preserve green spaces and agricultural opportunities around the city.\textsuperscript{66}

\textit{Planning for All of Melbourne} publicly commits to addressing the following four ‘priority areas’:

1. planning for all of Melbourne;
2. transport and managing congestion;
3. environmental sustainability and climate change; and
4. managing urban growth and change.\textsuperscript{67}

The Premier and Planning Minister both stated the focus would be on:

- developing a new planning partnership with clearer state/local government responsibilities;
- increasing state government resourcing and coordination of implementation;
- establishing clear requirements for the amount and diversity of housing growth in each metropolitan municipality;
- improved activity centre planning;
- more effective community and stakeholder engagement; and
- planning for longer term growth.\textsuperscript{68}

The report was released through the DPCD, which noted: ‘this growth combined with the challenges of climate change, housing affordability and transport require decisive action’.\textsuperscript{69}

\textbf{Urban Growth Boundary and Urban Growth Zone}

As described elsewhere in this report, the UGB is a ‘planning tool’ introduced by the Victorian Government in 2002 to restrict urban development to within a designated UGB\textsuperscript{70} that comprises the outer suburban boundaries of Melbourne.

The government, through M2030, then settled on an interim UGB in November 2003\textsuperscript{71} and indicated the boundary around the five identified growth areas (Casey-Cardinia, Hume, Melton-Caroline Springs, Whittlesea and Wyndham) would be subject to review. The Smart Growth Committees carried out this review during 2004–05. The UGB was subsequently amended in November 2005.\textsuperscript{72}
Following Premier John Brumby’s announcement in March 2008 to establish the UGZ (land identified for future urban development), the GAA was charged with implementing the UGZ, in conjunction with the DPCD and the Growth Area Councils during 2008. The government has stated all broad acre areas inside the UGB in the five growth areas will be rezoned to the new UGZ.73

These changes are relevant to this inquiry because they could provide further opportunities for encouraging commercial and economic growth in the five PACs located in Melbourne’s outer suburbs, namely: Broadmeadows (Hume), Cranbourne and Narre Warren/Fountain Gate (Casey), Epping (Whittlesea) and Werribee (Wyndham).74

During a public hearing in Melton, the Shire of Melton’s CEO, Mr Neville Smith, told the Committee that the UGB had brought significant benefits for local planning and future LED prospects:

*I think one of the things that has been seen by our council as a real positive is the identification of the urban growth boundary.*

*The urban growth boundary provides, from our municipality’s view, clarity about where residential and industrial growth will occur over the next 23 years. In each of the growth areas there has been a designation that there shall be some land zoned for industrial purposes. We work with Wyndham and we have done a study that talked about the western region industry and employment or economic development opportunities that exist for the west. We ensure that there is a range of diverse areas available.*

*Now there should be certainty to overseas businesses and businesses within Australia to know that these areas will be provided, will be zoned accordingly and will hopefully be supported with the infrastructure but the real issue there is having designated and provided for those areas, they must be supported by the necessary infrastructure and the key infrastructure we perceive is one of public transport.*75

On the basis of fostering LED, the Committee recognises the importance of ensuring the provision of adequate infrastructure in the UGB. The Committee further acknowledges the commitments made by the Victorian Government in *Planning for All of Melbourne*, notably the four ‘priority areas’ identified earlier.

**RECOMMENDATION 22**

The Victorian Government undertakes and makes public, a detailed planning assessment that identifies key economic and infrastructure requirements for outer suburban areas within Melbourne’s UGB in order to attract further LED opportunities.
Zoning: ‘rural Metro’ vs. ‘rural Victoria’

A number of witnesses told the Committee about what they viewed as ‘inconsistent’ or ‘unfair’ zoning classifications. For instance, Ian Ada, Agribusiness and Tourism Officer with Yarra Ranges Shire Council, told the Committee:

\[\text{We would like to see acknowledgement that the rural area of the shire is equivalent to rural and regional Victoria so relevant government programs and support can be provided to the rural sector particularly.}\]  

Further, in response to a question from Committee member David Hodgett MP, on the Shire of Yarra Ranges being able to apply for rural funding for rural areas and regional and/or urban funding for urban areas, Mr Ada replied:

\[\text{I think we would want to apply for rural and regional funding through the RDV [Regional Development Victoria] programs for rural townships as well as the true rurally zoned areas, because that is going to allow us to do things. It creates economic activity. The people who do not work in their towns need to drive sometimes from Healesville and Warburton, as you would know. They come into the closest suburbs of Melbourne every day. So it is about the areas beyond the metropolitan area boundary, although some of them might be within the urban growth boundary because of the 14 towns that are in that boundary. So it is the areas which are beyond the metropolitan area boundary that we would looking at to be eligible.}\]

At the Committee’s public hearing in Cardinia, David Young, local president of the Victorian Farmers Federation in Cardinia, expressed similar concerns over zoning classifications:

\[\text{The rural community within the Cardinia Shire is concerned that the present classification of the entire shire as metro does not truly reflect the actual situation as most of the shire is rural.}\]

\[\text{There are approximately 100 dairy farmers in Cardinia Shire who could potentially access this funding if the classification was changed. Because of our urban classification, the rural community of Cardinia Shire does not have access to this initiative provided by the Regional Infrastructure Development Fund. Cardinia Shire also has a large horticultural industry based around potatoes and asparagus. There are large volumes of asparagus exported to Japan and South-East Asia, providing much local employment. The example, if these people do not have funding, is the Local Roads to Market Farm Gate Access Scheme. Entrances of farm properties are often inadequate for the size and weight of today's truck. The volume of traffic on the state's roads and traffic speeds require that to safely exit or rejoin traffic.}\]

\[\text{Like dairy farmers, vegetable growers have obligations to address any of the hazards involved in transport operations associated with rural properties and the companies are also increasingly requiring their suppliers to improve access to properties for trucks. We consider that access to these initiatives is most}\]
important in this area due to the increasing traffic volumes on local roads. Because of our proximity to Melbourne [and] the increasing number of lifestyle residents, traffic volumes tend to be larger here than most regional areas [which are] able to access the Regional Infrastructure Development Fund. The broader community enjoys a rural environment in a proximity to Melbourne and by not having access to the Regional Infrastructure Development Fund, it is just one other issue that adversely affects the ongoing viability of the farming community within Cardinia Shire.

Other initiatives that the Regional Infrastructure Development Fund support: on-farm energy infrastructure, water for industry infrastructure, rural showgrounds infrastructure, small town development infrastructure. As the number of farmers decrease due to the increasing urban pressure within the Cardinia Shire, support services to the farming community, e.g. machinery sales and repairs, large animal veterinarians and herd test and artificial insemination services have closed down and we have to travel further to access these services thus affecting our viability. The rural community within the Cardinia Shire does not want to receive a greater benefit but wants to have the same access to funding as farmers throughout Victoria.\(^{78}\)

In the adjacent municipality of Casey some six months later, Peter Fitchett, Director of Planning and Development Services for the City of Casey, told the Committee:

A peculiarity of some of the funding schemes that have come out is that we do not fit purely the metropolitan funding programs and we do not fit purely the rural programs, so we fit in between and you would have heard this before, no doubt, from other interface municipalities that you deal with. We also believe that a substantial portion of Melbourne’s growth and development is occurring without comparable funding and that we need targeted funding for infrastructure development enhancement in the growth corridor and in the growth suburbs.\(^{79}\)

The Committee acknowledges the zoning classification structure does not provide for a ‘one size fits all’ approach. At the same time, the Committee believes where there is clear evidence that councils are unable to fully assist businesses and LED due to the zoning classification, then there is a need to review the zoning of these areas.

**RECOMMENDATION**

The Victorian Government partners with the Melbourne’s outer suburban councils to assess zoning classifications in outer suburban LGAs, to determine the extent of any zoning classification anomalies. This study should also investigate any links between zoning classifications and enhanced LED.
The issue of land classification also impacted on schools, as Ian Robins highlighted when he contrasted schools in his municipality of Wyndham being built inside and outside the UGB:

*It seems to me that the green wedges are actually being thought about as if they are all consistent in the one component. In fact, there are green wedges that are permanent and should be respected as being permanent, but for growth councils like Wyndham there are actually areas of green wedge that are going to be taken over by residential development with later changes of the urban growth boundary and the November 2005 statement by Minister Hulls pointed to exactly the direction where that future extension will be.*

...  
*I guess from our point of view, the urban growth boundary that was established reflected forward projections of population growth at the time, which have proved to be underestimated. If you look at Victoria in Future 2000, it said that Wyndham would reach a population of just under 120,000 in 2016. We actually achieved that in 2006. From that point of view, you might say that the urban growth boundary underestimated that sort of growth and there was an adjustment last year.*

*Our concern is not so much with the actual location of the boundary because there are review periods at every five years, but we are somewhat frustrated and I suppose we are applying very stringent green wedge criteria to areas that everybody who is involved in planning — whether it is DSE, the minister or council — understands will change and become part of the urban growth boundary. What we are saying is that that needs to be thought about in a different way from everybody's point of view.*

*If we take the Islamic college, they are experiencing difficulty — they are not achieving at this stage the sort of growth they want. If the system at the moment stays exactly the same, it will frustrate them for 10, maybe 20, years. Then suddenly the urban growth boundary will be there and they will be told, 'Oh, now it’s okay'. That to me sounds a little bit futile in terms of what we are trying to achieve in terms of education.*

Greg Aplin, from Wyndham City Council, told the Committee some independent schools were frustrated in trying to gain planning approval to establish in green wedge areas. This, he said, contradicted the latest Western Region Employment and Industrial Development Study, which advocated a greater number and diversity of educational offerings to address the region’s skills shortage and thus assist future LED:

*And yet, all of a sudden, those schools that cannot afford to purchase within the urban growth boundary but would like to develop, would like to provide opportunities for the community and a bit of diversity, find it impossible to do so. It becomes even more interesting — I was nearly going to say ludicrous — to me when you find that you cannot even have an education centre relating to*
agriculture in a green wedge. So again, there are policies: they are great ideas, but we need to understand the implication of those policies.... [and] ensure, again, that the education offering meets the future needs of the community. 81

To further support more diversity in education and its links to LED, Mr Aplin highlighted an earlier report he believed was still relevant:

*Back in 1987 when KPMG Peat Marwick Hungerfords went out and asked managers what influenced their locational decisions, it was all the things that you would think about — ‘Is there a social network?’; ‘Are there schools?’; ‘Are there recreational opportunities available to me?’ — because they are all important parts of their lives.* 82

**RECOMMENDATION**

On the basis of reducing travel distances and enhancing the availability of education facilities within the interface LGAs, the Victorian Government investigates the costs and benefits of constructing schools in green wedge areas, as part of a policy review.

**Green Wedges**

Linked to M2030, the ‘Green Wedges’ have been defined by the Victorian Government as the non-urban areas of metropolitan Melbourne that safeguard agricultural uses and preserve rural and scenic landscapes, non-renewable resources and natural areas, including water catchments. 83 They include areas with high environmental, landscape, built or Koori heritage values and are non-urban yet contain infrastructure such as airports and quarries. 84 Encompassing 17 municipalities, the following 12 areas have been designated as Green Wedges 85

- Werribee South
- Western Plains South
- Western Plains North
- Sunbury
- Whittlesea
- Nillumbik
- Manningham
- Yarra Valley and Yarran and Dandenong Ranges
- Southern Ranges
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- Westernport
- South East
- Mornington Peninsula.

Following the release of M2030, the Victorian Government introduced a number of changes relating to the Green Wedges, including:

- the establishment of an Urban Growth Boundary (UGB) restricting urban related development to within the UGB;
- new Green Wedge Planning Zones, which will replace existing rural zones in Green Wedge land;
- restricting the types of usage and subdivisions permitted in Green Wedge land, through the introduction of Green Wedges into the core planning provisions; and
- an amendment to the Planning and Environment Act 1987 to recognise the UGB and Green Wedge land.

The Committee received a number of submissions and comments at public hearings involving ‘green wedges’ and how the classification assists or frustrates LED. For example, Phil Walton, General Manager of Planning and Development at Cardinia Shire Council, told the Committee:

> Moving away from the growth area and looking at the green wedge area, it has been quite a topical issue not only within this shire but with a number of the interface municipalities around Melbourne. As indicated, 93 per cent of the shire is within the green wedge. That forms part of three green wedges: Yarra Valley and Dandenong Ranges which is the Yarra catchment at the northern end of our municipality; the Southern Foothills Area which comes down the Princes Highway and the Westernport Area to the south. Within those areas we see a number of quite significant values: the Yarra Valley and Dandenong Ranges, significant environmental values, as well obviously tourism values particularly associated with Puffing Billy; within the Southern Foothills, also significant environmental values; significant values in terms of metropolitan water storage with the Cardinia Reservoir which makes up a significant area of our municipality and also with the Bunyip State Park; and to the south with the Westernport Area where our agricultural values are focused, we also see other issues such as extractive industry in terms of sand resources being a significant part of that area, down to the south around Lang Lang. The areas around Lang Lang are seen as being one of the major sources of concrete and sand for the growth of Melbourne over the next 20 or 30 years.

> In principle, council supports green wedges in terms of protecting the non-urban areas around Melbourne from inappropriate development. As indicated, the non-urban areas of the Cardinia Shire support a range of significant agricultural,
environmental and natural resource values. The Green Wedge Zones, which have been introduced, have significantly increased the number of uses which are either prohibited or significantly restricted in the metropolitan non-urban areas, particularly in comparison to the previous rural zones which existed. There is a need to monitor and review implementation of the Green Wedge Zones as there is some concern in local government — and not only Cardinia — about the broad prohibition and restrictions which can sometimes catch out what might be inappropriate uses within those green wedge areas. Some of the examples would be around the issue of tourism accommodation which is significantly restricted, particularly in the northern area of the municipality. In terms of education centres, education centres are now prohibited uses completely within the green wedge areas. Whilst certainly there was a push to try and stop some of the larger schools from establishing in those areas, we have seen issues, for example, where Landcare wanted to set up an education centre and was effectively blocked by doing so because of that broader prohibition of educational facilities. Caretakers’ dwellings: with the number of larger rural enterprises we have, we have seen situations where people have sought to have caretakers on site and there have been issues around the ability to do that because of the controls. Obviously, some rural support industry, areas, such as fertiliser facilities, which [provide] support into the rural areas, have restrictions on where they can locate because of the green wedge. 88

Similarly Meg Parkinson and Graeme Ford of the VFF, told the Committee:

The way that the green wedge is set up has been a real issue for agriculture. Encroachment, of course, is an issue. Having residential or rural residential living right next to you creates a problem with the different expectations of people who are in agriculture and those people who move into the area and this needs to be dealt with a whole lot better than it is at the moment. 89

David Young, representing the VFF for Cardinia, highlighted other problems involved in land classification in Cardinia Shire, when he said:

The viability of the farming community, especially within the western part of the shire, was quite adversely affected by the urban sprawl. Even though the land is zoned green wedge, the value of the land is so high that when you are bringing your production of grass back to a kilogram basis on value that you can grow more grass for less money further out, cents per kilogram. If you bring the cost of the grass back to cents per kilogram it costs me a lot more to grow my grass than someone further out basically. It makes my farm non-viable as a dairy farm, I tell you that right now. 90

Christine Fyffe, MP, State Member for Evelyn, told the Committee in relation to the Yarra Ranges, that:

The Yarra Valley is a great tourism icon. It is also a highly productive region growing high value, high return produce. We grow a wide variety of pomme fruit,
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berries, flowers, vegetables, grapes and mushrooms and have wholesale nurseries and advanced tree growing et cetera. In fact, there is very little that we cannot grow. With climate change and the concentration on food miles, the demand for more food to be grown closer to Melbourne will increase. We have facing us a conflict between farmers, tree changers and tourism operators who have opened businesses over the past few years alongside existing rural farms and then pressured to have longstanding farming practices curtailed.

We are at a crossroads in this region and the local council and the state government need to make some decisions. Farmers are under stress from water but they are also under stress from the pressure of operating viable, profitable farms. They either need to be allowed to farm following sustainable and best practices or be allowed to subdivide. To net an orchard of approximately 12 acres to prevent bird damage costs over $400,000. When you have a growing season for cherries, for instance, of only eight weeks, that is a huge amount of capital to invest and it would take many years to get a return. It is not that the farmers want to be unneighbourly but we need to recognise the fact that they follow best practice and sustainable farming. There are many generations here and they are having difficulty in being able to operate.91

John Ower, a landowner at Mickleham in the City of Hume, made the following comments to the Committee at a briefing in Broadmeadows:

In my view, the creation of the green wedge – though worthy of praise in many ways – places an unfair burden on many who live within it. The occupying landowners have in some ways become the unpaid custodians of the lungs and vistas of the city, because someone has to spray the weeds, destroy the vermin, build the fences, stop the erosion, plant the trees and care for domestic and native animals. You may well say, ‘Isn't that what farmers do or should do?’ The answer is, 'Yes'. But four years ago, the Hume City Council looked into the viability of farming operations within Hume and it was generally accepted that few, if any, farmers were making financial ends meet without an external source of income. Since then, climate change and the subsequent reduced rainfall have just made matters worse. If the open, green areas are to be admired and enjoyed by all Melburnians and are to be retained in pristine condition, we need to find a way to make these custodians of the land financially viable.

There is another element of landownership to be considered. Large parcels of land are being purchased within the green wedges by speculators who, for the most part, do not live in the area and have no understanding of good husbandry practices for either livestock or the land. They do not get involved in local organisations, for example Landcare groups and the Country Fire Authority, and have no interest in planting trees and improving pasture. All of that adds additional pressure to those who live, work and earn a living in the area.92
Nick Tsardakis, representing the Ratepayers of Werribee South, spoke in relation to the Werribee South Green Wedge policy’s effects on horticulturalists:

_We have locally, with our council, a whole lot of unresolved issues. Currently, all rural land in the City of Wyndham is rated on the general rate, which is the same as the urban community. The farm rate which we had was abolished several years ago in favour of the farm management rate rebate, which we believe quite clearly duplicates requirements under the Recycled Water Farm Management Plan, as well as adds additional on-costs to council budget for matters that are already covered under the [Catchment and Land Protection Act (CALPA)] Act and by DPI [Department of Primary Industries]. We have an ongoing issue here and we have not been able to resolve it. It does send the wrong signal to the farmers. We are specifically an agricultural area caught within a green wedge but we are asked to pay rating structure and not provided services as the urban community is. One of the issues that is always outstanding is that we would like, if that is the case, to certainly have issues of natural gas and mains sewerage available to the area, which is at the doorstep._93

Mr Tsardakis also told the Committee:

…it does not and cannot address the viability of farming in the area. Furthermore, we find it is quite discriminatory and continually further erodes the property rights of the land-holders. We believe it is an exercise in keeping land for public good and public benefit at existing landowners’ expense. We do not see that there is any equity for us there. We believe any fair-minded government would choose to support agriculture because it is just not another economic activity; agriculture plays a part in conserving the environment, in food safety, in animal welfare and we believe all taxpayers should pay for these extra functions we perform and bring to the society. If that is not the intention, the government should allow for a change in zoning to allow the farmers to exit on equal terms as others have enjoyed.

...

_We ask the question, what needs to happen to Werribee South? We say that all government concerns must work together and decide what is it they want from Werribee South or of Werribee South and commit to its sustainability. If it is to remain for agriculture within the green wedge, then serious money is required on providing a guaranteed fit for purpose water and a sustainable delivery infrastructure, together with appropriate local government rating structure, or someone has to create a flexible mechanism to allow the landowners to exit without any diminution of land value based on the arbitrary urban growth boundary placement that exists at the present time._94

On a similar theme, Cr Tim Heenan, Mayor of the Shire of Yarra Ranges, told the Committee’s hearing in October 2007:
I would just like to read out what has been written here in the Shire of Yarra Ranges submission to the Melbourne 2030 audit:

‘Council has supported the strengthening of the Victoria planning provisions relating to green wedge areas which have addressed many of the deficiencies with the original suite of rural zones.’

I cannot emphasise that enough.

‘Melbourne 2030 acknowledges that the effective management of green wedge areas requires more than just planning scheme controls. It envisages that green wedge management plans (GWMPs) will be prepared. These plans may identify required changes to planning schemes, policies and controls as well as other initiatives that are not reliant on planning schemes for their implementation.

‘Most green wedge areas, including the Yarra Valley and Dandenong Ranges, do not neatly coincide with municipal boundaries.’

I think we are all well aware of that.

‘DSE had proposed that a single GWMP be prepared for each green wedge. This is considered an impractical arrangement, particularly where most of the green wedge lies within one municipality.’

I cannot emphasise that enough either.

‘This situation has now been satisfactorily resolved with DSE ... agreeing to the shire preparing a GWMP for all of the green wedge land within the Yarra Ranges.

‘Many of the key land management issues in green wedge areas cannot be directly addressed through planning scheme provisions. It is expected that the GWMP process will identify a range of research projects and implementation programs that will require substantial resources. The implementation of strategies developed through the preparation of these plans ... will require strong funding and resource support from the state government.’

To put that into context, what it means is we have vast tracts of green wedge within the shire of Yarra Ranges, and some of our businesses have the ability to diversify [such as Yering Gorge Cottages, inspected by the Committee]. I think he [Yering Gorge Cottages’ owner, Ross Stevens] has done a fantastic job out there in diversifying away from what is the norm. This is where the shire finds it difficult because when something comes to us, we actually have to fit the mould to meet the wishes of that particular business to go away from their normal agricultural or rural pursuits into something that is going to diversify into, for example, accommodation, recreation or tourist accommodation. We find it difficult, obviously, with what exists in our lap at the moment, to be able to fit those moulds.
We want to do it. We know there will be substantial diversification in the future for some of these businesses wanting to value-add. We need to have the tools to be able to do that, so the message I leave with you is that it is important when we go into the future that we have those tools here at the shire, so that we are not having to reinvent the wheel every single time that we need to be able to look at one of the applications that come to council. As our people here can tell you, there are many. They all have merit but we cannot always fit them into what we have at the moment in the planning scheme controls. ⁹⁵

Cr Heenan further told the Committee:

One of the most important components of the future is more understanding of where we stand with planning controls for the green wedge. I believe there are areas of the green wedge within the Shire of Yarra Ranges that should not be as such. I believe it has hindered opportunities for some of our businesses to be able to move forward and have that value adding within their businesses. It is frustrating but it is there and we need to work with it. I am just hoping that we can have a future which has got more clarity around that.

In response to a question from Committee member Don Nardella MP, on what constraints on business growth in the green wedges were identified in Council’s submission to the M2030 Audit review, Mr Heenan said:

Some of the special use zones we have as to whether accommodation on areas that wineries have can be fixed into a mould. It is about being able to accommodate areas that have a rural activity and how far that can go, or how far you can go away from having that rural activity. In a general sense it means: what else can be value added to that particular business under some of the restraints within that zone? ⁹⁶

Committee member Colleen Hartland MP, then asked Cr Heenan what can be done about urban sprawl. He responded:

I think there are areas of the green wedge we have in the shire here where I would look at probably a model that would include less than 10 per cent taken out of the green wedge. I agree with a large area of the green wedge. But we have a township like Coldstream, which is on the doorstep of Lilydale, that it was perceived to be joined to or should have joined to Lilydale in the future years from the 1970s. We now have less of an opportunity to be able to build further out there to make that township more vibrant and have more connectivity with Lilydale. It is a prime example. Unfortunately, the barriers in place with green wedge makes it difficult. I do not go away from the fact that it is important to have a green wedge in the shire of Yarra Ranges. As I said, there is approximately 90 per cent of it that I would like to see left in place. But there are small areas around some of the smaller townships, too, that could become more vibrant if they were allowed to have more planning and not have such extreme controls to come under the green wedge. ⁹⁷
At a subsequent briefing in the City of Casey, Committee Deputy Chair, the Hon. Ken Smith MP, asked Peter Fitchett from the City of Casey about the extent of restrictions on land supply and did Council wish to see the green wedge boundaries altered or abolished. Mr Fitchett replied:

No, that is not the intent of the council. The intent is to, I suppose, be a little more flexible in the use of that land so that the land can be used in a sustainable manner. We believe at the moment that the constraints on the use of that land really do produce land that is not viable and therefore, over time, you get land that just becomes degraded and land that really is of poor quality. What we would like to see is that there be less constraint on the use of that land from an agribusiness perspective and more incentive provided to people in that regard.98

Graeme Ford, Executive Manager of Policy at VFF, told the Committee in relation to support required for agriculture in peri-urban areas:

One of the issues we are facing, I suspect, is peri-urban areas. If you stand back and look at traditional agriculture, I suspect that it would be very difficult for traditional agriculture to remain viable or grow economically as part of that economic development in those areas. Agriculture has had to increase in scale to remain viable and has done so, as have most businesses. It has been no more special than any other industry. Every other industry has had to find efficiencies. Agriculture has achieved that either through becoming more intensive or becoming larger in scale.

...Essentially agriculture, to remain viable, is going to need to be supported. It seems to me there is an intent through government policy and local government and, I think, by the community itself, to retain agriculture. But you cannot expect farmers to provide the good bits of agricultural operations, which is the lovely outlook, the nice green fields, grapevines or sheep and cows grazing in the field, but not be kept as paupers because they cannot operate commercially. It will always be very difficult.99

RECOMMENDATION

The Victorian Government undertakes a study, to investigate, assess and report on the likely impact on interface areas, of amending permissible uses in green wedge boundaries to include the provision of specified economic activities (such as agribusiness) adjoining small townships in green wedge areas.


**Growth Areas**

Melbourne’s five ‘growth areas’ are: Casey-Cardinia, Hume, Melton-Caroline Springs, Whittlesea and Wyndham.\\(^{100}\)

In 2005, the Victorian Government released *A Plan for Melbourne’s Growth Areas*, which aimed to create ‘employment opportunities’ closer to where people lived.\\(^{101}\) As a result of this initiative in September 2006, the government formed a new statutory body called the GAA.\\(^{102}\) It has a number of objectives and functions focusing on coordinated planning and development, infrastructure provision, sustainable development, housing diversity and affordability, employment options, the provision of land for commercial and industrial functions and community growth.\\(^{103}\) Clearly, many of these areas will affect LED in Melbourne’s outer suburbs.

The DPCD states the GAA will work with councils, developers and government agencies to:

- plan new suburbs in a way that enhances quality of life for residents, creates local jobs and is environmentally sustainable;
- create affordable housing and a greater range and choice of housing; and
- plan for infrastructure and services as new development occurs to meet the needs of the community.\\(^{104}\)

During its investigations, the Committee heard a number of views relating to planning provisions in the green wedges. For instance, David Turnbull, CEO at the City of Whittlesea, told the Committee:

> *We have a set of planning controls that, in their initial creation over 100 years ago, were based on excluding, separating, minimising problems before they arise etcetera. Basically, the planning system that we operate in across metropolitan Melbourne tries to prevent things from happening and to prevent problems from occurring instead of actually positively facilitating things happening. I can understand why in the middle and inner suburban areas that is a reasonable approach but in growth areas, where we are dealing with very large broad acre parcels of land and dealing with developers or a development industry that may have a lack of confidence or a lack of certainty about an area, we need to be able to provide that certainty, that confidence and, more specifically, be able to provide that quickly rather than getting bogged down in what I call the traditional planning system.*

...\

> *We say that growth areas do need a different approach to planning controls and a set of planning controls that is agile, flexible and outcome based and I do bear in mind that the Growth Areas Authority, through [Planning] Minister Madden, has set up a committee to do precisely that piece of work, which is to examine whether growth areas need a totally separate planning regime from what other areas have...*\\(^{105}\)
At a subsequent public hearing, the GAA’s CEO, Peter Seamer, told the Committee:

*How will we get better outcomes in the outer areas? Where we will make a difference – and I do not believe it will be a revolutionary difference – is in our precinct structure planning clearly identifying what the needs for public transport will be. At present with the planning there are agreements between people but it is not actually written down exactly what the ideal infrastructure for the area should be. I think we will also be seeking to work closely with the different authorities and government departments to make sure the growth areas are represented.*

With the GAA being responsible for implementing the UGZ, as noted earlier in this section, Mr Fitchett told the Committee:

*We acknowledge the development of the GAA over the last two years but we believe there is still scope for that particular organisation to contribute more effectively, in partnership with local government, to the development of strong and prosperous communities. We have established a relationship and a role with the GAA, but it is fair to say that that is still settling down and we are still trying to interpret and understand what their particular role is and how they can be most effective in helping us plan for strong and prosperous communities. At this point in time, they are working with us on the development of a structure plan for a new suburb in Cranbourne East. At other times, they have been very keen to see the release of residential land supply occur. We are working with them on that, but we are seeing little assistance or strategic direction from them at the moment in terms of industry development in and around those areas where land has been released, and we would like to see them develop their role and work more closely with us on industry development in the growth areas.*

However, as Mr Seamer explained to the Committee at some length:

*The GAA is a small organisation that was set up in September 2006 and put simply, I believe our role is to improve the planning and development of the new areas of Melbourne on the outer edge of Melbourne and to help coordinate the infrastructure that underlies that. Of course that is a fairly broad mandate. It seems simple but there are a lot more things that can evolve from that, obviously. We work in six council areas: Melton, Wyndham, Whittlesea, Hume, Casey and Cardinia and our work is concentrating on the areas inside the urban growth boundary.

...* 

*Basically, what we are trying to do is take a fairly broad topic of liveability and convert it into something which is a useful tool in terms of the early stages of planning. We do not do planning permits, we do not do a whole lot of things. What we do is the shape and the form of the new suburbs and the new employment areas that go with that and look at how the linkages work, so issues...*
like employment are very important to us and something that we have to build in. Clearly, if we are not successful in building-in decent employment outcomes in regard to these areas, areas will not be in any way satisfactory.

...

... one of our big issues is trying to reduce the length of the travel that people have to do and one of the issues for us will be how we can actually build jobs into areas, particularly given issues like oil was $120 a barrel today, if you read this morning’s news. We have to be able to future-proof our suburbs and that means a whole range of things, from working at home to working in the local area to public transport to less distances and ... getting jobs into the areas where a lot of people live and away from this very centralised situation we have at the moment.

There are a couple of ... quite good examples of what is going on in the outer areas ... [such as] the University Hill site in Bundoora, which was transferred by the MAB Corporation. It will create around 3,000 new jobs and not just one particular type of job but a range of jobs, which is particularly pleasing for the outer suburban areas. High-level jobs are traditionally under-represented in the growth areas.

More recently we have been very active working with Merrifield in pushing through a large development in Kalkallo and that will actually further reinforce the Hume corridor as an important precinct for Melbourne. The Hume corridor certainly has good car access. It has reasonable rail access up to a certain point but how that develops is another issue for the future.

... there are around 5,000 hectares of land within the urban growth boundary zoned for industrial and employment development and, depending on how you measure it and how the nature of jobs change in the future, that may mean around 75,000 to 150,000 people employed in those areas. But of course, with the nature of jobs, some of the really fundamental things in our economy tend to be these big warehouses with computers and robots that do not employ a lot of people. We need to get a broader range of industry into the area, where there is a lot of employment and a range of different outcomes.

...

It will also mean that for an area, you will have a framework plan which is a municipal-wide plan; a precinct plan, which is a suburb-wide plan; and you will have a planning permit. You will get away from what we now have, with probably about 15 or 20 different sorts of plans that are used selectively and inconsistently in different areas.

... one of the areas I want to highlight is our placing of far more emphasis on infrastructure coordination than has been taken before, including state infrastructure coordination. In our precinct structure plans, we want to identify earlier the need for state infrastructure and have some idea of when that should
be implemented. State infrastructure tends to be very expensive and the big dollars associated with that are public transport in terms of rail — not buses — with heavy infrastructure, but also roads and then you have universities and things like that that follow on, but it is basically the heavy infrastructure that we are trying to schedule a lot better in the work that we do.

... in summarising what the Growth Areas Authority is trying to do is better plan our suburbs, plan the infrastructure, make government fully cognisant of what is needed so that we can have better infrastructure and other outcomes and in the work that we are doing, take a more progressive and forward-looking approach to the way we are developing our new suburban areas and the employment areas that go along with it.

In a commentary on such infrastructure provision in the growth areas, Chris de Silva from Whittlesea City Council told the Committee:

That point is there to a degree in terms of lack of investment in infrastructure. I think there are two categories of infrastructure investment. There is the broad-scale servicing infrastructure and then there is the lower level of investment around the necessary services that should follow newly emerging communities, to support the nature of these growth areas being able to sustain themselves to a degree in terms of economic development opportunities. Reflecting again on growth area experience, I think a characteristic that is associated with growth areas in terms of state-level infrastructure investment in particular is that it often lags behind the growth that is taking place.

Development issues

Delfin Lend-Lease’s Economic Development Manager, Anne Jolic, told the Committee that: ‘planning requirements can often be in conflict with economic development objectives’. For Chris Papas, Director of LeadWest, the problem rested more with the ‘planning process itself’, as he explained to the Committee:

The first issue is the amount of time that it takes to have planning in terms of proposals put through. If I can put an example: where you have a person or a company that is interested in moving into the region, the first thing obviously it needs to do is approach local government and I believe local government is doing an excellent job in being the stimulant and bringing business to the table. However, the planning process is a very long and arduous process. By the time business has made its decision as to where it wants to go or if it has been coerced to come to an area, the next issue that it faces is that it really wants to be there, it wants to build. It does not want to be told that it is going to take one, two, three years before it can establish itself. Businesses already have a significant amount of trouble in terms of relocating their staff. Once they have decided to move their company, obviously they have to talk to their staff to relocate their staff and they really want a seamless approach. That is one of the key issues that is required
through the planning system—and can I preface that by saying—not at the local
government end.

...The planning system is complex: it is law and it is about the second and third
parties that are involved in the planning system that need to be streamlined and
become more proactive ... in helping business and business development within
the area.\textsuperscript{111}

In response to a question from Committee member Don Nardella MP, on what extent
developers should have a social responsibility towards providing or facilitating new jobs
within or close to their suburban developments and in promoting a village economy, Ms Jolic
believed:

\begin{displayquote}
I absolutely think they should. Part of the creation of a community is around not
having to leave that community and to have a self-sustaining community. Part of
that is job creation. We have worked with Melton to establish our own job target
and work towards that. There is no reason why any other developer should not
have to do the same thing. I think they should embrace it in fact because it is
another dimension to a community that assists the development of that community
and its sustainability long-term.\textsuperscript{112}
\end{displayquote}

Recognising that community development requires developers who are committed to an area,
Mr De Silva told the Committee:

\begin{displayquote}
It took about five or six years to completely detail our growth areas and to
deliberately diversify our developer base. One of the reasons that had to be done
and had to be led by the city was that there was a perception associated with the
north that it was not the place to do residential development on a broad scale,
and it was essentially a forgotten part of metropolitan Melbourne. I think there is
something of a parallel to that in terms of economic development. We are
confronted with something of the same sorts of issues when it comes to
convincing private developers and government agencies and whatnot that
investment needs to take place in the north to really raise its profile. I think that
is one of the critical issues about the future of the north as it relates to economic
development of any kind.\textsuperscript{113}
\end{displayquote}

However, for Brian Welch, Executive Director of the MBAV, the developer contribution
levy and land taxes have negatively impacted on the ability of developers to build
communities, as he explained to the Committee:

\begin{displayquote}
We think the most negative thing the Victorian government has done in terms of
dealing with the vibrancy at the fringe is the instigation of a
development-contribution levy. I can understand a line of thinking — but I
certainly do not agree with it — that it is a user-pay mentality because as citizens
of Victoria we all pay enough taxes anyway, but there is a special breed of tax
waiting for those people who have no option but to go to the fringe because they
cannot afford anything else. They either have that or they have an apartment. I
think it is ridiculous to tax people because infrastructure needs to be provided and the state wishes to recoup that money by a special-purpose levy. It is counterintuitive to think that you can increase taxes and make something more vibrant. Even the Sheriff of Nottingham got that one wrong, so we should be thinking about ways of trying to reduce taxes on the fringe if we wish to make them more vibrant. That notion is one which we have urged. I note that there has been a reduction in the levy but I think it should be removed altogether.

...  

It is an issue which, as a policy if it was within your province to make that recommendation, I would encourage you to think about, if it is first home buyers, what more could you do at the fringe to welcome first home buyers as their first entree to the property ladder.

In terms of land tax, land tax is a particularly regressive tax. I note the Victorian government has reduced land tax. I have an observation, having worked with land tax and been in the property area for 20 years, that land tax – unless it is significantly re-jigged – will continue to cause very negative problems to different sections of the community. The only real way is to completely reform it and I do not think any government has got the courage for that. I have seen Liberal and Labor both baulk.¹¹⁴

Barry Harvey, Chairman of the Wyndham Industrial Liaison Development Committee, viewed the issue as follows:

... government departments can basically use us as a milking cow and I am talking local councils, state governments, federal governments. If you want some money just hit industry. We pay a heap for rates to the local council. We do not get much. We do not get a rubbish collection, we just get some of the grass mowed. We get a good ear and I know they go to bat for us at times but they can only do so much and I know they have a lot of other things to spend money on. State governments hit us with licensing fees for every Tom, Dick and Harry, every cat, dog and whatever else you have around the place. We get hit with annual land taxes which is an absolute bugbear of all industry because it is something that you get every year. What do we get for it? Nothing. They just tick it up. They told us last year we were going to get a reduction; we did not. I personally have had an 80 per cent increase in land tax in the last two years. What for—and it is a lot of money. It is like 80 grand a year for me. That is a lot of money for any small business to come up with and it is totally wrong. It is actually criminal. All the federal charges, taxes and the rest of it.

Industry does not care if you give us something back for it but governments do not appear to want to give much back to the west. That is my feeling and I think that is the feeling of most of our members. We see what happens everywhere else around the state and other areas of Melbourne. The west always seems to be the last cab off the rank. If you look at our infrastructure against some of the other
places around Melbourne, it is terrible. If you look at the support we get from state government—and we have our past leader living in the area—what do we get? We get nothing. I can show you letters here that I have written to Tim Pallas and everybody else around the place about roads and fatalities—and I have lists and lists of all the accidents that happened around the area, the rat runs that come through Laverton North from Werribee when the freeway has broken down, it just keeps adding and adding, and it is frustrating for us industrialists.\textsuperscript{115}

**Urban Renewal**

The Committee heard from a number of witnesses who spoke about various renewal programs, notably Assoc. Prof. Gerry McNaughtin, Senior Manager, Ageing Policy, at the Brotherhood of St Laurence (BSL). Prof. McNaughtin explained to the Committee the BSL’s ‘community renewal program’, which involves the concept of business, government and community partnerships:

An example I want to use is what is called the ‘Laverton partnership’; but this is one of a number of partnerships that we are involved in which — each is different but follow similar models. This partnership down at Laverton aims to develop a new place-based model of community renewal. The project works to develop a combined community, government and business planning approach for that particular neighbourhood. Members come from both government agencies, from council, from state government agencies, from local business organisations and businesses and local community organisations, committed to working in partnership to connect economic local development, community action and environmental renewal. This is one example of joined-up thinking that looks to reap the benefits of a coherent approach to the delivery of services to local people. I think we are suggesting to you that this whole concept, in terms of future economic development and planning of joined-up and linked-up approaches, we see as important.\textsuperscript{116}

In relation to urban renewal in Craigieburn, the BSL’s Senior Manager, Community and Employment Location Charlie McShane, told the Committee:

[The] state government has put investment into Craigieburn through DVC for its community renewal program, which is recognising that there are some balance issues about the older conurbation of Craigieburn versus the new developments. There is also the issue of rationalisation of how does this work with the old services that were there and how the new services are developed. There is a whole connection there. It is about how do you get in and speak at that level and look at it not just as a welfare model. So you go in and say, ‘Okay, if we are going to build a whole new centre for Craigieburn, how does this affect the older area’. From that, if you want to look at economic development linked to councils, how do you maximise economic participation from that? How do you get the community more involved in what is going on? There is a whole set of levers there that you can pull. Whatever area you are in there will be unemployment
levels there that could be helped, there are environmental issues you will face — a whole set of things. I think community, business and government partnerships, that whole level of government, offers an opportunity to look at those things together in a place-based way, no matter whether it is public housing or whether it is in, say, Craigieburn.\footnote{117}

In reference to social housing and linkages with community renewal and economic development, Mr McShane then told the Committee:

On the point about housing — and it was great to get that investment in the social housing — we are looking at the possibility of setting up a housing maintenance company. It would be an enterprise that would take long-term unemployed people on and look at some of the more labour-intensive and upskilling ideas within it — that could be painting or general maintenance of housing stock — and try to build that in. At this moment in time, we are running roughly about 80 traineeships over a period and we are looking to expand that to say, maybe, 100 this year and see how far we can go relative to how resourceful we can be there. The private sector is putting in a bit there as well — for example, we have some contact with Lend Lease and we are looking at the possibility of contracts. I think there is going to be one in Craigieburn. So again, we are working right around.

I will add that on local economic development planning the Collingwood and Fitzroy estates, through the neighbourhood renewal program, through the Office of Housing, have been ongoing for a number of years now. But one of the things that we did put in place was an industry partnerships group that focused on the neighbourhood renewal activity in the estates. Because it was recognised that the connection with industry was not there. It was more like a social community model. What you want to do is try to get even a group of local businessmen thinking about what is happening there. That is the first point and it is a good point.

So from there we have ended up with a reasonable awareness. There is a potential for funding and investment. There is enterprise thinking that comes into play, the chances of employment and then there is looking at what expertise the private sector has that could come in and help our recently formed community enterprise or our management committee or whatever. That is the sort of crossover we see on an area basis.\footnote{118}

The Committee sees merit in the partnerships approach for urban renewal and its focus on enhanced LED, as outlined in evidence presented by the BSL.
RECOMMENDATION

The Victorian Government, in conjunction with the Brotherhood of St Laurence (BSL) and Melbourne’s outer suburban councils, further investigate BSL’s community-government-business partnerships model, to assess its application for areas requiring urban renewal, as an additional means of generating LED in Melbourne’s interface.

Conclusion

This section of Chapter Five has sought to describe the often complex planning environment operating in Victoria and its links to LED. A number of key issues and recommendations have emerged as a result. In particular, the Committee sees the value in ‘community planning’, especially to enhance LED and community cohesion in outer suburban Melbourne. The discussion on ‘planning partnerships’ as the basis for urban renewal, through increasing employment opportunities and encouraging economic regeneration, is also worthy of further investigation.

At the same time, the Committee acknowledges the need for adequate infrastructure provision for newly developing areas of outer Melbourne. There is also a need to ensure the ‘rural metro’ land zoning classifications accurately reflect land use patterns and are based on achieving the best economic outcomes for residents of and visitors to outer suburban Melbourne.
Local Economic Development in Outer Suburban Melbourne

Transport

In all of the evidence presented by Melbourne’s interface councils to the Committee, the need for more efficient transport infrastructure has been cited as essential to successful LED. These views are hardly surprising, given the Victorian Government says ‘road congestion costs the Victorian economy between $1.3 and $2.6 billion a year’, further, by 2020 ‘it is estimated that Melbourne’s road freight task will increase by more than 50%’. 119

This section of Chapter Five therefore examines transport infrastructure and LED in some detail, using data from the ABS and other credible sources to first provide a ‘big picture’ view of transport in the outer suburbs. Specifically, this data explores the distances, times, costs and methods of transport used by outer suburban workers. Secondly, this section uses transcript evidence from the Committee’s hearings to provide ‘grassroots’ insights into how transport infrastructure influences LED in Melbourne’s nine outer suburban LGAs. Based on this evidence, the Committee concludes some outer suburban residents are better served than others with public transport and this may affect their involvement in LED.

The Committee’s interest in transport and LED comes in the wake of the East West Transport Link Needs Assessment, completed by Sir Rod Eddington for the Victorian Government, which highlighted:

As our economy becomes more oriented around knowledge and services, Melbourne's liveability, creativity and competitiveness are increasingly important in attracting the people, investors, ideas and jobs that Victoria needs to maintain a high standard of living.

Few things are more vital to developing these attributes than a modern, efficient transport system. Good transport links support the important economic journeys that are the foundation of a strong services economy. They're also essential to growing a globally connected CBD, consolidating the success of Melbourne's "knowledge centre" (around Carlton and Parkville), building thriving suburban centres, reducing the city's "east-west divide" and improving community amenity and liveability. 120

Nationally, respected economist Prof. Ross Garnaut also argues in his Garnaut Climate Change Review that ‘mobility is a core feature of our economy’. 121 If this is true, then any challenge to mobility must have negative consequences for Australia’s economic development. Currently, there are two major challenges:

- record high oil prices, affecting all modes of passenger and freight transport; and
- global warming, which has spurred the Federal Government’s Kyoto commitment to cut greenhouse gas emissions from all sources, including motor vehicles. 122

Ironically, these challenges come as car use in Australia’s capitals jumped by 70.1 per cent between 1976 and 2006, largely due to ‘rapid population growth’. 123
Melbourne’s public transport patronage has also grown by almost 20 per cent over the past two years, so that ‘the metropolitan rail network is carrying the highest number of passengers in Victoria’s history’. In response, the Victorian Government says that since 1999 it has ‘added more than 1,000 extra weekly services to the metropolitan train system, expanded tram services and improved bus links’. Yet in terms of spurring LED in the outer suburbs, these enhancements remain inadequate, as Paula Giles, from MAV told the Committee:

... certainly our members in the interface area have advocated long and hard for improved public transport and we believe this is a key issue for supporting employment, investment attraction, industries et cetera.

As detailed in Chapter Two, Melbourne’s outer suburban LGAs are among the nation’s fastest growing in terms of population; they also lead Victoria’s and Melbourne’s growth. Yet their rapid growth means many are not yet adequately served by transport infrastructure, including roadways and public transport.

This was highlighted for the Committee by Cardinia Shire Mayor Cr Kate Lempriere:

The transport situation: no transport. You say, ‘Don't have two car families, have one car families.’ Where is the transport? ... no redevelopment of it [the Pakenham railway station upgrade] as of yet: 2011 they tell us ...What a joke ... Where is the railway station for Lakeside? No railway station. More and more and more people going in—Lend Lease have bought more land [on] the other side of the railway line, and more and more people will go in; ten developers about to go right between here and Officer. Where is the transport? It is madness. It is hit and miss development by the government—by somebody, by both governments.

The Committee acknowledges Cardinia Shire would be better served by a new railway station at Lakeside, to provide improved public transport for the local workforce and students attending training and other educational pursuits.

**RECOMMENDATION**

The Victorian Government accelerates plans to construct a new railway station at Lakeside, including bus interchange facilities linked to existing and enhanced local public transport services.

The MAV’s Paula Giles provided a further view on transport:

There has certainly been strong and continuing advocacy for rail line extension, both north and west [of Melbourne]. The [outer suburban] bus routes are planned to be extended and applied, and I think that is an important initiative, but I know there is certainly pressure to seek additional and multimodal sources of
Local Economic Development in Outer Suburban Melbourne

transport rather than just purely buses. The councils in this [peri-urban] area have been quite concerned about the accessibility of transport, particularly for young people, as well as access to employment for people in that area. We do not wish families or communities to be disadvantaged by virtue of their lack of access to reasonable modes of transport. ... Certainly the price of fuel further exacerbates the economic strain that some of these households may be under.¹²⁷

Professor Garnaut has further warned that ‘outer suburban developments with poor access to public transport and high dependence on cars would be worst hit by measures such as a carbon tax on fuels’, due to be introduced by the Federal Government from 2010.¹²⁸ This pending reality enforces the need to boost LED in Melbourne’s outer suburbs, whilst at the same time enhance the city’s outer transport infrastructure – as detailed in the remainder of this section.

Motor Vehicle Distribution

A study of the number and use of motor vehicles in Melbourne’s outer suburbs provides insights into the transport needs of local residents, especially for travelling to and from work and other LED activities.

The latest 2006 Census presents some useful data on car numbers, though not their frequency of use or distance travelled. When compared to Greater Melbourne, eight out of the nine outer suburban LGAs report higher than average totals of two, three and four cars per ‘Occupied Private Dwelling’, while Mornington Peninsula was comparable to the Greater Melbourne averages. Nillumbik reported the highest number of cars per household, with 46.9 per cent of dwellings having two cars, 18.2 per cent with three and 11.2 per cent with four cars.

When we compare these findings with other ABS data profiling the outer suburbs – as included in Chapter Two of this report – we may find some explanation for the higher than average car numbers.

There is some evidence to support a theory that higher car numbers reflect the higher than average number of residents listing ‘Technicians and Trades’ as their occupation in all nine outer suburban LGAs, compared to the Greater Melbourne, Victorian and Australian averages. Generally speaking, ‘tradies’ need their own vehicles to transport plant and equipment to work: an impossibility using public transport.

However, though ‘Technicians and Trades’ is the dominant occupation in five of the nine outer suburban LGAs (Cardinia, Casey, Mornington Peninsula, Whittlesea and Yarra Ranges), the other four LGAs list either ‘Clerical and Administration’ (Hume, Melton and Wyndham) or ‘Professionals’ (Nillumbik) as the dominant occupations. It should be noted too that across most of these LGAs, there is only a 1–3 per cent difference between the highest and second highest occupation categories.
A deeper analysis of the data further negates a possible link between the number of ‘tradies’ and car numbers. For example, Yarra Ranges has the highest number of ‘tradies’ at 18.8 per cent, so it should therefore have the highest number of two-car households. However, at 42.1 per cent, it is the fourth lowest.

Conversely, Nillumbik has the lowest number of ‘tradies’ at 14.9 per cent, yet it has the highest number of two-car households in the interface at 46.9 per cent, well above the Melbourne average of 36.7 per cent. Notably, Nillumbik’s dominant occupation is ‘Professionals’ at 24.1 per cent; its residents also have the highest education levels in the interface and a median household weekly income considerably higher than any other LGA. These factors may help explain Nillumbik’s high numbers of vehicles, though the data is far from conclusive.

In relation to whether there was any significant correlation between the size of outer suburban households and the cars per household, as presented in the next table, all outer suburban LGAs reported households with more people on average than the Melbourne, Victorian or Australian average of 2.6. However, given the phenomenal growth in most outer suburban LGAs, due partly to immigration but mostly through rising birth rates, this outcome is to be expected.

If there was a correlation between household size and car numbers, then the LGA with the highest average number of people per household should have the most cars. Nillumbik and Hume both report 3.1 persons per household and lead the other seven outer suburban LGAs. Further, Nillumbik at 46.9 per cent has the highest number of households with two cars. However, Hume records 40.1 per cent of its households have two cars. Further, Mornington Peninsula has the lowest number of persons per household at 2.5, which is just below the Melbourne, Victorian and national average of 2.6. Despite this, 39.5 per cent of Mornington Peninsula households have two cars, which is above Greater Melbourne’s average of 36.7 per cent.

At best, this quantitative evidence is not statistically significant and is therefore inconclusive, though deserving of further qualitative research.
### Local Government Areas

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<td>(5.9%)</td>
<td>(30.7%)</td>
<td>(40.1%)</td>
<td>(12.9%)</td>
<td>(6.2%)</td>
<td>(3.9%)</td>
<td></td>
</tr>
<tr>
<td>Melton (S)</td>
<td>3.0</td>
<td>1.1</td>
<td>1,011</td>
<td>7,136</td>
<td>11,200</td>
<td>3,365</td>
<td>1,621</td>
<td>856</td>
<td>25,189</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(4%)</td>
<td>(28.3%)</td>
<td>(44.5%)</td>
<td>(13.4%)</td>
<td>(6.4%)</td>
<td>(3.4%)</td>
<td></td>
</tr>
<tr>
<td>Mornington Peninsula (S)</td>
<td>2.5</td>
<td>1.1</td>
<td>2,893</td>
<td>17,683</td>
<td>19,724</td>
<td>5,292</td>
<td>2,423</td>
<td>1,859</td>
<td>49,874</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(5.8%)</td>
<td>(35.4%)</td>
<td>(39.5%)</td>
<td>(10.6%)</td>
<td>(4.9%)</td>
<td>(3.7%)</td>
<td></td>
</tr>
<tr>
<td>Nillumbik (S)</td>
<td>3.1</td>
<td>1.1</td>
<td>428</td>
<td>3,544</td>
<td>8,736</td>
<td>3,391</td>
<td>2,095</td>
<td>419</td>
<td>18,613</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(2.3%)</td>
<td>(19%)</td>
<td>(46.9%)</td>
<td>(18.2%)</td>
<td>(11.2%)</td>
<td>(2.3%)</td>
<td></td>
</tr>
<tr>
<td>Whittlesea (C)</td>
<td>3.0</td>
<td>1.1</td>
<td>2,272</td>
<td>11,487</td>
<td>15,961</td>
<td>5,594</td>
<td>2,799</td>
<td>1,395</td>
<td>39,508</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(5.8%)</td>
<td>(29%)</td>
<td>(40.4%)</td>
<td>(14.2%)</td>
<td>(7.1%)</td>
<td>(3.5%)</td>
<td></td>
</tr>
<tr>
<td>Wyndham (C)</td>
<td>2.9</td>
<td>1.1</td>
<td>1,865</td>
<td>11,448</td>
<td>15,942</td>
<td>4,346</td>
<td>1,903</td>
<td>1,198</td>
<td>36,702</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(5.1%)</td>
<td>(31.2%)</td>
<td>(43.4%)</td>
<td>(11.8%)</td>
<td>(5.2%)</td>
<td>(3.3%)</td>
<td></td>
</tr>
<tr>
<td>Yarra Ranges (S)</td>
<td>2.8</td>
<td>1.1</td>
<td>1,942</td>
<td>13,387</td>
<td>20,196</td>
<td>7,024</td>
<td>4,045</td>
<td>1,387</td>
<td>47,981</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(4%)</td>
<td>(27.9%)</td>
<td>(42.1%)</td>
<td>(14.6%)</td>
<td>(8.4%)</td>
<td>(2.9%)</td>
<td></td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>2.6</td>
<td>1.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.283m</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(9.7%)</td>
<td>(35%)</td>
<td>(36.7%)</td>
<td>(10.2%)</td>
<td>(4.6%)</td>
<td>(3.6%)</td>
<td></td>
</tr>
</tbody>
</table>


A further complication is that the Census does not indicate if the vehicles garaged at households in the outer suburbs on Census Night 2006 were owned and financed by the occupants, as opposed to work-provided vehicles; nor is there any data on whether the above-average number of cars in the outer suburbs is due to ‘forced’ or ‘voluntary’ car ownership conditions. Transport experts use these terms to differentiate between car owners with no
alternate means of commuting and who are therefore ‘forced’ to drive, compared to those with ready public transport access but who ‘voluntarily’ drive.

Monash University’s Institute of Transport Studies (ITS) notes car ownership is not necessarily ‘imposed’ on Melbourne drivers. Rather, the ITS’s Prof. Graham Currie argues ‘car ownership has grown consistently throughout the world over the last four decades and it is difficult to see the imposition on the wills of individuals as a major driver of this trend’. Prof. Currie adds:

Much research has illustrated that low income households trade off lower housing costs for higher transport costs by deciding to locate on the urban fringe of Australian cities (Faulkner 1978; Morris and Lane 1979). In this context high car ownership could be seen as a rational decision rather than an imposition.\(^{130}\)

Though it is outside the scope of this inquiry, the Committee agrees with Prof. Currie that further research is needed into the ownership and use of private vehicles in Melbourne’s outer suburbs, especially those served with adequate public transport alternatives. Such research could usefully guide future transport planning across the whole of Melbourne and be of great benefit to further encouraging and facilitating LED especially in Melbourne’s outer suburban LGAs.

**RECOMMENDATION 28**

The Department of Transport and VicRoads initiate more extensive research, both quantitative and qualitative, into private vehicle ownership and use in Melbourne’s interface LGAs to help determine the current and future demand for public transport provision and how unmet demand may impact on local economic development in those areas.
Table 5.2: Occupation Types by Motor Vehicles, Outer Suburban LGAs – 30 June 2006

<table>
<thead>
<tr>
<th>Local Government Areas</th>
<th>Technicians &amp; Trade</th>
<th>Managers</th>
<th>Clerical &amp; Administrative</th>
<th>Professionals</th>
<th>Labourers</th>
<th>Sales</th>
<th>Machinery Operators &amp; Drivers</th>
<th>Community &amp; Personal Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardinia (S)</td>
<td>18.7%</td>
<td>13.8%</td>
<td>13.8%</td>
<td>13.3%</td>
<td>11.8%</td>
<td>9.6%</td>
<td>9.2%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Casey (C)</td>
<td>17.6%</td>
<td>10.1%</td>
<td>16.3%</td>
<td>11.8%</td>
<td>12.5%</td>
<td>10.9%</td>
<td>11.2%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Hume (C)</td>
<td>16.7%</td>
<td>9.3%</td>
<td>17.2%</td>
<td>11.5%</td>
<td>12.3%</td>
<td>10.5%</td>
<td>11.4%</td>
<td>8.7%</td>
</tr>
<tr>
<td>Melton (S)</td>
<td>17.0%</td>
<td>9.5%</td>
<td>17.6%</td>
<td>12.6%</td>
<td>11.2%</td>
<td>10.1%</td>
<td>11.1%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Mornington Peninsula (S)</td>
<td>18.6%</td>
<td>13.3%</td>
<td>12.8%</td>
<td>17.2%</td>
<td>9.9%</td>
<td>11.3%</td>
<td>5.0%</td>
<td>10.1%</td>
</tr>
<tr>
<td>Nillumbik (S)</td>
<td>14.9%</td>
<td>14.9%</td>
<td>16.6%</td>
<td>24.1%</td>
<td>5.8%</td>
<td>10.2%</td>
<td>3.1%</td>
<td>8.8%</td>
</tr>
<tr>
<td>Whittlesea (C)</td>
<td>17.1%</td>
<td>9.0%</td>
<td>16.5%</td>
<td>12.0%</td>
<td>13.0%</td>
<td>11.0%</td>
<td>10.6%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Wyndham (C)</td>
<td>15.7%</td>
<td>10.6%</td>
<td>18.0%</td>
<td>14.1%</td>
<td>10.4%</td>
<td>10.1%</td>
<td>10.4%</td>
<td>8.6%</td>
</tr>
<tr>
<td>Yarra Ranges (S)</td>
<td>18.8%</td>
<td>12.3%</td>
<td>14.8%</td>
<td>16.3%</td>
<td>10.5%</td>
<td>10.1%</td>
<td>6.4%</td>
<td>9.0%</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>13.6%</td>
<td>12.5%</td>
<td>15.9%</td>
<td>22.0%</td>
<td>8.7%</td>
<td>10.2%</td>
<td>6.4%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Victoria</td>
<td>14.0%</td>
<td>13.5%</td>
<td>14.8%</td>
<td>20.8%</td>
<td>9.9%</td>
<td>10.1%</td>
<td>6.6%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Australia</td>
<td>14.4%</td>
<td>13.2%</td>
<td>15.0%</td>
<td>19.8%</td>
<td>10.5%</td>
<td>9.8%</td>
<td>6.6%</td>
<td>8.8%</td>
</tr>
</tbody>
</table>


Travel to Work

Though public transport patronage has markedly risen in 2008 – largely in direct response to record petrol price rises – private car travel remains by far the most dominant method of transport to and from work for residents of the outer suburbs.

According to the 2006 Census, an average of two out of every three employed residents in Melbourne’s outer suburbs drove to work on Census Day 2006 – either as a sole driver or accompanied by passengers. All outer suburban areas reported a higher rate of car driver use than the Greater Melbourne average of 61 per cent. Of the nine interface LGAs, Nillumbik had the lowest car driver use at 65.7 per cent, whilst Casey had the highest at 69.6 per cent. Across these same outer areas, the next highest used travel to work method was as a
car passenger, ranging from 3.9 per cent in Nillumbik to 6.3 per cent in Wyndham – higher than the Greater Melbourne average of 4.7 per cent.  

The number of residents solely using public transport (train, bus, ferry, tram / light rail and taxis combined) was below the Greater Melbourne average of 10.4 per cent in all nine outer suburban areas. Of the nine interface LGAs, Mornington Peninsula had the lowest public transport use at 1.7 per cent, while Whittlesea and Wyndham shared the highest at 5.7 per cent. Of the remaining LGAs, Cardinia was at 2.7 per cent, Yarra Ranges was 3.8 per cent, Casey was 4 per cent, Hume was 5.1 per cent, Melton was 5.5 per cent and Nillumbik was 5.5 per cent.

The Census provides no insight as to why Melbourne’s outer suburbs have an above-average reliance on driving to work and conversely, a below-average use of public transport. However, anecdotal evidence and public submissions to the Committee presented later in this section suggests this usage pattern is influenced by:

- the availability, reliability and cost of alternative transport, especially public transport;
- the limited or non-existent ‘cross-town’ or ‘orbital’ connectivity of Greater Melbourne’s established train network;
- limited car-parking at outer suburban train stations, to encourage a ‘park and ride mentality’; and
- as discussed earlier, a higher than average concentration of residents listing ‘Technicians and Trades’ as their occupation and thus generally relying on driving to their workplaces with tools, plant and equipment aboard, rather than using public transport.
Table 5.3:  One Method of Travel to Work: Non-Public Transport (employed persons aged 15-plus), Outer Suburban LGAs – 30 June 2006

<table>
<thead>
<tr>
<th>Local Government Areas</th>
<th>Car – As Driver</th>
<th>Car – As Driver (% of total–All Methods)</th>
<th>Car – As Passenger</th>
<th>Car – As Passenger (% of total persons – All Methods-see Table 5.5)</th>
<th>Truck</th>
<th>Motorbike Scooter</th>
<th>Bicycle</th>
<th>Other</th>
<th>Walked Only</th>
<th>Total Persons (one Method incl. Public Transport users)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardinia (S)</td>
<td>17,927</td>
<td>65.9%</td>
<td>1,229</td>
<td>4.5%</td>
<td>575</td>
<td>136</td>
<td>78</td>
<td>121</td>
<td>589</td>
<td>21,239</td>
</tr>
<tr>
<td>Casey (C)</td>
<td>70,046</td>
<td>69.6%</td>
<td>5,769</td>
<td>5.7%</td>
<td>1,529</td>
<td>470</td>
<td>246</td>
<td>373</td>
<td>1,022</td>
<td>82,786</td>
</tr>
<tr>
<td>Hume (C)</td>
<td>41,422</td>
<td>67.5%</td>
<td>3,769</td>
<td>6.1%</td>
<td>824</td>
<td>262</td>
<td>161</td>
<td>266</td>
<td>825</td>
<td>50,085</td>
</tr>
<tr>
<td>Melton (S)</td>
<td>25,297</td>
<td>68.2%</td>
<td>2,212</td>
<td>6.0%</td>
<td>502</td>
<td>143</td>
<td>64</td>
<td>135</td>
<td>330</td>
<td>30,360</td>
</tr>
<tr>
<td>Mornington Peninsula (S)</td>
<td>38,078</td>
<td>2.782</td>
<td>2,782</td>
<td>4.8%</td>
<td>787</td>
<td>204</td>
<td>247</td>
<td>373</td>
<td>1,754</td>
<td>44,991</td>
</tr>
<tr>
<td>Nillumbik (S)</td>
<td>21,287</td>
<td>65.7%</td>
<td>1,279</td>
<td>3.9%</td>
<td>379</td>
<td>136</td>
<td>73</td>
<td>99</td>
<td>472</td>
<td>25,103</td>
</tr>
<tr>
<td>Whittlesea (C)</td>
<td>38,315</td>
<td>69.3%</td>
<td>3,101</td>
<td>5.6%</td>
<td>778</td>
<td>160</td>
<td>152</td>
<td>206</td>
<td>558</td>
<td>45,874</td>
</tr>
<tr>
<td>Wyndham (C)</td>
<td>35,933</td>
<td>67.1%</td>
<td>3,370</td>
<td>6.3%</td>
<td>502</td>
<td>248</td>
<td>173</td>
<td>185</td>
<td>667</td>
<td>43,550</td>
</tr>
<tr>
<td>Yarra Ranges (S)</td>
<td>46,035</td>
<td>66%</td>
<td>3,187</td>
<td>4.6%</td>
<td>1,128</td>
<td>323</td>
<td>189</td>
<td>237</td>
<td>1,353</td>
<td>54,503</td>
</tr>
<tr>
<td>Greater Melbourne (S)</td>
<td>1,027m</td>
<td>61%</td>
<td>79,023</td>
<td>4.7%</td>
<td>15,531</td>
<td>7,525</td>
<td>18,909</td>
<td>6,540</td>
<td>50,894</td>
<td>1.346m</td>
</tr>
</tbody>
</table>

Source:  Australian Bureau of Statistics (ABS), 2006 Census of Population and Housing (for all listed Outer Suburban Melbourne LGAs), ABS, Canberra, issued 25 October 2007. Note: the percentage of car drivers is derived from the total number of employed persons (over aged 15-years plus), and therefore includes those who worked at home, did not go to work or did not state their mode of travel to work; if these three respondent groups were excluded then the percentage of car drivers would be significantly higher for all LGAs and the state.
Table 5.4: One Method of Travel to Work: Public Transport (employed persons aged 15- plus), Outer Suburban LGAs – 30 June 2006

<table>
<thead>
<tr>
<th>Local Government Areas</th>
<th>Train</th>
<th>Bus</th>
<th>Ferry</th>
<th>Tram (incl. light rail)</th>
<th>Taxi</th>
<th>Public Transport Use as %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardinia (S)</td>
<td>465</td>
<td>84</td>
<td>8</td>
<td>9</td>
<td>18</td>
<td>2.7%</td>
</tr>
<tr>
<td>Casey (C)</td>
<td>2,590</td>
<td>581</td>
<td>20</td>
<td>10</td>
<td>130</td>
<td>4.0%</td>
</tr>
<tr>
<td>Hume (C)</td>
<td>1,922</td>
<td>375</td>
<td>14</td>
<td>106</td>
<td>139</td>
<td>5.1%</td>
</tr>
<tr>
<td>Melton (S)</td>
<td>1,446</td>
<td>165</td>
<td>11</td>
<td>14</td>
<td>41</td>
<td>5.5%</td>
</tr>
<tr>
<td>Mornington Peninsula (S)</td>
<td>317</td>
<td>353</td>
<td>15</td>
<td>32</td>
<td>49</td>
<td>1.7%</td>
</tr>
<tr>
<td>Nillumbik (S)</td>
<td>1,227</td>
<td>109</td>
<td>6</td>
<td>5</td>
<td>31</td>
<td>5.5%</td>
</tr>
<tr>
<td>Whittlesea (C)</td>
<td>1,949</td>
<td>359</td>
<td>5</td>
<td>176</td>
<td>115</td>
<td>5.7%</td>
</tr>
<tr>
<td>Wyndham (C)</td>
<td>2,156</td>
<td>216</td>
<td>13</td>
<td>16</td>
<td>71</td>
<td>5.7%</td>
</tr>
<tr>
<td>Yarra Ranges (S)</td>
<td>1,636</td>
<td>324</td>
<td>18</td>
<td>15</td>
<td>58</td>
<td>3.8%</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>87,217</td>
<td>16,277</td>
<td>351</td>
<td>33,111</td>
<td>3,646</td>
<td>10.4%</td>
</tr>
</tbody>
</table>

Table 5.5: Other Methods (than one) of Travel to Work (employed persons aged 15-plus), Outer Suburban LGAs – 30 June 2006

<table>
<thead>
<tr>
<th>Local Government Areas</th>
<th>2 Methods of Travel</th>
<th>3 Methods of Travel</th>
<th>Worked at Home</th>
<th>Did not go to Work</th>
<th>Travel Method Not Stated</th>
<th>Total Persons (All Methods)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardinia (S)</td>
<td>583</td>
<td>99</td>
<td>1,771</td>
<td>2,990</td>
<td>516</td>
<td>27,198</td>
</tr>
<tr>
<td>Casey (C)</td>
<td>2,468</td>
<td>526</td>
<td>2,915</td>
<td>9,818</td>
<td>2,166</td>
<td>100,679</td>
</tr>
<tr>
<td>Hume (C)</td>
<td>1,858</td>
<td>424</td>
<td>1,293</td>
<td>6,142</td>
<td>1,583</td>
<td>61,385</td>
</tr>
<tr>
<td>Melton (S)</td>
<td>1,125</td>
<td>296</td>
<td>853</td>
<td>3,642</td>
<td>821</td>
<td>37,097</td>
</tr>
<tr>
<td>Mornington Peninsula (S)</td>
<td>975</td>
<td>144</td>
<td>3,391</td>
<td>7,211</td>
<td>1,088</td>
<td>57,800</td>
</tr>
<tr>
<td>Nillumbik (S)</td>
<td>991</td>
<td>135</td>
<td>1,693</td>
<td>3,838</td>
<td>625</td>
<td>32,385</td>
</tr>
<tr>
<td>Whittlesea (C)</td>
<td>1,577</td>
<td>270</td>
<td>1,071</td>
<td>5,144</td>
<td>1,331</td>
<td>55,267</td>
</tr>
<tr>
<td>Wyndham (C)</td>
<td>1,771</td>
<td>403</td>
<td>1,242</td>
<td>5,568</td>
<td>990</td>
<td>53,524</td>
</tr>
<tr>
<td>Yarra Ranges (S)</td>
<td>1,801</td>
<td>331</td>
<td>3,623</td>
<td>8,203</td>
<td>1,250</td>
<td>69,711</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>58,609</td>
<td>10,707</td>
<td>61,667</td>
<td>176,821</td>
<td>31,986</td>
<td>1.685m</td>
</tr>
</tbody>
</table>


The strong reliance on cars by outer suburban workers reflects a broader trend across Greater Melbourne. Melbourne University’s GAMUT reports travel to work by car – as a driver and/or as a passenger – has risen from 67.7 per cent in 1976 to 78.1 per cent in 2006 – just down from the peak of 81.2 in 1996. Conversely, as the next table shows, public transport use fell from 24.1 per cent in 1976 to 12.2 per cent in 1996, then rose to 13.9 per cent in 2006.\textsuperscript{135}

However, the former DOI noted ‘the share of total journeys [to work] made by car fell by almost two percentage points’ across Melbourne in 2001–06, which reflected ‘strong increases in the use of public transport (especially trains) and in the walking and cycling modes’.\textsuperscript{136}
Table 5.6: Method of Travel to Work (employed persons aged 15-plus), Greater Melbourne – 1976–2006

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Workforce</td>
<td>1.217m</td>
<td>1.272m</td>
<td>1.319m</td>
<td>1.351m</td>
<td>1.391m</td>
<td>1.544m</td>
<td>1.685m</td>
</tr>
<tr>
<td>Travelled to Work</td>
<td>1.1m</td>
<td>1.1m</td>
<td>1.136m</td>
<td>1.134m</td>
<td>1.175m</td>
<td>1.290m</td>
<td>1.415m</td>
</tr>
<tr>
<td>Public Transport (Train, Ferry/Tram, Bus)*</td>
<td>265,001 (24.1%)</td>
<td>220,291 (20%)</td>
<td>210,287 (18.5%)</td>
<td>179,090 (15.8%)</td>
<td>143,223 (12.2%)</td>
<td>168,905 (13.1%)</td>
<td>196,721 (13.9%)</td>
</tr>
<tr>
<td>Car Total (Drivers &amp; Passengers)</td>
<td>744,648 (67.7%)</td>
<td>801,882 (72.8%)</td>
<td>857,059 (75.4%)</td>
<td>880,792 (77.6%)</td>
<td>954,560 (81.2%)</td>
<td>1,031m (80%)</td>
<td>1.106m (78.1%)</td>
</tr>
<tr>
<td>Bicycle</td>
<td>10,816 (1%)</td>
<td>13,768 (1.2%)</td>
<td>13,062 (1.1%)</td>
<td>12,068 (1.1%)</td>
<td>10,602 (0.9%)</td>
<td>12,837 (1%)</td>
<td>18,909 (1.3%)</td>
</tr>
<tr>
<td>Walked Only</td>
<td>66,100 (6%)</td>
<td>50,052 (4.5%)</td>
<td>42,838 (3.8%)</td>
<td>40,405 (3.6%)</td>
<td>35,610 (3%)</td>
<td>37,486 (2.9%)</td>
<td>50,894 (3.6%)</td>
</tr>
<tr>
<td>Total of other modes*</td>
<td>13,732 (1.2%)</td>
<td>15,541 (1.4%)</td>
<td>13,076 (1.2%)</td>
<td>22,467 (2%)</td>
<td>31,699 (2.7%)</td>
<td>39,332 (3%)</td>
<td>42,793 (3%)</td>
</tr>
</tbody>
</table>

Source: Australian Bureau of Statistics (ABS), 1976–2006 Census – method of travel to work, Melbourne, ABS, Canberra, reproduced from Paul Mees, Eden Sorupia, John Stone, Travel to work in Australian capital cities, 1976–2006: an analysis of census data, Melbourne, GAMUT, Uni of Melbourne, December 2007, p. 5. Note: this table does not include Taxis in its Public Transport total (unlike the previous table); also, car drivers and passengers are grouped, resulting in a higher figure than in the previous table.

GAMUT argues the most important cause of Melbourne’s overall increase in car use is:

... a shift away from more sustainable transport modes – public transport, walking and car-pooling. ... More cars are driven to work each day in Melbourne than in Sydney, despite Sydney’s much bigger workforce. The share of workers who drive is now higher in Melbourne than in Sydney, Brisbane, Hobart and even Canberra. This appears to be a result of Melbourne having constructed more urban freeways and tollways over the last 30 years than any other capital.  

Neither the GAMUT nor ABS data explain how far residents from Melbourne’s outer suburbs travel to and from work each day. Similarly, there is no data on the time taken for work-related travel. However, an analysis of Census data provides a general indication of where outer suburban workers travel each day to reach their work, thus providing approximate travel distances (see next table).
### Table 5.7: Places of Work (employed persons aged 15-plus), Outer Suburban LGAs – at 30 June 2006

<table>
<thead>
<tr>
<th>Local Government Areas</th>
<th>Within Home LGA</th>
<th>Within Adjacent LGA</th>
<th>Name of Adjacent LGA</th>
<th>Beyond Adjacent LGAs</th>
<th>In Melbourne CBD (ave. km distance)</th>
<th>Total Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ca 8,805 (33%)</td>
<td>8,805</td>
<td>4,716 (17.5%)</td>
<td>Baw Baw, Casey, Yarra Ranges</td>
<td>13,289</td>
<td>909 (3.4%) 65 km</td>
<td>26,810</td>
</tr>
<tr>
<td>Ca 25,574 (25.6%)</td>
<td>25,574</td>
<td>30,352 (30.4%)</td>
<td>Cardinia, Yarra Ranges, Knox, Greater Dandenong, Frankston, Mornington Peninsula</td>
<td>43,880</td>
<td>5,385 (5.4%) 47 km</td>
<td>99,806</td>
</tr>
<tr>
<td>Hume (C)</td>
<td>22,035 (36%)</td>
<td>13,345 (21.9%)</td>
<td>Macedon Ranges, Mitchell, Whittlesea, Melton, Brimbank, Moonee Valley, Moreland</td>
<td>25,750</td>
<td>7,673 (12.6%) 27 km</td>
<td>61,130</td>
</tr>
<tr>
<td>Melton (S)</td>
<td>6,545 (17.8%)</td>
<td>10,385 (28.2%)</td>
<td>Hume, Brimbank, Wyndham, Moorabool, Macedon Ranges</td>
<td>19,830</td>
<td>5,423 (14.7%) 33 km</td>
<td>36,760</td>
</tr>
<tr>
<td>Mornington Peninsula (S)</td>
<td>29,819</td>
<td>7,953 (14%)</td>
<td>Frankston, Casey, Bass Coast, Queenscliff</td>
<td>18,856</td>
<td>1,633 (2.9%) 62 km</td>
<td>56,628</td>
</tr>
<tr>
<td>Nillumbik (S)</td>
<td>6,717 (21.2%)</td>
<td>7,467 (23.5%)</td>
<td>Banyule, Manningham, Murrundindi, Whittlesea, Yarra Ranges</td>
<td>17,545</td>
<td>3,909 (12.3%) 33 km</td>
<td>31,729</td>
</tr>
<tr>
<td>Whittlesea (C)</td>
<td>14,050 (25.6%)</td>
<td>18,143 (33%)</td>
<td>Banyule, Darebin, Hume, Moreland, Nillumbik, Mitchell</td>
<td>22,741</td>
<td>6,042 (11%) 30 km</td>
<td>54,934</td>
</tr>
<tr>
<td>Wyndham (C)</td>
<td>17,625 (33.2%)</td>
<td>9,868 (18.6%)</td>
<td>Brimbank, Greater Geelong, Hobsons Bay, Melton, Moorabool</td>
<td>25,575</td>
<td>8,843 (16.7%) 32 km</td>
<td>53,068</td>
</tr>
<tr>
<td>Yarra Ranges (S)</td>
<td>24,275 (35.4%)</td>
<td>17,824 (26%)</td>
<td>Baw Baw, Cardinia, Casey, Knox, Manningham, Maroondah, Murrundindi, Nillumbik</td>
<td>26,509</td>
<td>3,562 (5.2%) 65 km</td>
<td>68,608</td>
</tr>
</tbody>
</table>

**Source:** Australian Bureau of Statistics (ABS), Space-Time Research, 2006 Census – Employed – LGA Destination x Method x Sex, Table 1, LGAs by Hierarchy – Place of Work for Persons
The former DOI estimated that on Census Day 2006, between 20–35 per cent of employed residents across metropolitan Melbourne’s 31 municipalities typically worked in their home LGAs and therefore travelled within those same LGAs. Two outer suburban LGAs pushed those averages to the extreme: Melton had just 21 per cent of its workers employed within its municipality (equal second lowest, after Moreland on 20 per cent and Maribyrnong on 21 per cent), contrasting with Mornington Peninsula where 60 per cent of employed residents worked within its boundaries (the second highest to Melbourne’s 61 per cent).

Numerically, the highest number of people travelling to and from work resided in the City of Casey, with 30,352 people travelling within their home LGA and a further 43,880 people travelling beyond it.

Further analysis by the former DOI showed there had been little change in the places of work for most outer suburban workers since the 2001 Census (see next table).
**Table 5.8:** Places of Work (employed persons aged 15-plus), Outer Suburban LGAs in 2001–2006

<table>
<thead>
<tr>
<th>Local Government Area</th>
<th>Per cent of work locations in home LGA</th>
<th>Per cent of work locations in home and adjacent LGAs</th>
<th>Per cent of work locations in Melbourne LGA (CBD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardinia (S)</td>
<td>42%</td>
<td>39%</td>
<td>58%</td>
</tr>
<tr>
<td>Casey (C)</td>
<td>27%</td>
<td>29%</td>
<td>60%</td>
</tr>
<tr>
<td>Hume (C)</td>
<td>41%</td>
<td>42%</td>
<td>59%</td>
</tr>
<tr>
<td>Melton (S)</td>
<td>23%</td>
<td>21%</td>
<td>50%</td>
</tr>
<tr>
<td>Mornington Peninsula (S)</td>
<td>59%</td>
<td>60%</td>
<td>75%</td>
</tr>
<tr>
<td>Nillumbik (S)</td>
<td>24%</td>
<td>24%</td>
<td>49%</td>
</tr>
<tr>
<td>Whittlesea (C)</td>
<td>30%</td>
<td>29%</td>
<td>62%</td>
</tr>
<tr>
<td>Wyndham (C)</td>
<td>38%</td>
<td>38%</td>
<td>56%</td>
</tr>
<tr>
<td>Yarra Ranges (S)</td>
<td>39%</td>
<td>40%</td>
<td>68%</td>
</tr>
</tbody>
</table>


### The Cost of Car Travel

The former DOI used ABS data to calculate the average Melbourne household spent almost as much of its income each week on transport (car, public transport and taxis) as it spent on housing costs (mortgage and/or rent). In February 2006, when the DOI released its findings, the average Melbourne household spent around $142 per week on transport for all uses – including travelling to work – compared to $144 on housing. This was broadly similar to weekly household spending in other Australian capital cities, making transport ‘a major household expenditure item’.  

The Committee acknowledges that since the then DOI calculated its findings there have been substantial rises in fuel costs; interest rates, affecting housing/rental costs; and most other goods and services, as reflected in the national CPI/inflation figures. Transport as a share of...
total household spending has probably risen since 2006, though this will not be confirmed until the ABS publishes its next Household Expenditure Survey, expected in 2008–09.

Despite a probable variation in transport costs, the Committee acknowledges any effort to reduce the overall cost of transport by providing work closer to where people live will be of greater economic benefit to those Melburnians who travel the most each week: typically those from the outer suburbs.

Further, improved transport would allow residents to more readily and speedily reach their workplaces or training facilities and facilitate the transit of goods and services to and from local markets, as recommended by infrastructure expert Sir Rod Eddington.140

**Travel Distances / Times**

In 2007, Monash University’s ITS published a new analysis of data done in 1996–99 by RMIT’s now defunct Transport Research Centre, detailing the average daily travel habits of residents in Melbourne’s outer suburbs. This analysis shows outer suburban households across all incomes with two or more cars made an average of 7.3 trips per day. Each trip averaged 8.2 kilometres and took 19.1 minutes to complete, which equated to a single journey of 59.86 kilometres over 139 minutes.141 By comparison, the ITS report notes “in general the number of trips made increases from Inner to Outer Melbourne” and “travel distance per trip increases from Inner to Middle and Middle to Outer Melbourne regardless of income group”.142

Unfortunately, the ITS analysis does not reveal how much of this private car driver travel was done for work purposes. However, analysis of ABS data by Dr Duncan Ironmonger at the University of Melbourne indicates “travel involves a significant but not large use of Melburnians’ total time – about 5 per cent of total adult time, and 8 per cent of total adult awake time”.143

With Melbourne’s population predicted to grow from its current 3.7 million to 5.3 million people by 2036, the amount of time spent travelling will inevitably rise. Monash University’s Centre for Population and Urban Research predicts there will be ‘a drastic slowing of traffic movements throughout Melbourne’ as more than three million cars use the city’s roads within 30 years – up from the present 1.97 million currently used, exclusive of trucks and other commercial vehicles.144

Much of the evidence presented to the Committee’s hearings across Melbourne’s outer LGAs comments directly on rising transport demands and its effect on LED. Phil Walton, General Manager Planning and Development at Cardinia Shire, provided a typical outline:

... approximately 63 per cent of our workforce currently travel outside the municipality for work which, with the level of growth forecast, is unsustainable with increasing environmental, social and economic costs. In terms of economic costs, it is obviously the pure cost of travelling those distances. There is obviously the environmental cost in terms of greenhouse gas emissions, but I think particularly as well we see some social costs in terms of impacts in terms of family life and also opportunities for volunteering for the community. If people
travel less time, they often have more time both for their families but opportunities to put back into their community as well. I think these issues are particularly important when you consider that Pakenham is as far from Dandenong as Dandenong is from Melbourne. Many people would regard Dandenong as being an outer suburb of Melbourne. When you look at those distances involves, it becomes more critical in terms of providing local employment.\textsuperscript{145}

The following pages of data maps compiled by the former DOI using ABS Census 2006 data show the direction, mode and quantity of daily travel for employed workers from Melbourne’s nine outer suburban LGAs, using public transport and private car.

Altogether, the maps illustrate the distances some outer suburban workers are travelling to and from work each day, which in turn indicates the travel times and costs they incur. The maps also show how reliant some workers are on car travel for ‘orbital journeys’ around neighbouring municipalities, compared to the straight-line ‘radial’ or ‘spoke and hub’ travel of those using public transport, largely rail and bus.

Further, in most outer LGAs, car travel is generally used for the comparatively ‘shorter’ travel distances, while public transport is employed for longer commuting, especially to the Melbourne CBD and inner suburbs.
Chapter 5: Opportunities for Outer Suburban Local Economic Development

**Figure 5.1:** Public Transport Trips from Cardinia–2006 Journey to Work. Percent of Total Trips from Cardinia to the top 5 Destination LGAs

<table>
<thead>
<tr>
<th>Destination City</th>
<th>Percent of Total Trips</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBD</td>
<td>300</td>
</tr>
<tr>
<td>Melbourne</td>
<td>136</td>
</tr>
<tr>
<td>Gr.Dandenong</td>
<td>82</td>
</tr>
<tr>
<td>Casey</td>
<td>78</td>
</tr>
<tr>
<td>Monash</td>
<td>69</td>
</tr>
<tr>
<td>Cardinia</td>
<td>63</td>
</tr>
<tr>
<td>Stonnington</td>
<td>27</td>
</tr>
<tr>
<td>Port Phillip</td>
<td>26</td>
</tr>
<tr>
<td>Yarra</td>
<td>26</td>
</tr>
<tr>
<td>Whitehorse</td>
<td>22</td>
</tr>
<tr>
<td>Boroondara</td>
<td>21</td>
</tr>
<tr>
<td>Knox</td>
<td>17</td>
</tr>
<tr>
<td>Yarra Ranges</td>
<td>15</td>
</tr>
<tr>
<td>Glen Eira</td>
<td>12</td>
</tr>
<tr>
<td>Kingston</td>
<td>11</td>
</tr>
<tr>
<td>Monooee Valley</td>
<td>3</td>
</tr>
<tr>
<td>Banyule</td>
<td>0</td>
</tr>
<tr>
<td>Bayside</td>
<td>0</td>
</tr>
<tr>
<td>Brimbank</td>
<td>0</td>
</tr>
<tr>
<td>Darebin</td>
<td>0</td>
</tr>
<tr>
<td>Frankston</td>
<td>0</td>
</tr>
<tr>
<td>Hobsons Bay</td>
<td>0</td>
</tr>
<tr>
<td>Hume</td>
<td>0</td>
</tr>
<tr>
<td>Manningham</td>
<td>0</td>
</tr>
<tr>
<td>Maribymong</td>
<td>0</td>
</tr>
<tr>
<td>Maroondah</td>
<td>0</td>
</tr>
<tr>
<td>Melton</td>
<td>0</td>
</tr>
<tr>
<td>Moreland</td>
<td>0</td>
</tr>
<tr>
<td>Mornington P’sula</td>
<td>0</td>
</tr>
<tr>
<td>Nillumbik</td>
<td>0</td>
</tr>
<tr>
<td>Whittlesea</td>
<td>0</td>
</tr>
<tr>
<td>Wyndham</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>908</strong></td>
</tr>
</tbody>
</table>

Source: Census 2006,JtW Table 4: All Public Transport Methods (does not include the CBD, it represents Melbourne Remainder SLA & Southbank/Docklands SLA).

**Figure 5.2:** Car Trips from Cardinia–2006 Journey to Work. Percent of Total Trips from Cardinia to the top 8 Destination LGAs

<table>
<thead>
<tr>
<th>Destination City</th>
<th>Percent of Total Trips</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardinia</td>
<td>5058</td>
</tr>
<tr>
<td>Casey</td>
<td>2907</td>
</tr>
<tr>
<td>Gr.Dandenong</td>
<td>2423</td>
</tr>
<tr>
<td>Monash</td>
<td>1217</td>
</tr>
<tr>
<td>Knox</td>
<td>980</td>
</tr>
<tr>
<td>Kingston</td>
<td>617</td>
</tr>
<tr>
<td>Yarra Ranges</td>
<td>541</td>
</tr>
<tr>
<td>Frankston</td>
<td>289</td>
</tr>
<tr>
<td>Whitehorse</td>
<td>288</td>
</tr>
<tr>
<td>Maroondah</td>
<td>235</td>
</tr>
<tr>
<td>Melbourne</td>
<td>198</td>
</tr>
<tr>
<td>Boroondara</td>
<td>162</td>
</tr>
<tr>
<td>Stonnington</td>
<td>162</td>
</tr>
<tr>
<td>Port Phillip</td>
<td>133</td>
</tr>
<tr>
<td>CBD</td>
<td>124</td>
</tr>
<tr>
<td>Mornington P’sula</td>
<td>124</td>
</tr>
<tr>
<td>Yarra</td>
<td>103</td>
</tr>
<tr>
<td>Glen Eira</td>
<td>102</td>
</tr>
<tr>
<td>Bayside</td>
<td>66</td>
</tr>
<tr>
<td>Brimbank</td>
<td>36</td>
</tr>
<tr>
<td>Hobsons Bay</td>
<td>27</td>
</tr>
<tr>
<td>Manningham</td>
<td>26</td>
</tr>
<tr>
<td>Darebin</td>
<td>25</td>
</tr>
<tr>
<td>Hume</td>
<td>25</td>
</tr>
<tr>
<td>Wyndham</td>
<td>23</td>
</tr>
<tr>
<td>Maribymong</td>
<td>20</td>
</tr>
<tr>
<td>Mooneee Valley</td>
<td>18</td>
</tr>
<tr>
<td>Banyule</td>
<td>17</td>
</tr>
<tr>
<td>Moreland</td>
<td>14</td>
</tr>
<tr>
<td>Whittlesea</td>
<td>10</td>
</tr>
<tr>
<td>Melton</td>
<td>9</td>
</tr>
<tr>
<td>Nillumbik</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15986</strong></td>
</tr>
</tbody>
</table>

Source: Census 2006,JtW Table 4:Car Driver+Car Passenger–Sole Method (does not include the CBD, it represents Melbourne Remainder SLA & Southbank/Docklands SLA).
**Figure 5.3: Public Transport Trips from Casey–2006 Journey to Work.**

Percent of Total Trips from Casey to the top 6 Destination LGAs

<table>
<thead>
<tr>
<th>Destination</th>
<th>Percent of Total Trips</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBD</td>
<td>19.38%</td>
</tr>
<tr>
<td>Melbourne</td>
<td>8.08%</td>
</tr>
<tr>
<td>Gr. Dandenong</td>
<td>5.38%</td>
</tr>
<tr>
<td>Casey</td>
<td>4.04%</td>
</tr>
<tr>
<td>Monash</td>
<td>2.91%</td>
</tr>
<tr>
<td>Port Phillip</td>
<td>2.28%</td>
</tr>
</tbody>
</table>

Source: Census 2006, JtW Table 4: All Public Transport Methods (does not include the CBD, it represents Melbourne Remainder SLA & Southbank/Docklands SLA).

**Figure 5.4: Car Person Trips from Casey–2006 Journey to Work**

Percent of Total Trips from Casey to the top 8 Destination LGAs

<table>
<thead>
<tr>
<th>Destination</th>
<th>Percent of Total Trips</th>
</tr>
</thead>
<tbody>
<tr>
<td>Casey</td>
<td>17.10%</td>
</tr>
<tr>
<td>Gr. Dandenong</td>
<td>16.49%</td>
</tr>
<tr>
<td>Monash</td>
<td>7.25%</td>
</tr>
<tr>
<td>Kingston</td>
<td>5.63%</td>
</tr>
<tr>
<td>Knox</td>
<td>3.49%</td>
</tr>
<tr>
<td>Frankston</td>
<td>2.47%</td>
</tr>
<tr>
<td>Cardinia</td>
<td>1.76%</td>
</tr>
<tr>
<td>Whitehorse</td>
<td>1.53%</td>
</tr>
<tr>
<td>Melbourne</td>
<td>1.20%</td>
</tr>
<tr>
<td>Stonnington</td>
<td>0.97%</td>
</tr>
<tr>
<td>Mornington P'sula</td>
<td>0.92%</td>
</tr>
<tr>
<td>Yarra</td>
<td>0.57%</td>
</tr>
<tr>
<td>Mornington P'sula</td>
<td>0.57%</td>
</tr>
<tr>
<td>Yarra Ranges</td>
<td>0.44%</td>
</tr>
</tbody>
</table>

Source: Census 2006, JtW Table 4: Car Driver+Car Passenger–Sole Method (does not include the CBD, it represents Melbourne Remainder SLA & Southbank/Docklands SLA).
Chapter 5: Opportunities for Outer Suburban Local Economic Development

Figure 5.5: Public Transport Trips from Hume–2006 Journey to Work. Percent of Total Trips from Hume to the top 7 Destination LGAs

Trips from Hume to …
- CBD 1798
- Melbourne 806
- Hume 338
- Port Phillip 167
- Moreland 120
- Yarra 119
- Moonee Valley 106
- Maribyrnong 57
- Brimbank 43
- Darebin 39
- Stonnington 38
- Boroondara 35
- Whittlesea 28
- Hobsons Bay 16
- Monash 10
- Banyule 9
- Gr. Dandenong 7
- Kingston 6
- Whitehorse 6
- Glen Eira 3
- Maroondah 3
- Wyndham 3
- Bayside 0
- Cardinia 0
- Casey 0
- Frankston 0
- Knox 0
- Manningham 0
- Melton 0
- Mornington P’sula 0
- Nillumbik 0
- Yarra Ranges 0
- Total 3757

Source: Census 2006, JtW Table 4: All Public Transport Methods (does not include the CBD, it represents Melbourne Remainder SLA & Southbank/Docklands SLA).

Figure 5.6: Car Person Trips from Hume–2006 Journey to Work. Percent of Total Trips from Hume to the top 8 Destination LGAs

Trips from Hume to …
- Hume 16474
- Brimbank 2873
- Melbourne 2772
- Moreland 2729
- Moonee Valley 2622
- Whittlesea 2071
- Darebin 1636
- CBD 1094
- Maribyrnong 896
- Port Phillip 840
- Yarra 799
- Wyndham 772
- Hobsons Bay 706
- Banyule 678
- Boroondara 318
- Melton 318
- Monash 290
- Whitehorse 217
- Stonnington 182
- Kingston 141
- Gr. Dandenong 126
- Manningham 96
- Nillumbik 87
- Knox 72
- Glen Eira 61
- Bayside 55
- Maroondah 42
- Casey 34
- Yarra Ranges 34
- Frankston 12
- Mornington P’sula 12
- Cardinia 3
- Total 39062

Source: Census 2006, JtW Table 4: Car Driver+Car Passenger–Sole Method (does not include the CBD, it represents Melbourne Remainder SLA & Southbank/Docklands SLA).
**Figure 5.7:** Public Transport Trips from Melton–2006 Journey to Work. Percent of Total Trips from Melton to the top 4 Destination LGAs

Source: Census 2006, JtW Table 4: All Public Transport Methods (does not include the CBD, it represents Melbourne Remainder SLA & Southbank/Docklands SLA).

For a detailed list of trip destinations and their corresponding values:

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**Figure 5.8:** Car Person Trips from Melton–2006 Journey to Work. Percent of Total Trips from Hume to the top 8 Destination LGAs

Source: Census 2006, JtW Table 4: Car Driver+Car Passenger–Sole Method (does not include the CBD, it represents Melbourne Remainder SLA & Southbank/Docklands SLA).

For a detailed list of trip destinations and their corresponding values:

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Chapter 5: Opportunities for Outer Suburban Local Economic Development

Figure 5.9: Public Transport Trips from Mornington Peninsula—2006 To Work. % of Total Trips Mornington Peninsula to top 4 Destination LGAs

![Map showing public transport trips from Mornington Peninsula to top 4 destination LGAs.]

Source: Census 2006, JtW Table 4: All Public Transport Methods (does not include the CBD, it represents Melbourne Remainder SLA & Southbank/Docklands SLA).

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Figure 5.10: Car Person Trips from Morn. Peninsula—2006 To Work. % of Total Trips Mornington Peninsula to top 8 Destination LGAs

![Map showing car person trips from Mornington Peninsula to top 8 destination LGAs.]

Source: Census 2006, JtW Table 4: Car Driver+Car Passenger–Sole Method (does not include the CBD, it represents Melbourne Remainder SLA & Southbank/Docklands SLA).
Figure 5.11: Public Transport Trips from Nillumbik—2006 Journey to Work. Percentage of Total Trips from Nillumbik to top 4 Destination LGAs

Source: Census 2006, JtW Table 4: All Public Transport Methods (does not include the CBD, it represents Melbourne Remainder SLA & Southbank/Docklands SLA).

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Figure 5.12: Car Person Trips from Nillumbik—2006 Journey to Work. Percentage of Total Trips from Nillumbik to top 8 Destination LGAs

Source: Census 2006, JtW Table 4: Car Driver+Car Passenger—Sole Method (does not include the CBD, it represents Melbourne Remainder SLA & Southbank/Docklands SLA).

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**Figure 5.13:** Public Transport Trips from Whittlesea–2006 Journey to Work. 
% of Total Trips from Whittlesea to top 7 Destination LGAs

**Source:** Census 2006, JtW Table 4: All Public Transport Methods (does not include the CBD, it represents Melbourne Remainder SLA & Southbank/Docklands SLA).

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**Figure 5.14:** Car Person Trips from Whittlesea–2006 Journey to Work. 
% of Total Trips from Whittlesea to top 8 Destination LGAs

**Source:** Census 2006, JtW Table 4: Car Driver+Car Passenger–Sole Method (does not include the CBD, it represents Melbourne Remainder SLA & Southbank/Docklands SLA).

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<th>Gr. Dandenong</th>
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<th>Port Phillip</th>
<th>Banyule</th>
<th>Hume</th>
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<th>Boroondara</th>
<th>Moonee Valley</th>
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**Figure 5.15:** Public Transport Trips from Wyndham–2006 Journey to Work. % of Total Trips from Wyndham to top 7 Destination LGAs

Source: Census 2006, JTW Table 4: All Public Transport Methods (does not include the CBD, it represents Melbourne Remainder SLA & Southbank/Docklands SLA).

**Figure 5.16:** Car Person Trips from Wyndham–2006 Journey to Work. % of Total Trips from Wyndham to top 8 Destination LGAs

Source: Census 2006, JTW Table 4: Car Driver+Car Passenger–Sole Method (does not include the CBD, it represents Melbourne Remainder SLA & Southbank/Docklands SLA).
Figure 5.17: Public Transport Trips from Yarra Ranges—2006 Journey to Work. % of Total Trips from Yarra Ranges to top 7 Destination LGAs

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Source: Census 2006, JtW Table 4: All Public Transport Methods
(Does not include the CBD, it represents Melbourne Remainder SLA & Southbank/Docklands SLA).

Figure 5.18: Car Person Trips from Yarra Ranges — 2006, Journey to Work. % of Total Trips from Yarra Ranges to top 8 Destination LGAs

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Source: Census 2006, JtW Table 4: Car Driver+Car Passenger–Sole Method
(Does not include the CBD, it represents Melbourne Remainder SLA & Southbank/Docklands SLA).
**Transport and LED**

The previous data maps illustrated the often excessive distances, travel times and monetary costs many outer suburban workers face each day travelling to and from work. For many, these various costs are considerable and will only be redressed by the provision of more local employment opportunities. This, in turn, will largely rely on effective LED.

Yet, as the next section illustrates, most interface councils believe inadequate local transport infrastructure is a critical barrier to sustainable local job growth. Specifically, most councils report varying levels of dissatisfaction with their train and bus services, as well as delays over the funding of major roadways.

The Committee acknowledges the Victorian Government has begun a series of Metropolitan Bus Service Reviews ‘to identify how to better provide essential public transport links throughout Melbourne’s suburbs’. These reviews are detailed later in this section and should help address some of the public transport shortcomings brought to the Committee’s attention.

The following discussion is separated into headings for each of the nine interface LGAs and draws heavily on evidence from the Committee’s public hearings held during this inquiry into LED.

**City of Wyndham**

The Committee gained an insight into the overall transport-LED nexus from a comprehensive report titled *Local Economic Development at the Interface*, submitted by the Interface Councils Group. Then spokesperson Ian Robbins, who was also at the time the CEO of Wyndham City Council, told the Committee:

> [Melbourne’s] interface councils have 24 per cent of the population, 22 per cent of the workforce, 15 per cent of the jobs and 10.7 per cent of the gross regional product. That imbalance costs the community. If we could achieve 10,000 more jobs taken up by interface residents the savings are approximately $115 million per annum which, of course, is very substantial particularly when you take it over time. And the challenge is really how you stimulate job creation at the interface and support job self-containment.¹⁴⁷

Mr Robbins said one key way to stimulate job creation was for governments to continue funding ‘significant new infrastructure’ such as the Metropolitan Ring Road:

> ... the result was that ... the traffic exceeded expectations and, of course, people said that it had more demand than was expected and therefore was a little bit under-designed. I think the reality is that what it does is stimulate economic activity and investment, and that economic activity then stimulates the transport demand. So I do not think it is a case of when you build a road everybody suddenly flocks to use it for the sake of using it. I think there are a much broader range of factors in it.¹⁴⁸
Chapter 5: Opportunities for Outer Suburban Local Economic Development

Hume City Council Mayor, Cr Gary Jungwirth shared Mr Robbins’ views about the value of such ‘physical infrastructure’ for LED – in this case, major cross-connecting or ‘orbital’ roadways:

*I never thought that a piece of physical infrastructure would play such an important role in economic development in Hume, but the Western Ring Road links us all the way through so many of the suburbs which, before, could not be connected ... and why Broadmeadows, Craigieburn and the rest of Hume are so important and strategic and attractive for investment in industry and commerce I would have to put down to the Western Ring Road.*

Barry Harvey, Chair of Wyn-Bay Local Learning and Education Network (LLEN), told the Committee that when the Metropolitan Ring Road opened in 1999 it allowed ‘locals’ to easily reach their workplaces by private car, but today it is a different story:

*... probably 50, 60 per cent of people at the moment who work in Laverton North are locals. When I say ‘locals’ we are going from Footscray all the way around to the north to you guys [in the City of Hume]. I think it is proved too by the fact that we have the Ring Road, and the Ring Road was great, it opened up Laverton North. The Ring Road now is a debacle. It was supposed to be okay until about 2015. I travel on it every morning and night and it is just shockers now and it is causing some headaches. That is something that has to be looked at too.*

The Committee notes that since this evidence was presented, the Australian Government has announced an initial $5 million in Auslink II funds for the planning of a $2.25 billion project with the Victorian Government to ‘improve traffic flow and reliability on the Western Ring Road’. The total federal commitment will be $900 million; the rest will come from the Victorian Government. The works involve widening sections of the existing ring road to increase capacity and installing ‘intelligent traffic management systems’ along the route, with the first section expected to be open by 2013. The Committee acknowledges this as a positive contribution to providing ‘significant new infrastructure’ to stimulate LED in Melbourne’s outer suburbs.

Major transport infrastructure aside, Mr Robbins told the Committee that interface councils, such as Wyndham, were:

*... fairly light on in terms of public transport. Now there have been some significant improvements in the last, say, five or six years, and that is primarily in bus services to a large degree. But there is still scope for higher frequency and I think that has been announced as a policy decision.*

*The other area though that is a very significant challenge relates to the train services ... at the moment we seem to be seeing, I think in Werribee’s case, something like 3 per cent of people using public transport to get into central Melbourne, which is a fairly low figure.*

The Committee noted that during this inquiry, the Victorian Government introduced additional train and local bus services under MOTC to address Melbourne’s growing demand
for public transport. The government also continued its 16 planned Metropolitan Bus Service Reviews under MOTC ‘to improve the majority of bus routes across Melbourne’, including those serving the Hobsons Bay/Wyndham area. These reviews are examining the need for:

- longer hours of operation;
- restructuring and/or extending routes;
- more frequent services on selected routes;
- introducing new routes; and
- improving linkages with connecting trains and trams, as well as SmartBus services.\(^{154}\)

The Committee welcomes the review process given Melbourne’s record population growth, and acknowledges the Victorian Government remains hard pressed to meet the rising demand for more public transport in the near future; further, this shortfall may be frustrating successful LED in the outer suburbs.

**RECOMMENDATION 29**

The Victorian Government, through its Metropolitan Bus Service Reviews in *Meeting Our Transport Challenges*, continues the review, upgrade and extension of local bus services and frequency of operations to better connect the Wyndham growth area with local train services.

**RECOMMENDATION 30**

The Victorian Government, through its Metropolitan Bus Service Reviews in *Meeting Our Transport Challenges*, introduces new SmartBus services linking the Deer Park/Caroline Springs areas in the Shire of Melton to the Laverton North industrial/employment area in the City of Wyndham. These services should be timetabled to cater particularly for early morning and early evening commuting workers and be linked to all Metlink rail stations en route.

Mr Harvey agreed that public transport had always been a ‘bugbear’ in Melbourne’s outer west, and:

*A lot of the jobs in Laverton North are labouring type jobs, that type of thing. A lot of those people live around Laverton. Getting them into the area is difficult at times. As I said, no footpaths. It is dangerous if you want to walk. If you want to ride a bike it is dangerous, unless you want to go down Federation Trail, only goes to the back of some properties. We get a bus to Fitzgeralds Road, we get a bus to Little Boundary. We get nothing in the middle. That is a concern to us.*\(^{155}\)
During its tour of Wyndham the Committee inspected the Federation Trail and subsequently agreed with Mr Harvey that the route should be completed along its full-length, as planned. This would provide a further transport option for workers accessing local employment by walking or cycling, contributing not only to their participation in LED but also improving local health, social amenity and greenhouse gas emissions.

**RECOMMENDATION 31**

The Victorian Government partners with the relevant local governments to fund and complete the Federation Trail, as designed.

**RECOMMENDATION 32**

The relevant local governments invest funds (possibly from ‘Roads to Recovery’) to construct/upgrade footpaths in the Laverton North industrial/employment area and all similar estates. These paths could include bike paths linked in a safe and direct manner from the Laverton North precinct to the neighbouring major residential feeder suburbs and/or the nearest Metlink rail stations.

During its Wyndham tour the Committee was also briefed on the traffic problems frustrating access to the Werribee Principal Activity Centre, as designated under M2030.

In particular, Wyndham City Council highlighted the severe traffic congestion arising during the peak morning and evening periods for vehicles from the western suburban growth estates attempting to cross the main V/Line railtracks at Cottrell Street. Even during the Committee’s non-peak period inspection, this intersection appeared congested. The nearby Werribee railway station’s car-park was also overflowing and clearly inadequate to serve the area’s obvious growth.

The Committee therefore agrees with Wyndham City Council that these problems pose severe barriers to Werribee’s LED and the safe and expedient use of the local rail station for commuting to other areas of work.

**RECOMMENDATION 33**

The Victorian Government partners with the City of Wyndham and other stakeholders to provide safe and adequate infrastructure to address peak congestion at the Cottrell Street rail crossing, in order to boost local economic development in the adjoining Werribee Principal Activity Centre.
RECOMMENDATION

The Victorian Government, through its *Meeting Our Transport Challenges*, extends capacity of its ‘Park and Ride’ facilities serving Werribee rail station to cope with future anticipated growth in commuter use and parking for the Werribee Principal Activity Centre.

**City of Wyndham and The Eddington Report**

Transport infrastructure serving Wyndham has come under particular focus with the release of Sir Rod Eddington’s *Investing in Transport: East West Links Need Assessment* report in March 2008.\(^{156}\)

A year earlier, Eddington noted most of Melbourne’s east-west traffic was carried on two links: the Monash/West Gate freeways and the Western/Metropolitan Ring Road, resulting in significant congestion during peak periods. This congestion represented 60 per cent of Melbourne’s total freeway congestion and without major remedial action, both corridors would reach ‘full capacity’ within 15 years.\(^{157}\)

Eddington offered 20 recommendations estimated to cost around $18 billion to address Melbourne’s east-west transport problems.\(^{158}\) Of these, seven mirrored submissions or briefings received by this Committee from proponents convinced that such improvements would foster LED in Melbourne’s outer west. These recommendations were for:

- a new ‘Tarneit link’ rail connection from Werribee to Sunshine for ‘extending the metropolitan rail network further to the west within the next 15 years’ (recommendation 2);
- electrification of the rail network to Sunbury ‘to boost services on the Sydenham line’ (recommendation 3);
- improved ‘Park & Ride’ facilities, especially to improve rail access in the west (recommendation 9);
- developing and implementing a detailed action plan for moving more freight by rail (recommendation 10);
- freight transport improvements (recommendation 11), including:
  - developing ‘a single, common user, interstate, inter-modal freight terminal north of the city on the Melbourne to Sydney rail corridor’;
  - developing ‘a standard gauge rail freight network to connect the interstate inter-modal terminal with the key metropolitan freight hubs’;
  - ‘making and announcing concrete planning decisions about the future sites for metropolitan freight hubs’, and
ensuring that all future transport plans build in the connection of the Port of Hastings to the interstate standard gauge rail network’;

• ‘the Port of Melbourne Corporation should be given overall responsibility for implementing an inter-modal hub network in Melbourne [etc]’ (recommendation 12); and

• ‘the Government should continue to implement Melbourne 2030 and take stronger action to accelerate the development of vibrant suburban hubs in Melbourne’s west, particularly … Werribee’ (recommendation 14).159

Eddington also recommended: the staged construction of a new 17 kilometre Melbourne Metro rail tunnel, linking the ‘booming’ western and south-eastern suburbs; and the staged construction of a new 18 kilometre cross-city road connection from the western suburbs to the Eastern Freeway. If built, Eddington argued both would benefit Melbourne’s overall economic development, presumably including the city’s outer suburbs too.160

In considering Eddington’s findings, the Committee acknowledges that Melbourne’s overall transport planning is not within the terms of reference of this inquiry, except where there is an obvious link to LED in the outer suburbs. However, the Committee is also mindful of the effects some of the recommendations could have on the City of Wyndham.

At the completion of the Committee’s report, the Victorian Government was yet to respond to Eddington’s recommendations. Even so, based on evidence and briefings given by Wyndham City Council during a municipal tour in September 2007, the Committee sees merit in further investigating several of Eddington’s recommendations.

RECOMMENDATION

The Committee supports further investigations by the Victorian Government into Eddington’s recommendations Nos 2, 3, 9, 10, 11, 12 and 14 specifically to enhance local economic development in the outer suburbs and for the government to initiate discussions with Melbourne’s interface councils and other stakeholders to further develop, initiate and implement greater local economic activity and connectedness.

Shire of Cardinia

In its submission to the Committee, Cardinia Shire Council highlighted the need for improved transport infrastructure and services. The shire’s acting CEO Mike Ellis said this would help residents participate in the area’s LED:

Transport and infrastructure [is] absolutely critical to support population growth and economic development, [it is] critical that the provision of essential infrastructure and facilities are in place to support that growth and development.
Local Economic Development in Outer Suburban Melbourne

... Public transport ... is an area where we sadly lack in terms of adequate public transport. That is absolutely critical in terms of providing opportunities for residents to get to employment, to get to education and also to community facilities. 161

Mr Ellis acknowledged the government was planning to address many local transport issues under MOTC but was frustrated by the delay:

The projects that are listed down, such as the Cardinia Road [Rail] Station, is listed down for implementation between 2011 to 2016. We are looking at a minimum of five, six years away and by that time a substantial amount of the growth and development will already have occurred in that Cardinia Road precinct, therefore we cannot get true integrated planning particularly when we look at some of the streetscape and building design parameters that we would like to include.

Mr Ellis updated his evidence in August 2008 by reporting to the Secretariat that ‘planning and design for a new railway station at Cardinia [Road] is continuing’ and the DoT had indicated ‘the delivery date for the [Cardinia Road] station is likely to be around 2011’. 162

Whilst at Cardinia, the Committee also heard of a ‘dire, immediate need’ for state government funds to help council build by-passes around Koo-Wee-Rup and Lang Lang and replace four old wooden bridges near Cardinia.

The council believed the Koo-Wee-Rup by-pass, in particular, would have ‘a major impact in terms of transportation time, cost, amenity and safety’. 163:

There is some corridor study work that is going on at the moment. But in terms of the implementation of any works, it does not even rate a mention in the [MOTC] document. It is of grave concern to council that we are looking at a 10-year plan and there is obviously no funding set aside for that particular project at this stage. ... There are real traffic problems within the township at the moment. Once the Pakenham Bypass is opened towards the end of this year [2007], that will be used as a rat-run and a preferred route rather than going up to Casey through Five Ways and Clyde Road. ... we have been able to gain a commitment by the Federal Government for $5 1/2 million towards the immediate bypass of the Koo-Wee-Rup township. We have been seeking a matching allocation from the state government to do that immediate bypass of the town. For the overall works, we are looking in the order of around $200 million to go from the South Gippsland Highway through to the Pakenham Bypass. 164

Cardinia believed the Lang Lang by-pass would improve the town’s amenity and safety by diverting traffic around Lang Lang. As an aside, the diversion would also benefit the haulage of valuable sand out of the municipality, thus enhancing the area’s future LED:

The Lang Lang and the Grantville area ... [will] provide about 80 per cent of Melbourne’s sands going into the future. We have something in the order ... of 400 trucks a day thundering through the Lang Lang main street. It is a ribbon
strip, shopping development. You have people crossing the road frequently. There is a primary school in Main Street. There is a park along there also. It is absolutely essential that the bypass be provided. It fits very well with most of the state government criteria and also AusLink as well in terms of freight movements and the criteria related to the transportation of freight. The works cost in the order of about $6½ million, but where council has been able to place conditions on the sand extraction operators within our municipality we have done so and we believe we have secured in the order of $1.5 to $1.7 million. We are not going to the government with our hands out saying ‘Hand over all the money’. We have been doing the work at our end to ensure that the extraction industry are going to pay their fair share. One of the issues we are confronted with, though, is that a number of the operators operate outside our municipality. We do not have the power to place requirements for contributions for the sand extraction operators in South Gippsland or Bass Coast. That is why we are of the strong belief that there is a state government responsibility that needs to be brought on very quickly.165

Mr Ellis updated his evidence in August 2008 by reporting to the Secretariat that ‘Cardinia’s application for funding under the Federal Government’s AusLink program to construct the Lang Lang Bypass was unsuccessful’. His council was therefore ‘seeking the support of the State Government to assist with funding the Bypass along with funds from the sand extraction operators in the Lang Lang area’. The project had been split into two sections and council ‘hoped that Stage 1, at a cost of $3 million, can proceed in the near future to direct the sand trucks away from the town centre’.166

Cardinia’s transport infrastructure priority list next included the replacement of four old wooden bridges along Manks Road near Cardinia, to help assure the economic future of the region’s valuable primary production sector:

The bridges provide a very critical transportation link between the primary production area in around the Island Road, Manks Road, Lea Road area particularly for the asparagus crops; which is a major export market ... [worth] $78 million ... It is basically impossible to transport that primary produce directly out of that farming area. The trucks are required to go in a very roundabout manner, a very difficult route that they have to take because of the limitation of the width of some of the other roads. Ironically Casey this year received considerable funding to upgrade Manks Road to the west. You have a great road that you come along, and then you have four bridges that have 20 tonne load limits that you cannot cross and you have basically the farming of asparagus on the other side. There is an urgent need to have those four bridges replaced ... [at] $1.8 million for the four. Council have indicated a willingness to certainly contribute towards some of the approach works and matching sections that would be required there.167

Mr Ellis updated his evidence in August 2008 by reporting to the Secretariat that ‘VicRoads has now accepted responsibility for the replacement of the four bridges and is currently undertaking the necessary design works. VicRoads is anticipating State funding will be
provided next year [i.e. in the 2009–10 Budget] for the construction of the new bridges. Council is maintaining the bridges which are continuing to deteriorate and it is critical that the new bridges are constructed next year‘.168

After the two by-passes and four bridges were built, Cardinia Shire’s next priority was for a major east-west road link between Cardinia and Casey, then eventually on to Frankston and Dandenong. Mr Ellis said this arterial was ‘absolutely going to be critical in terms of people perhaps from the outer areas around Cardinia gaining employment opportunities within Cardinia’169:

The figures that we are looking at there at the Pakenham end is about 20,000 to 30,000 vehicles a day, but when you get up towards the western end near Beaconsfield and Cardinia Creek we are looking at up around 65,000 to 70,000 vehicles a day. It is very clearly a major arterial road that needs to be provided for the development to occur in an orderly manner.170

Mr Ellis updated his evidence in August 2008 by reporting to the Secretariat that ‘Council are preparing structure plans for the growth corridor which provide for an extension of Thompson’s Road from Casey across Cardinia Creek to Pakenham’. Mr Ellis reiterated ‘it is important this link is provided to cater for commercial vehicles servicing the 2,500 ha employment precinct’. He added that ‘VicRoads needs to assess the requirements for the Cardinia Creek crossing to enable a detailed corridor study of the road alignment to proceed’.171

In his earlier evidence, Mr Ellis further identified a need ‘to do grade separation of the rail line that runs basically between the employment section and the residential section’ as there were existing problems at McGregor and Koo-Wee-Rup roads. He predicted this would worsen along Cardinia Road, once the new Cardinia Road rail station was built.172

Whilst on rail, Cardinia highlighted its ‘abysmal’ public transport and the negative effect this had on moving workers around the shire, as well as to and from other LGAs:

... until recently we probably only had two bus routes in and around Pakenham. About two years ago that number was doubled. For the Pakenham township and surrounding area, there is only four bus services. ... [which] operate on an hourly frequency rather than a 20 minute frequency. There is not the Night Rider services. [There is a] ... critical importance of being able to have connected communities so that people from the north of the municipality and the south of the municipality are able to get on buses to access employment, education and community facilities within Pakenham. ... If you want to get public transport from Pakenham to Koo-Wee-Rup ... only 13 kilometres away ... it currently takes one hour 50 minutes. [Or] ... to get from Pakenham to Gembrook takes one hour and 10 minutes ... [travelling] into Dandenong and then take other routes around. There is no direct connection. It really is talking about social disadvantage and true isolation of those communities. ... [because of] the dire lack of public transport in our municipality.173
The Committee appreciated Cardinia’s clear presentation of evidence and the logical way it had prioritised its transport needs. The Committee agreed most of the highlighted projects would enhance this fast growing municipality’s LED, especially the safe and efficient transit of workers, produce and other freight around and beyond the municipality – a point again highlighted during the Committee’s on-site inspection tours and briefings with several of the area’s major manufacturers.

Since visiting Cardinia, the Committee acknowledges the Victorian Government has announced improvements to local bus services in Melbourne’s outlying areas, including the south-east growth corridor, as a result of its Metropolitan Bus Service Review under MOTC. Nevertheless, the Committee noted Cardinia’s plea that growth area councils needed:

... to have the forward plans and provide the necessary level of infrastructure ... [but that] what we are doing is ... rolling out pieces of infrastructure as each stage of subdivision occurs, rather than looking at it from a well planned and holistic point of view, and using scale of economy and doing some sizeable links.

The Committee recognises no government can responsibly afford to satisfy all major transport infrastructure requirements immediately; rather, through good planning and prioritising, such infrastructure should be funded and built to satisfy demand as required. To achieve this, the Committee sees an even greater role for the Victorian Government – perhaps through the Growth Areas Authority, as mentioned earlier in this report – to work more closely with the Casey-Cardinia growth area councils and neighbouring municipalities.

**RECOMMENDATION 36**

The Victorian Government liaises with Cardinia Shire Council and conducts a cost-benefit analysis on the Koo-Wee-Rup and Lang Lang by-passes, to enhance traffic flow and safety around the townships. If there is a proven need and benefit for the local community and local economic development, the works should be scoped, designed and funded as a priority.

**RECOMMENDATION 37**

The Victorian Government favourably considers the provision of funds in its 2009–10 Budget, to allow VicRoads to construct the bridges along Manks Road (in Cardinia Shire), to improve local transport connections and increase the efficiency and economic development of the region’s agricultural sector.
RECOMMENDATION 38
The Victorian Government, Cardinia Shire Council, Casey City Council, VicRoads, the Growth Areas Authority and other stakeholders continue investigations and discussions into building a new East West Link connecting the Cardinia and Casey growth corridor to Frankston, to enhance local economic development. Attention should also be given to the provision of bus and bicycle lanes along this link.

RECOMMENDATION 39
The Victorian Government, through its Metropolitan Bus Service Reviews in Meeting Our Transport Challenges, prioritises the upgrade and extension of local bus services to better connect the Casey-Cardinia growth area with local train services. Further service improvements could include, as an example, an extension of the existing Dandenong Night Rider service through the Casey-Cardinia corridor and on to Pakenham so that rail users disembarking at Dandenong could access regular buses to safely travel home after hours.

City of Casey
Like its neighbour Cardinia, the City of Casey has a high number of residents who travel out of the municipality each day to work, as shown in the ABS Travel to Work maps included earlier. Peter Fitchett, from Casey City Council, told the Committee ‘there are not enough jobs locally’; consequently:

At the moment 75 per cent of the workforce in Casey has to go outside for its employment. Therefore, we have about 25 per cent internal retention. If you compare that to Geelong, Geelong has about 80 per cent internal retention and Cardinia has about 35 per cent. So a very large number of our people are having to drive or catch public transport to outside of our municipality. That is something that we need to arrest, because it has a significant impact on disposable family income. We believe that through stronger economic growth those jobs can be created locally for people.176

Mr Fitchett believes LED within Casey would improve if government agencies, namely VicRoads, made special allowances to help councils in Melbourne’s south-east growth corridor cope with their growth:

At the moment the assessment of major [road] projects is based on metropolitan standards and regional requirements. We believe there is a particular case for funding programs to be focused around the needs of growth areas because there are particular requirements which sometimes are not given as high a focus or profile as we believe they should be because of the rapid nature of that growth.177
Mr Fitchett would also like to see more state and federal government assistance to fund ‘critical’ road projects that are currently beyond the financial resources of growth area councils such as Casey:

> We have critical east-west arterial road networks that are required ... [which means] ... connecting the growth areas of Cardinia, Casey and Dandenong with each other, and we believe from those east-west connections you will get a great multiplier benefit for people to be able to work across municipalities and for business to be able to move more easily in and out of those municipalities.\(^{178}\)

Apart from road funding, Mr Fitchett argues more should be done to improve public transport services for Casey residents:

> We believe we have low [public transport] usage due to poor infrastructure investment in the city. We are seeing some improvements in bus rollout, but we would like to see those accelerated. ... In the first instance we need a train station at Cranbourne East — that is very definitely needed ... halfway between the Ford factory and Casey Fields.\(^{179}\)

### RECOMMENDATION 40

The Victorian Government, through VicRoads and the Growth Areas Authority, in conjunction with affected local councils and other stakeholders, reassess its classification system for road funding priorities to include the needs of growth areas such as Casey-Cardinia, especially the provision of roads critical to local economic development.

### RECOMMENDATION 41

The Victorian Government advances its planning to construct the Cranbourne East railway station, with bus interchange facilities to link to existing or enhanced public transport services.

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**City of Hume**

Hume City Council’s David Keenan, Director City Sustainability, reiterated the views of other outer municipal leaders by stating transport was ‘still seen as a major barrier’:

> ... in relation to the transporter of produced goods or raw materials into a growth area, or whether it is indeed the transport in relation to how to move workers into an area.\(^{180}\)
He welcomed the Victorian Government’s ongoing review of local bus services under MOTC, an area he said deserved further improvement right across Hume to enhance LED:

> We commend the Department of Infrastructure. Recently the mayor held a transport forum and we were given a briefing there on the bus area reviews which are taking place at the moment. We certainly look forward to the outcome of that review in delivering those workers into some of the key employment areas within the municipality right up the Hume Highway spine.¹⁸¹

Tony Coppola from the former Northern Melbourne Area Consultative Committee confirmed a lack of adequate public transport for workers was a key issue confronting the outer northern growth areas of Hume and Whittlesea:

> ... we have also identified through our research that some of the employment centres dotted across the region are not accessible by public transport and that can quite often be a bit of a barrier for some workers within the region who are unable to afford their own transport. Transport, I guess, is a major issue which I am sure will be no surprise to you.¹⁸²

In her briefing to the Committee, Ms Sophie Gordon, General Manager of MatchWorks also cited inadequate transport as the ‘biggest issue’ frustrating her attempts to place ‘groups of disadvantaged unemployed clients’ with prospective employers in Hume:

> With most bus routes not starting until 6.30 a.m. and only touching the fringe of the industrial estates, the job seeker cannot meet employer expectations of being at work by 7 a.m. and, more often than not, not by eight. With employers already hesitant to give a long-term unemployed job seeker or a parent who has not worked in the last 10 years a go, it is disheartening when we do find an employer who is willing but with the job seeker unable to accept a position because of a lack of transport and the employer unable to be flexible with shift times.

> At the Broadmeadows office we have a very high proportion of job seekers unable to afford their own transport or they may have a car but over time have been unable to maintain it or keep it registered. In the past we were able to assist with a bike and helmet to tackle the issue of no transport to the area. For the few that have cars but not in use, we would assist with limited repairs, registration or even cheap car hire, for as little as $120 per week, to allow them the opportunity to take up the position and in a short time save to repair the car or buy one. In March 2006 the Job Seeker account guidelines tightened, making it almost impossible to assist with transport issues, including a Met ticket to get to an interview or a first day at work.

> Our staff—and in particular our business development officers—work with employers to change the mindset that all job seekers without transport will be unreliable. We explore all options, including flexible start times, and we go as far as trying to link one job seeker with another that may have a car and organising for them to car pool short term. This is rarely possible, but this week alone we
have four spray-painting apprentices starting with one employer car pooling together in one car. We can only hope that that car does not break down. 183

The Committee agrees with Matchworks that more should be done to assist outer suburban ‘disadvantaged residents’ attend job interviews, then commute to those workplaces using affordable and sustainable transport:

Our recommendation would be that extra funding be made available for limited early morning and afternoon bus services into the industrial estates and high pockets of employment opportunities [within Hume]. This would not only benefit our local job seekers applying for such positions but would benefit employers through having a large pool of applicants to choose from. Our industry partners are also lobbying to address the need for change to the job seeker account guidelines to assist our long-term and most disadvantaged job seekers more effectively. 184

The Committee reiterates its belief that some outer suburban residents are better served than others with public transport and this may hinder their involvement in LED. Nevertheless, the Committee believes the Victorian Government could offer additional transport-related support to ensure ‘disadvantaged residents’ in particular are not hampered by their geographic location or economic circumstances.

The Committee notes that in April 2008 the Victorian Government completed its Metropolitan Bus Service Review of the Hume/Moreland area and subsequently introduced service extensions and enhancements in response to local public input. 185

RECOMMENDATION 42
The Victorian Government, through Meeting Our Transport Challenges, monitors the success of service enhancements made during 2008 as a result of its Metropolitan Bus Service Review and, where necessary, further upgrades and extends local bus services and their frequency of operation to better connect routes across the Hume LGA with local train services.

RECOMMENDATION 43
The Victorian Government presents a case to the Australian Government for the provision of free public transport to any eligible resident of an outer suburban LGA registered with Centrelink who has been continuously unemployed for three months or more, to attend job interviews. This free transport could be provided through a system of reimbursing an authorised accredited JobNetwork agency after their client submits proof of residence, interview attendance and transport use.
RECOMMENDATION

The Victorian Government presents a case to the Australian Government for the provision of concessions for public transport for one calendar month after any eligible resident of an outer suburban LGA, who has been registered with Centrelink and continuously unemployed for three months or more, gains full-time employment. This public transport concession could be provided through a system of reimbursing an authorised accredited JobNetwork agency after their newly-employed client submits proof of residence, interview attendance and transport use.

City of Hume: Sunbury

Whilst at Hume, the Committee received evidence about the local needs of Sunbury, in the municipality’s outer north-west. Peter Curtis, President of the Sunbury Chamber of Commerce and Industry, advocated the electrification of the rail line between Sydenham and Sunbury, ‘to improve … commuting for Sunbury residents … to Melbourne and … make it more regular and … commuter-friendly’. In doing so, Mr Curtis argued:

*When you look at the normal train flowing system from Sydenham, the trains run approximately every 15 to 20 minutes on a regular basis in central Melbourne. This would assist Sunbury on a day to day basis. For instance, if I had a meeting in Melbourne and could hop on a train, knowing there is a train running every 20 minutes, I would be on that train going into Melbourne and I would not need to use my car. With the fast rail system and the station being designed with a four-rail system, they use an independent centre line for the express train going through to Bendigo, the outer line for parking, and then you have got a station either side for trains coming in. This would be a good junction area for the Bendigo people if they needed to come into Sunbury for shopping, or, if they needed to go straight through, that would put a lot more growth and balance into commuter transport and get traffic off the road to go into Melbourne or associated stations like Sydenham, the next one down, if they work in those areas. It would mean good regular transport to have electrification of train lines, and they will not be reliant on just the new higgledy-piggledy [V/Line] system. ... It will make it more friendly to the community.*

Other transport related enhancements put forward by the Sunbury Chamber of Commerce and Industry to stimulate LED included:

- a dual carriageway for the Tullamarine Freeway from Melbourne Airport to Sunbury, for ‘future development and growth’;
- a Bulla bypass bridge, ‘to address the Sunbury Road to Tullamarine traffic congestion’;
• construction of a new bridge over the rail line of Vineyard Road into Sunbury (on Vineyard Road and Evals Street) to ‘remove the railway crossing and lead to a better traffic flow into the central business district’;

• tackling traffic congestion in the sunbury rail crossing area to ‘assist management of incoming and outgoing traffic bypassing Sunbury Central to get to the other side of Sunbury’; these specific problem areas include ‘Macedon Street and Evans Street, Riddell Road and Elizabeth Drive, Mitchell lane and Vineyard Road, Station Street and Gap Road, Outer Ring Road link, link road between Gap Road and Riddell Road, link road between Gap Road and Vineyard Road, link road between Macedon Road to Vineyard Road and Link Road from Macedon Road to Riddell Road’;

• stickers on car windows of train commuters, to ‘assist with parking problems in Sunbury parking station, with people from outer areas being identified to assist with future parking needs for train commuters’;

• improved road and street signage, to ‘identify public toilet facilities, the local rail station and the shopping centre/business district’;

• more car-parking in the Sunbury central business district; and

• planning for a medium to large size shopping complex, to ‘bring the Sunbury area and the Sunbury outer area people to the Sunbury business district to stimulate the economy and growth’.187

On face value, the Committee sees merit in most of these proposals, especially the electrified rail extension to Sunbury. The Eddington Report has already canvassed some of these, while the Victorian Government’s major transport statement, due in November 2008, may cover others.

Either way, the Committee believes the proponents have so far provided scant evidence to support the LED benefits that may result from such works. Further, major proposals such as the electrified rail extension, duplication of the Tullamarine Freeway and a Bulla bypass bridge would be subject to the funding priorities of the Victorian and Commonwealth governments, under programs such as AusLink and MOTC.

The Committee recognises many of the proposals also rely more on the planning priorities and enthusiasm of Hume City Council and local developers than the Victorian Government – especially regarding local traffic flow, car-parking, signage and new commercial development.

However, from its tours and informal briefings at Melton the Committee has seen good evidence to support the urgent provision of additional Park and Ride facilities at Diggers Rest railway station. This would cater for a large catchment of working commuters and enhance the area’s LED potential: both points that were highlighted generally in Eddington’s report for other rail stations across Melbourne.
**RECOMMENDATION 45**

The Victorian Government establish a major ‘Park and Ride’ facility at Diggers Rest railway station offering additional secure car parking, improved directional signage, secure undercover parking for scooters and bicycles and lockers for helmet and clothing storage.

**City of Whittlesea**

Whittlesea had its own priority list of road-based transport needs that Chris DeSilva, said he would assist LED:

... the most pressing project would be the Plenty Road extension. It is under extension at the moment through a section of South Morang, but it is already going to be under enormous pressure immediately that is concluded. There is the Findon Road extension from Plenty Road to its terminus slightly to the west at Yarra Waters Boulevard. There is the Epping Road duplication; the Edgars Road extension north of Cooper Street; and the E6 investigation study and part-delivery.¹⁸⁸

Apart from new road-based infrastructure, David Turnbull, CEO of the City of Whittlesea, reiterated that Whittlesea also desperately needed ‘rapid transit public transport’:

So if you have a look at the maps for Epping North, Cooper Street employment area, Mernda, South Morang, they have all got planned into the developments the mass transit public transport. The government has endorsed all of those alignments at a strategic level and has endorsed the setting aside of the reservations for the mass rapid transit. The government has endorsed and committed to building the rail to South Morang, which is where the Westfield centre is being built out the front of here at the moment, in the time period 2016 to 2021 in the knowledge that downstream capacity works have to be undertaken in order to allow the extension to be built. The government have also approved the Mernda Strategic Plan and the Epping North Strategic Plan in full knowledge of the fact that they both are predicated on a rail system; but as yet we have not got the timing for provision. ... Commitments have been made at a strategic level for both Epping North and Mernda. The only firm commitment we have had over the years has been to South Morang and that has been extended.¹⁶⁹

Since the Committee received that evidence, Victorian Transport Minister The Hon. Lynne Kosky MP allocated $10.4 million in MOTC funds for ‘high level design works to bring forward’ the extension of the Epping line to South Morang.¹⁹⁰

In related developments, the government commenced a $52 million project in January 2008 to ‘remove a major bottleneck on Melbourne’s inner-suburban rail network by building a second railway track between Clifton Hill and Westgarth stations’. Premier John Brumby
said this would ‘allow for up to six extra morning peak train services and lay the foundation for an extension of the Epping line to a Melbourne growth area South Morang’. 191

The Committee acknowledges these steps to improve rail services on the Epping Line as these ‘downstream’ track enhancements are completed, nevertheless, the Committee agrees there is a critical need to deliver the South Morang rail extension and station, to complement improved public transport bus services and provide expanded opportunities for LED.

**RECOMMENDATION 46**

Following the current planning phase, the Victorian Government constructs the South Morang rail extension and station through to Mernda, as outlined in M2030, with the new stations built along this line to include interchange facilities linked to existing or enhanced local public transport services.

**Mornington Peninsula Shire**

Mornington Peninsula’s transport infrastructure needs relate directly to supporting and improving the area’s leading LED sector: tourism. Fraser Bell, Deputy Chair of Mornington Peninsula Tourism, told the Committee the municipality’s tourism potential was frustrated by inadequate roads:

> *To access the Mornington Peninsula over the summer months, particularly during the holidays and peak periods, the traffic congestion is dreadful. The first part of this is the bypass Frankston link. I am on the Frankston bypass CRG [Community Reference Group] so I know that process is being expedited as quickly as possible. While I believe that will work really well for the upper end of the Mornington Peninsula, all it is going to do is create congestion further south, particularly around areas of Point Nepean Road, West Rosebud, Trumans Road, Boneo Road and Sorrento and Rye ... it is pointless building new freeways if you are going to transfer the congestion 15 or 20 minutes down the road. We struggle on the Mornington Peninsula because you are sending all the accommodation to a dead end.* 192

The peninsula’s summer tourists are not the only ones frustrated by traffic congestion; locals commuting to work at the bayside tourist towns are also hampered by poor transport, according to Anita Buczkowsky, Executive Officer of the former South East Development (Melbourne) Area Consultative Committee:

> *Certainly from what we have heard, public transport and roads infrastructure is inadequate for people who are seeking employment or going to employment or seeking training or going to training. People that live in Rosebud think it is a long way to go to Frankston. People that live in Rosebud think it is a long way to go to Hastings. There is very little transport across the Peninsula although there*
might be transport up and down the Peninsula. It is [an] antiquated road system essentially. Transport for freight is also inadequate and if we are thinking of developing the Port of Hastings then that is clearly something that needs to be thought about. I know there has been some review of public transport on the Peninsula but perhaps a further review needs to be undertaken of the whole road and rail infrastructure system and how it links with public transport and how it links with potentially development in industry in the Hastings area.193

Fraser Bell also floated the need to improve the peninsula’s commercial berthing facilities, to entice a resumption of ferry services as an alternative to the area’s choked summer roadways:

... in the mid 1980s we had the first of the transport links through the Spirit of Victoria, a catamaran coming out of Melbourne ... [that] might have stopped at Dromana, Sorrento and Queenscliff and Geelong back to Melbourne. I think it lasted about 12 months. We then had a hovercraft which lasted less, and now we are back to nothing. I think the time is right. The way traffic congestion is, the view certainly from the tourism industry is 'create the experience'. We have the land experience, we need to create the water experience. The reality we have at this stage though is we need to improve the water access points. Hopefully someone can come along and help deliver that service into the future. It is certainly a service that we would like to see.194

It is clear to the Committee that Mornington Peninsula’s geography, contrasting socio-economic makeup, large green wedge component and seasonal tourism industry presents particular problems on a range of fronts.

As far as transport and LED is concerned, the Committee agrees more needs to be done to improve cross-peninsula commuting options for workers and students attending training. The peninsula’s ageing hinterland road network is already under stress and the predicted growth of the Port of Hastings and its subsequent road-freight traffic will only add to that stress, unless remedial steps are taken.195 (The issues surrounding the port’s future growth potential are discussed in Chapter Six.)

Despite these obvious challenges, certain areas of the peninsula and certain employment sectors continue to offer high levels of local employment and the Committee commends the efforts of the Mornington Peninsula Shire Council in fostering such welcome local economic development.

However, in recommending solutions to generate additional LED, the Committee is mindful of the peninsula’s thinly distributed population, work movements and seasonal population influx, making major transport-related LED initiatives such as rail extensions prohibitively expensive and impracticable. Nevertheless, there are some areas for improvement that require action by government, particularly involving local bus services.

The Committee notes the Victorian Government concluded its Metropolitan Bus Service Review under MOTC of the Frankston/Mornington Peninsula areas in June 2007 but is yet to
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report the outcomes.\textsuperscript{196} In the interim, the Committee urges the government to consider the concerns raised in this report when finalising any new enhancements/improvements to public transport services on the peninsula.

**RECOMMENDATION 47**

The Victorian Government, through its Metropolitan Bus Service Reviews in *Meeting Our Transport Challenges*, upgrades and extends local bus services and the frequency of operations to better connect routes across the Mornington Peninsula, especially to serve public transport users accessing daily work, education and training opportunities.

**RECOMMENDATION 48**

The Victorian Government updates its *Meeting Our Transport Challenges* to include a requirement to monitor the potential need for further freeway extensions to service the Mornington Peninsula’s population centres and ensure the future viability of tourism based local economic development.

**RECOMMENDATION 49**

The Victorian Government ensures the rail corridor and supporting infrastructure to the Port of Hastings is designed and developed to deal with the area’s predicted future growth into a major centre for local economic development and as Victoria’s second major port.

**RECOMMENDATION 50**

The Victorian Government works with interested private sector stakeholders to investigate the demand for additional commercial water transport services on Port Phillip Bay and the adequacy of suitable berthing and other facilities on the Mornington Peninsula.

**Shire of Yarra Ranges**

The Shire of Yarra Ranges contains some of the most distant and remote communities in Melbourne’s outer suburbs. Its mountainous geography, sparsely-spread population and significant ‘green wedge’ area has also frustrated the construction of major road and rail...
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infrastructure. Not surprisingly then, in his submission to the Committee, the Mayor of Yarra Ranges, Cr Tim Heenan argued for improved public transport services to drive employment and LED:

The railway line from Mooroolbark to Lilydale is problematic because we need a duplication ... The only other avenue that we have to address public transport is virtually with buses. But what has happened is that families have come to live in the Yarra Valley and certain parts of the northern gateway of the Dandenongs – I am referring to Mount Evelyn, Seville, Silvan, around that back area – and the families have obviously got to the stage where the children need public transport. But we connect Croydon with Olinda and then we go back to Croydon. We connect Belgrave to Monbulk and then back to Mount Evelyn but it’s a miniscule service. We do connect Lilydale to Warburton, yes – to Healesville – but they are straight-line areas.

The Committee sees merit in exploring the future needs and benefits of rail duplication to Lilydale, particularly if this does assist local economic development in that area of the Yarra Ranges.

RECOMMENDATION 51

The Victorian Government conducts a cost-benefit and triple bottom-line analysis on duplicating the Mooroolbark to Lilydale rail line. If there is a proven need and projected benefits for local economic development then this work should be prioritised under a revised Meeting Our Transport Challenges.

Cr Heenan told the Committee some residents faced a two kilometre walk to reach a bus stop, to catch a bus to another bus stop, then on to work. This disadvantaged family members in gaining employment:

If you live along that Yarra Valley corridor — Lilydale to Warburton — that is fine, but we have Yellingbo and Macclesfield and areas that branch out from there that have no connectivity. We do not have a Warburton to Healesville [bus] service per se; we do not have a regular [bus] service that can get the people from there. Certainly there is a morning and an afternoon [bus service], and obviously in recent times the state government has been able to increase the amount of extra service on some of those lines; the Chirnside–Mount Evelyn–Ringwood–Lilydale line has had an increase. Some new services exist but within the residential area.197

Ian Ada, from Yarra Ranges Shire Council, also encouraged the government to improve transport services – namely buses – to outlying areas:
Although the government has put more resources into this in the last 12 months, we think there is more that can be done. People are paying rural prices beyond Woori Yallock, for example, along the Warburton Highway, and the [bus] services are still very infrequent, especially at weekends.\textsuperscript{198}

The Brotherhood of St Laurence’s Assoc. Prof. Gerry Naughtin, Head of Social Policy Research, told the Committee inadequate public transport posed a real economic problem for growing numbers of outer suburban families:

... the trend we have observed very carefully has been ... the whole issue of transport costs for people in outer suburbs, both in relation to petrol prices for car users and for public transport users and the disincentive that creates for employment. Again, from our perspective, trying to link housing with the distance of employment and trying to minimise that space we see as one of the important tasks for social policy.\textsuperscript{199}

The Committee was pleased to note that since it received the above evidence in 2007, the Victorian Government announced in July 2008 that as part of its Metropolitan Bus Service Review under \textit{MOTC}, it would review bus services in the Knox, Maroondah and Yarra Ranges areas later in 2008.\textsuperscript{200} Transport Minister The Hon. Lynne Kosky MP said ‘the review would assess the effectiveness of bus services in meeting community needs, by directly consulting with the local community’.\textsuperscript{201} The Committee encourages all stakeholders to participate in this review and trusts the process will result in some welcome local public transport improvements for Yarra Ranges residents, particularly the needs of workers and isolated families.

Apart from service availability, Yarra Ranges Mayor Cr Heenan highlighted the significant transport costs for families living beyond the outermost Zone 2 Metlink boundary\textsuperscript{202}:

\textit{In the outlying areas obviously we still grapple with the country fare. It is great that we have taken Zone 3 out, but it has been clearly identified at the shire that a lot of the impoverished families live in that upper area, from Woori Yallock up to Warburton, and they are still disadvantaged by not having cheaper fares. Obviously the radius around Melbourne would indicate that families are better off in other areas of Melbourne than northern and western areas at the same radius as the shire [of Yarra Ranges].}\textsuperscript{203}

The Committee sees merit in any steps to reduce travel costs incurred by residents of Melbourne’s outer suburbs, particularly those reliant on public transport.

**RECOMMENDATION 52**

The Victorian Government extends its current Zone 2 Metlink/Metcard boundary to include all outer suburban LGAs, particularly the entire Shire of Yarra Ranges, in an effort to make country bus fares more affordable for outlying residents to reach and participate in employment, education and training opportunities.
Shire of Nillumbik

In the neighbouring outer municipality of Nillumbik, Mayor Cr Warwick Leeson told the Committee his shire faced different problems related to transport and its effect on LED, partly due to the shire’s large ‘green wedge’ composition:

Of all the interface areas, Nillumbik has the highest rate of daily travel by residents to workplaces outside the shire, with only 22 per cent of working residents remaining in Nillumbik to work. This daily movement of thousands of people in and out of the shire has adverse environmental and social impacts, with extended travel times keeping people away from their families and communities and generating traffic congestion and pollution.

Council is endeavouring to encourage home based businesses and tourism enterprises and continues to support our local retail centres to provide as many local jobs as we can. However, in a green wedge area such as Nillumbik, there will always be the need for some residents to travel elsewhere. Therefore, it is crucial that public transport services—and that is both rail and bus— are improved to provide alternatives to the motor car so that the daily movement of workers is environmentally sustainable, reliable and efficient. Services and their supporting infrastructure need to be upgraded in a coordinated way, with cooperation from all spheres of government.

The Eltham Chamber of Commerce’s Vice-president, Norm Williams, explained the practical needs for one major transport infrastructure improvement: laying a second electrified rail line from Greensborough through Eltham to Hurstbridge:

... if we had a railway that was duplicated to Hurstbridge, we would move people around the area much more easily. They would not necessarily then move out of the area for work; maybe they would be encouraged to find work locally rather than move out, and hopefully we would all benefit. ... I think, out of every four trains that arrive at Greensborough station, two manage to go forward to Eltham and one of those goes to Hurstbridge, so you finish up with an at times unreliable but generally inadequate train service once you leave Eltham. I would have thought that, if that train service was improved and there was easier travelling up and down the shire, we would have people look more for employment locally, go for that local job, because they have got public transport that can get them there and get them home, rather than casting their eye further afield because the public transport that is available is not going to suit them. We employ a reasonable number of people in our business, and they come from all over looking for work, but generally we would try and get people locally. I think it would help the employment situation. I cannot tell you exactly how.

Mr Williams claimed Nillumbik’s inadequate public transport, especially between the main towns and centres, left residents with little choice but to rely on private transport – a situation confirmed by the ABS *Travel to Work* data maps included earlier in this section:
We have employees who live in different parts of the shire. Most of them would come to work by car rather than by public transport. That then exacerbates the problem that we are having with car parking in the middle of the town and that sort of thing, but that is the only direct result of that. They choose to bring their cars rather than use the public transport.\textsuperscript{206}

Mr Williams also highlighted the potential economic damage to Eltham or Hurstbridge whenever residents travelled well beyond Nillumbik for work:

*We know that, when people move out of the town for their work, there is a tendency for them to get goods and services out of the town as well, so we lose those 80 per cent of the workers as they go off to work each day, and certainly a lot of those people come home with their weekly shopping or other items they have purchased, so there is a loss to a commercial entity like an Eltham shopping centre or Diamond Creek or whatever. As people move out to work, there is a loss in the sales that you can make and the services that you can provide.*\textsuperscript{207}

In considering improvements to the Hurstbridge rail line, the Committee notes the Victorian Government is currently undertaking a $6 million upgrade of the line’s signalling systems ‘to help improve the safety and reliability of train services’. The government expects this work to be completed by July 2009 and the Committee agrees it should help improve train services on that corridor.\textsuperscript{208}

Even so, there may still be a case for duplicating the line as advocated by the Eltham Chamber of Commerce. The Committee believes this proposal deserves further cost-benefit analysis, especially regarding the alleged benefits for the area’s local economic development.

\textbf{RECOMMENDATION 53}

The Victorian Government conducts a cost-benefit analysis on duplicating the Greensborough line through Eltham to Hurstbridge. If there is a proven need and projected benefits for local economic development then this project should be prioritised under a revised \textit{Meeting Our Transport Challenges}.

Moving from rail to road, Eltham Chamber of Commerce President Chris Chapple told the Committee:

\textit{... the overall traffic situation in Eltham ... is terrible because it is the missing link in the ring road ... not that we necessarily want a ring road, we do not want the traffic. We do not know what the perfect solution is. ... [The Metropolitan Ring Road] is a very controversial issue [but] ... there would be a lot of advantages in having the thing linked up. It would probably be fine if it was underground [through ‘sensitive areas’] and all the way from Greensborough to Ringwood.}\textsuperscript{209}
Any proposal to connect the Metropolitan Ring Road from Greensborough to the Eastern Freeway or the EastLink tollway would not only be expensive but highly controversial, given the significant ‘green wedge’ considerations in Nillumbik.

However, the Committee notes the Victorian Government confirmed to *The Age* in July 2008, that it was considering the merits of this ‘missing link’ project.\(^{210}\) Whatever the outcome of such deliberations, the Committee believes any future roadways in Melbourne must be tempered with a defensible cost-benefit analysis that considers the rising cost of fuel, greenhouse gas emissions and the full implications of the Federal Government’s emissions trading scheme – apart from the obvious consideration as the LED value of such works.

Nevertheless, the Committee also sees some merit in the evidence put by Mick Butera, Executive Director of North Link/NIETL, who argued a completed ring road would open up many new job opportunities in the outer suburbs:

> ... opportunities both ways, in the sense that people in the east will look at the north as an area for development and people in the north will have more ready access to employment opportunities there, which is going to have an effect on the transport problems that are going to rapidly emerge if we are going to have 300,000 more people out in those outer areas of the north over the next 20 years.\(^{211}\)

**RECOMMENDATION 54**

The Victorian Government works with all stakeholders to conduct a cost-benefit analysis of linking the Metropolitan Ring Road with the Eastern Freeway, as part of a ‘whole of Melbourne’ approach to planning long-term transport provision beyond *Meeting Our Transport Challenges*, with an emphasis on improving outer suburban local economic development.

**Shire of Melton**

In Melbourne’s outer west, Melton Shire Council also has large numbers of residents leaving the municipality each day to work elsewhere. Luke Shannon, General Manager Planning and Development at Melton, said the area’s transport infrastructure is not keeping pace:

> Currently council has approximately 80 per cent of its workforce leaving the shire to go to their place of work, and that is a figure that is unacceptable from council’s point of view into the future.\(^{212}\)

Melton Shire Council is a member of the National Growth Areas Alliance’s $3.1 billion *Fund the Gap Campaign*, which lists the following transport projects in Melton as deserving of urgent attention in order to enhance the area’s ‘liveability’ and its LED potential:
• the sealing of heavy traffic rural roads at an estimated cost of $7 million over the next two years and $10 million in the following five year period;

• the duplication of Melton Highway at an estimated cost of $60 million;

• the building of Abbey Road/Brooklyn Road Melton South Bridge at an estimated cost of $4 million;

• the building of Westwood Drive Bridge over Kororoit Creek at an estimated cost of $5 million;

• the duplication and electrification of the Melton railway line; and

• the building of a railway station at Caroline Springs.\textsuperscript{213}

The Committee has not taken detailed evidence on these various projects and is not therefore convinced that all would contribute equally to Melton’s future LED. However, Melton Shire CEO Neville Smith told the Committee that inadequate transport infrastructure to outer suburban areas was seen as:

\ldots a constraint on local employment opportunities. Without either the infrastructure, being public transport or roads, to allow those people who may not have that locally to be employed locally, that is seen as a constraint. \ldots we have spoken to businesses which have said quite clearly that they will not locate to Melton because there is trouble in terms of their people either accessing it by public transport or by road.\textsuperscript{214}

Mr Smith also argued the development of more ‘accessible avenues to our municipality’ would help attract employees:

\begin{quote}
We have a lack of professionals out our way. Better public transport systems or better road systems will enable people to come to our municipality. So at a macro level, infrastructure spend, whether it be on public transport or roads, will generate jobs locally — we have no doubt about that \ldots key infrastructure \ldots creates an industry in its own right and provides jobs.\textsuperscript{215}
\end{quote}

The current lack of sufficient job opportunities in Melton, combined with inadequate public transport to convey workers directly to neighbouring work regions, has driven Melton Shire Council to introduce its own ‘Bridging the Gap’ bus service, with ‘strong support’ from the Victorian Government. Mr Smith told the Committee:

\ldots if we took a strictly straight view on this we would see that public transport is someone else’s responsibility. However, we have had to provide a community-based transport system, with the assistance of the state government, to ensure that our young people can get to where there are either employment or training opportunities. \ldots Sometimes even the greatest injection of money into the public transport system might not cater for the individual needs of local people, so we have created a transport connection that gets people from Diggers Rest to
Melton to Laverton in a far quicker time than even the public transport system, if it had that opportunity, could do. So yes, public transport or transport initiatives are fundamental to match the needs of someone in one area, if it is not being provided locally, to another area.  

Mr Shannon told the Committee the Melton bus service cost $90,000 a year to run and was still ‘a work in progress’:

It is certainly not 100 per cent successful at this time. It does provide an opportunity for residents, particularly from the Melton township, but to some extent the eastern corridor to get to the Laverton area, in a trip that would otherwise take two hours on public transport. That can be cut to say 40 minutes. ... One of the biggest challenges has been getting people to use the bus. We have been promoting it very heavily but getting people on board has been a bit of a challenge. We have been innovative in terms of utilising other opportunities. For example, one of the employment agencies—they are a sponsor—utilised a bus to send job-seekers to Highpoint for interviews and the like.

**Shire of Melton: Caroline Springs**

After a tour of the rapidly growing Caroline Springs community in the Shire of Melton, the Committee heard evidence from developers, Delfin Lend Lease. Its Economic Development Manager Anne Jolic reiterated a need for improved public transport to enhance LED potential:

[A] lack of public transport has meant that it is extremely difficult to attract industries that rely on the commuter workforce. ... [At] Caroline Springs ... we have a great bus system, [but] we are not located in walking distance to any train station, and it has had a huge impact on the rate and level of growth and there are some industries that would never come to Caroline Springs for that fact. That has been a real challenge.

Ms Jolic further argued that poor train services frustrated attempts to establish commercial enterprises within Caroline Springs:

It has a huge impact ... one car is in the city with someone who works and another person is left at home stranded. It has had a huge impact. Any extension to a railway line is fantastic. Again it comes down to a timing issue. We are trying to establish this as a commercial and retail hub today, so transport always seems to come 10 to 15 years afterwards. From our point of view the earlier the better. If it had been 10 years ago, fantastic, but any extension is fantastic.

Martin Gaedtke, also from Delfin Lend Lease, told the Committee the ‘biggest issue’ was the completion of the Deer Park By-Pass and a proposed transport interchange south of Caroline Springs Boulevard. More immediately, he wanted improved local bus services to encourage LED:
Buses run along the main routes of Caroline Springs, primarily the Boulevard. If we could get bus routes into the villages that would greatly assist, be it smaller buses. That would certainly help. It is not just Caroline Springs, all residential developments would benefit, I believe, from bus routes that have penetrated into the development themselves.  

Mr Gaedtke agreed with Committee member Colleen Hartland MP that transport plans should be completed for new communities before they were built; further, Victoria should follow the Finnish practice of building light rail systems prior to suburban development:

I am sure studies would demonstrate that if you get the public transport in early you do not get two cars per home. That is most certainly the case. The urban growth boundary planning will certainly help that because then government is able to almost predict where development will head but a transport overlay would be of significant benefit to us all.

In her evidence to the Committee, Paula Giles from the MAV also saw merit in Melbourne adopting a European practice of building quality infrastructure – such as the HiTrans light rail system – before new development took place.

... yes, planning is a great thing ... planning and implementation ... Yes, depending on the population targets that you have and the funding assessment of when that could take place. Certainly the planning is something we would strongly be advocating. The funding is a bit out of our hands.

The Committee is mindful that these local transport issues relate more to exemplary urban design than encouraging LED, as it concluded in a previous report titled Inquiry into Sustainable Urban Design for new Communities in Outer Suburban Areas. Even so, the Committee agrees that improved public transport across a community as large as Caroline Springs will assist residents get to work or training/education as well as the area’s commercial and retail areas; this, in turn, should assist LED outcomes in the long run.

This inquiry has also considered a report released to Committee member, Ms Colleen Hartland MLC for Western Metropolitan, following her Freedom of Information (FOI) request to the Department of Transport (DOT). This technical document, completed for the former DOI by Interfleet Technology in July 2007, compared the base costs of providing improved rail services to Sunbury and Bacchus Marsh or Melton, by either electrifying these lines or continuing to run diesel powered services.

Notably, the report was drafted using V/Line data, supplied on 6 March 2007, that indicated the current passenger rail services to these outlying regions was already inadequate. Further, to meet anticipated (but unspecified) patronage growth through to 2046, V/Line estimated the three rail corridors would need ‘additional vehicles equivalent to VLocity car capacity’ (or extra carriages), as tabled next:
Local Economic Development in Outer Suburban Melbourne

Table 5.9: V/Line data from Section 4.12 – Life Cycle costs for Sunbury, Bacchus Marsh and Melton Rail Lines, as of 6 March 2007

<table>
<thead>
<tr>
<th>Rail Corridor</th>
<th>Average Growth Vehicle Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>V/locity cars (or equivalent) Needed</td>
</tr>
<tr>
<td></td>
<td>Now</td>
</tr>
<tr>
<td>Sunbury</td>
<td>29</td>
</tr>
<tr>
<td>Bacchus Marsh</td>
<td>31</td>
</tr>
<tr>
<td>Melton</td>
<td>31</td>
</tr>
</tbody>
</table>


As mentioned, the Interfleet Technology report does not specify the growth rate used by V/Line to predict its future carriage needs, as tabled above. However, the report was completed before the release of the latest ABS Census 2006 figures, which indicated Melbourne’s population is growing much faster than previously thought. Therefore, if anything, the above carriage numbers should be increased to cope with rising patronage.

The report does present a financial and technical case for endorsing electrification over the current diesel services (and assumes line duplication to Melton); however, these findings are of peripheral interest to this inquiry. Further, there is no broader cost-benefit analysis of improved train services (of either type) to LED in Sunbury or Melton, and there is no consideration given to rising energy costs – namely electricity or diesel for running trains – or the effect of rising petrol costs on prematurely boosting train patronage.

The Committee believes such investigations should be done and considered by the DOT when planning and prioritising future public transport for these growing interface centres, especially to ensure adequate access for outer suburban residents to employment and education opportunities.

RECOMMENDATION

The Victorian Government accelerates plans to construct a new railway station at Caroline Springs, including bus interchange facilities linked to existing and enhanced local public transport services.
RECOMMENDATION 56
The Victorian Government examines suburban bus services and frequency of operation throughout Caroline Springs to better encourage usage and local economic development.

RECOMMENDATION 57
The Department of Transport (DOT) conducts a cost-benefit analysis on duplicating and electrifying the Melton rail line to Bacchus Marsh, to run either electric or diesel-powered train services. The DOT should also conduct a similar analysis on future train services to Sunbury. If these analyses demonstrate a proven need and benefit to local economic development then both projects should be prioritised in a revised *Meeting Our Transport Challenges*.

RECOMMENDATION 58
The Victorian Government conducts a cost-benefit analysis on duplicating the Melton Highway. If there is a proven need and benefits for local economic development then the works should be prioritised in a future AusLink program.

RECOMMENDATION 59
The Victorian Government continues its support of Melton’s ‘Bridging the Gap’ community bus – including wider marketing – until the introduction of viable public transport alternatives under a revamped *Meeting Our Transport Challenges*.

RECOMMENDATION 60
The Victorian Government partners with all interface councils and other stakeholders to investigate the local economic development benefits of major local transport initiatives, then prioritises such works under a revamped/updated *Meeting Our Transport Challenges*.

*Transport and the Growth Areas Authority*
The Committee took evidence from Growth Areas Authority CEO, Peter Seamer, on the complex issue of providing transport infrastructure ahead of growth to assist LED in Melbourne’s outer suburbs.
Mr Seamer began by reflecting a common truism: ‘the issue, particularly for rail, is that it does cost a lot of money’; however, under MOTC, the government had allocated ‘more significant funds than have been allocated for a long period’. Even so, he agreed ‘you will always have places where infrastructure was not provided 20 years ago and now people are out there demanding it’, such as VicUrban’s Aurora residential development that is awaiting its own rail link and station, as well as areas such as Casey-Cardinia:\footnote{229}

\begin{quote}
[There are areas] ... where I presume that if the government had unlimited money, it would put it in tomorrow. What we will do is to help with the priorities. We will try to push up the priorities for the growth areas. ... What we will do is provide the information and put that information into the departments. All money gets allocated by government then through its policies which I can give advice about, but we cannot make the decisions.
\end{quote}

\begin{quote}
I think what you are going to get is better planning. There is going to be more of a focus on infrastructure. The GAA is setting up a specialist infrastructure division. ... We are actually playing more heavily in that space. We are not an active planning authority. We are going to be focusing on the hard issues as well as on the soft ones.\footnote{230}
\end{quote}

Mr Seamer agreed that by tackling the ‘hard’ infrastructure issues such as better planned transport infrastructure, this would assist the ‘soft’ infrastructure provision of LED and local employment. All of this hinged on better overall planning in the growth areas, which was the prime role of the GAA:

\begin{quote}
Local employment opportunities will be connected to where people live. That is probably the biggest issue. Certainly making a 20 kilometre journey into a 2 kilometre journey is a huge issue for us. It is about how we get the jobs in an area; not just a 20 kilometre journey going one way but actually a 2 kilometre journey the other way. It is about keeping them in the area, how much home employment you can get, whether people can walk to the local neighbourhood centres and how we get offices and things like that into an area, and that just is not taking place at the moment. I do not think the conventional and traditional centre of a big box surrounded by cars with no offices does it for the future, and we need a different model. [The GAA’s latest planning report shows] ... at least three things that talk specifically about public transport. These are not meant to be just words; they are actually indicators that we will be using to try to build them.\footnote{231}
\end{quote}

The Committee Chair, George Seitz MP, queried Mr Seamer on one relevant aspect of urban planning: the GAA’s power to compel councils and developers to better accommodate public transport buses in new areas such as Caroline Springs and Melton. Mr Seamer responded:

\begin{quote}
[Under] our input ... the minister will not be signing off on something unless it has adequate inbuilt capacity for buses. Obviously in some ways growth areas are very much harder to service than a smaller radial city because you have so many different directions you can travel in. But the least you can do is to have a
\end{quote}
road system designed for buses. ... we will be ensuring ... there is some sort of KPI which will say something like ‘90 per cent of houses will be within a certain distance of a bus route’ ... That will be a key integral part that we will measure new precinct structure plans by. Whether that is enough in terms of future-proofing our suburbs is another issue, but we will be tying it down and making it more specific. 232

The Chair further queried the GAA’s powers to advise government and VicRoads on establishing road easements before development proceeded, to ensure a future road could be built anytime, as needed. Mr Seamer responded:

Yes, we will be planning for the growth of the areas and extensions. In some cases I have seen things where a subdivision has been done in isolation of adjoining areas. We will be planning it not in that isolation; we have to have full transport networks — not just for cars but for a range of things — that have to have a future-proofing angle to them so that if there is further development out there, a bus service can go through. Part of our precinct structure planning will be to have a more detailed bus plan around the area. The issue for me for the future is: will what we see as buses today be the same thing we will be using in 50 years time? We know we will not be driving in big gas-guzzling cars, we have already gone beyond that point, but will we still have individual transport, like little golf buggies that zip around? I do not know. We do not know yet what we will be driving around in, but presumably a lot of that will still be on roads; it will not be on heavy rail. We have to design for a range of options. 233

Once again, the Committee is mindful that any broad discussions on growth area planning are largely beyond this inquiry’s terms of reference. However, the Committee believes the GAA can play a pivotal role in ensuring infrastructure, such as transport, is well-planned and ‘future-proofed’ to cater for the needs of those future residents and local businesses who will depend on such infrastructure for commuting to work and transport goods and other freight.

**RECOMMENDATION 61**

The Growth Areas Authority be empowered and mandated to ensure the inclusion of adequate transport infrastructure into every aspect of planning for Melbourne’s ‘growth areas’, in order to ensure this infrastructure accommodates future local economic development.

**Transport and Melbourne Airport**

One of Melbourne’s single largest outer suburban employment precincts is Melbourne Airport at Tullamarine. It shares concerns over the timely provision of transport infrastructure to help it cope with future passenger and freight growth: both crucial to LED in the City of Hume and the wider Victorian community.
Melbourne Airport is privately owned by Australia Pacific Airports (Melbourne). In a briefing to this Committee, Melbourne Airport’s External Affairs Manager Brooke Lord reported the airport ‘facilitated about 22½ million passengers’ in 2006: equal to five per cent average growth or about one million extra passengers. Each week in 2007, around 20,000 extra people passed through its terminals compared to 2006, with about 62,000 passengers each day. The Committee notes that since Ms Lord presented her evidence, Melbourne Airport recorded 24.3 million international and domestic passengers in the 2007/08 reporting period: a rise of eight per cent on the previous year.234

Ms Lord explained the Melbourne Airport precinct also handles an impressive volume of air freight:

Whilst air freight itself, in tonnage terms, is not a particularly significant proportion of overall exports—it is about a quarter of all exports—it is high value and time sensitive, so it is an important industry for Victoria. The good news for us is that Victoria punches above its weight in terms of international freight movements. ... while we have 24 per cent nationally of international passenger exports, we have 38 per cent of international airfreight exports ... and the infrastructure in and around the airport and even off site is important to support that growing industry, particularly as Melbourne Airport, as the second-biggest airport in the country, does not suffer the same capacity constraints as some other places, like Sydney. There are huge opportunities to grow that industry out of Melbourne and to increase the amount of freight that is coming the other way down the Hume to go out via air from Melbourne.235

To service its growing passenger and freight traffic, the airport precinct employed 12,542 people in 2007, generating an estimated $520 million annually in direct wages and thousands more jobs off-site in related businesses.236

Apart from regular air traffic, the precinct also relies on adequate ground transport to efficiently convey passengers, freight and employees. Ms Lord briefed the Committee that although Melbourne Airport saw no need yet for a rail link, there was a need for improved road infrastructure, especially to complement the airport’s $500 million international terminal expansion and future third runway:

Certainly road infrastructure improves Melbourne Airport’s attraction as a freight hub and helps grow that industry out of the airport. Road links were identified again by the economic impact study as being a strategic advantage for Victoria and essential to the future growth of airfreight industry in Victoria. The airport’s location at the juncture of three freeways [Calder, Western and Princes, via the Ring Road] reduces travel time and cost and makes the whole thing more attractive for people to set up a freight industry out here.237

Melbourne Airport’s most recent economic benefits study reported freight worth $14 billion moved through the precinct in the financial year 2007–08: a rise of just one per cent over the total value and a six per cent rise in total volume on freight moved in 2002. Passenger traffic was much higher, with a 36 per cent rise from 2002 to 2007–08.238 Based on these results,
the demand for enhanced transport would seem to be for passengers rather than freight, though the Committee notes there may be an expansion of retail development resulting from Melbourne Airport’s plans to double Victoria’s international passenger numbers by 2011. However, when the airport completed its latest survey, Australia’s airline industry was only just beginning to bear the brunt of the record jet-fuel price rises that began affecting the nation’s entire transport sector around June 2008. Also around that time, the Australian dollar maintained a high parity with overseas currencies, further moderating the demand for air travel. Other announcements by major Australian airlines may also influence this growth in air travel.

Given this ‘turbulence’ in the industry, the Committee believes it would be premature to advocate any major additional transport enhancements to support LED at Melbourne Airport, especially a passenger rail link. The Committee recalls the most recent Victorian Government review – the Melbourne Airport Rail Link Patronage Study, completed November 2001 – found a $450 million rail link ‘would not be commercially viable for at least ten years’. Instead, the government decided to ‘reserve the Albion East route in the relevant planning schemes for a future rail link, to be developed when passenger demand makes the project a more viable proposition’. The Committee endorses this response to the Melbourne Airport Rail Link Patronage Study, especially given the many other outer suburban transport priorities deserving of more urgent attention.

The Committee also sees merit in investigating a rail freight link between the Port of Melbourne and Melbourne Airport, as suggested in June 2006 by Peter Fitzgerald from the business strategy group Growth Solutions. Such a link would support Melbourne 2030’s aim to move more freight by rail; it could also be a cost-effective alternative for transport/logistics companies facing rising fuel costs and further probable penalties from 2010 under the Federal Government’s carbon emissions trading scheme.

A dedicated ‘docks to airport’ rail freight link could also underpin Melbourne as a future ‘logistics city’ – as advocated to this Committee by Victoria University’s Prof. Pieter Nagel. Further, it could help cut Victoria’s greenhouse gas emissions by replacing freighters on the Western Ring Road and Tullamarine Freeway with more energy efficient rolling stock. The Committee believes such a rail freight link should be carefully considered by government in conjunction with Sir Rod Eddington’s east-west transport recommendations, to create a ‘whole of Melbourne’ plan to better satisfy the city’s future freight requirements.

The final transport-related issue raised by Melbourne Airport relates to its desire to see Essendon Airport maintained for general aviation. This is an important issue beyond the scope and expertise of this inquiry, best reviewed instead by a more focused expert study charged with considering Melbourne’s entire future aviation needs. Transport aside, in Chapter Six the Committee comments on further initiatives to enhance LED in the important Melbourne Airport precinct within the City of Hume.
RECOMMENDATION 62
The Victorian Government maintains the existing Albion East airport rail link corridor for future use. In the interim, it conducts regular ‘needs analysis’ monitoring to determine when it might be cost-effective to construct a new rail link from the airport precinct to the Metlink network to assist local economic development, taking into account rising fuel costs on air passengers and air freight transit.

RECOMMENDATION 63
The Victorian Government commissions a cost benefit study of a new rail freight link between the airport precinct and the Port of Melbourne to assist local economic development, taking into account rising fuel costs, greenhouse gas emissions and the emissions trading scheme. If this link proves viable, the Victorian Government should approach Infrastructure Australia to secure funds.

Funding Transport Infrastructure
During this inquiry, the Committee received several submissions from outer suburban councils highlighting the prohibitive cost of maintaining viable road networks deemed crucial for LED activity, spanning often large, sparsely populated areas. Those councils with significant green wedge allocations and small rate bases were the worst affected, according to Cardinia Shire councillor, Doug Hamilton:

We have nearly 1,000 kilometres of unmade road. ... we have a population representing about seven per cent equivalent to Dandenong, Frankston and Casey. We do not have the rate base to put the infrastructure in when it is needed now. Once you start to try to put the infrastructure in and retrofit it you seriously up your costs. We do not have that rate base. It is going to happen very quickly, and people come here with an expectation to have all these things—they come out of Casey and expect all that Casey has here. We just cannot do it and that is one of our major problems. 243

In his evidence to the Committee, John Purdey, Development Director of the McMullin Group, argued Melbourne’s outer northern suburbs needed their arterial roads fully built ahead of the growth that would inevitably follow. One way to do this was by using the approximately $1.2 billion allocated in MOTC for ‘the outer suburban arterial road program’:

Part of this fund could be used in the short term to construct the section of Edgars Road north from Cooper Street to O’Herns Road in Epping. This ... will open vast employment and residential opportunities in that part of the north of Melbourne. The Cooper Street employment area will grow at a much faster rate
and, similarly, VicUrban's development of the Aurora township north of O'Herns Road will have easy access at a much earlier time ...

Edgars Road is proposed to be ultimately a four-lane road, so we are really talking about an arterial road; we are not just talking about a roadway through an industrial park. The current proposal for the construction of Edgars Road is that the developers construct the first two lanes and VicRoads will then construct the next two lanes when they are warranted. To rely on these traditional methods of delivery for this road link would inevitably involve sections of construction over an extended period of time as development occurs.

In our suggested approach, the entire length of Edgars Road would be constructed in one stage, thereby releasing land for development immediately. Our proposed scheme would have the outer suburban arterial road program being reimbursed via the development contributions collected by the City of Whittlesea for the roadwork as development occurs. Similarly, VicRoads would reimburse its proportion to the fund, if the state government said that was necessary. This is a very innovative way of delivering major infrastructure works for tomorrow rather than just for today.

We say to this committee: let's use the newly announced [MOTC] funding to trailblaze a concept that probably has not been used in any other part of Australia. The crazy situation is that we at Northpoint are producing a road to nowhere. We are constructing 900 metres of road north of Cooper Street which then becomes a dead-end road. You have to remember that the section of road that brought Edgars Road north to Cooper Street was funded fully by the state government ... The connectivity of the Aurora residential area to the Epping shopping and business precinct is critical as well. At this stage, what you have is Cooper Street and O'Herns Road. You have Aurora to the north of O'Herns Road. We construct a 900-metre road and it stops. It is a dead end. Again, I call it the road to nowhere.

...

It makes sense to try and connect that area up with the construction of Edgars Road all the way through. By constructing Edgars Road at an earlier stage we will see these VicUrban residents being able to travel south to Cooper Street and straight onto the freeway. Surely this is an incentive for the Victorian state government to open that area earlier than would normally happen. [We realise] ... you cannot collect those development contributions prior to the development happening; but that would be one way that the electorate could really benefit if that fund were to be used. 244

On face value, the Committee saw sufficient merit in Mr Purdey’s funding model to warrant the GAA and VicRoads to further investigate its worth.
RECOMMENDATION

The Victorian Government works with the GAA, VicRoads and other stakeholders to investigate a more efficient means of funding new arterial roads deemed essential to local economic development in Melbourne’s outer suburbs.

**MOTC and Outer Suburban LED**

As outlined in Chapter One, the Victorian Government launched its $10.5 billion MOTC plan aimed at ‘improving transport infrastructure and services to ensure that Victoria remains one of the most liveable places in the world’. The government acknowledged ‘congestion impacts on both liveability and the economy with the potential to affect all Victorians socially and economically’.

Many of MOTC’s ‘action areas’ for improvement would affect public transport services, which would in turn affect LED in Melbourne’s outer suburbs. The ‘action areas’ relevant to this inquiry are summarised by the Victorian Government as follows:

### Delivering for the future:

- establishes the Meeting Our Transport Challenges reserve fund of $5.9 billion to provide infrastructure projects over the next 10 years.

### Creating a cross-town transport network for Melbourne:

- SmartBus expansion, involving the establishment of a colour-coded cross-town network, including Box Hill-Altona, Nunawading-Werribee, Ringwood-Rullamarine and Sandringham-Williamstown ($660 million);

- improvement to bus services throughout the Metropolitan Bus Service Reviews, as detailed earlier in this section ($650 million); and

- Doncaster bus upgrade ($80 million).

### Boosting Melbourne’s Rail Network:

- Rail Net: boosting capacity on the rail network, involving upgrading capacity on the City Loop and congested rail lines such as the Dandenong, Clifton Hill and Norther Grou corridors ($1,970 million); and

- New train stations in the growing suburbs of Point Cook, the Cardinia Road residential precinct (between Beaconsfield and Pakenham) and Lynbrook ($60 million).

### Improving Metro train and tram services:
• more and better train and tram services, including additional peak services on the Broadmeadows, Werribee, Sydenham and Dandenong lines, as well as late night services ($130 million);

• new trains and trams ($1,330 million);

• new high tech control and communications systems ($260 million); and

• improved traffic priority for trams and buses ($50 million).

Building better road connections:

• involves better connections for Melbourne’s growing suburbs, including duplication of the Berwick-Cranbourne road, Derrimut road and Kelletts Road ($1,290 million).

Delivering a better link between the east and west of Melbourne:

• Monash-West Gate improvement package ($740 million);

• West Gate Bridge strengthening ($120 million); and

• East-West Link needs assessment ($5 million).

Creating accessible, connected communities by:

• making public transport more accessible ($250 million);

• more metropolitan Park & Ride facilities ($90 million);

• improving metropolitan interchanges ($130 million);

• Transit Cities, which include ‘revitalisation’ of Central Dandenong and works to improve Ringwood and Footscray ($170 million);

• planning for the future ($40 million); and

• better taxi services (funded by DOT).246

In May 2008, two years into MOTC’s first decade, Victorian Transport Minister The Hon. Lynne Kosky MP announced the Victorian Government would spend an additional $429 million on projects ‘above and beyond’ MOTC’s 10 year plan to acknowledge ‘the pressure that faster-than-expected population growth is placing on the public transport system’.247 These extra projects include ‘a raft of improvements for the metropolitan rail network’, including:

• $3 million to upgrade Prahran and Windsor rail stations;

• $10.4 million for design works to extend the Epping rail line to South Morang;
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- $92.6 million for a third track and extra platform for trains at Laverton, to allow for three additional morning peak services on the Werribee line, cutting journey times by eight minutes and improving reliability for V/Line’s Geelong services;

- $153 million for a third track, additional platform and train stabling at Westall Train Station, to allow for three more morning peak services on the Dandenong line and provide capacity for express trains from Pakenham and Cranbourne to bypass middle and inner suburban stations for the city;

- $30.2 million for an extra track at Craigieburn Train Station, to run two more morning peak services and reduce the bottleneck for V/Line trains travelling via the station to the city or to regional Victoria; and

- $32 million for around 1,700 new car-parking spaces at 10 stations and the upgrade of Noble Park rail station to Premium Status.

Despite this accelerated MOTC spending and the opening of the EastLink tollway, record petrol prices and a growing public desire to reduce private vehicle greenhouse gas emissions continue to strain Melbourne’s public transport network.

The Committee is encouraged to note the Victorian Government’s latest July 2008 response to the Expert Audit Group’s first five-yearly review of M2030 urges significant further action on transport infrastructure to address a range of growing demands, including to secure economic activity across Melbourne.248

In the interim, evidence presented to this Committee from the Public Transport Users’ Association (PTUA) has been particularly critical of MOTC’s achievements to date, and indirectly blames its failings for frustrating LED in Melbourne’s outer suburbs.249

PTUA spokesperson, Tim Petersen, based his presentation on the premise that ‘reducing car dependency and improving public transport is important to economic development in outer suburban areas’, and that there was ‘potential for high-quality public transport to improve the economic development in outer suburban areas like Casey’.250 He continued:

*Transport ... is a means of gaining access to employment, education and other services and facilities. Public transport can provide access to these activities and services for people who cannot drive through age or disability or who cannot afford to buy and run a car. This last group includes households who may own a vehicle but cannot afford to buy one for each independent, adult member of the household. In areas that are ‘automobile dependent’ these people are left without a means of access. If they cannot easily access education and employment, there is a direct impact on productivity and the efficiency of the local economy. People remain unskilled and vacant jobs remain unfilled for longer. Good public transport is especially important in reducing the barriers for people trying to move from welfare to work. Access to shops for buying goods and services means there is less of a barrier to the efficient operation of markets, while providing people with easy access to medical services probably means they are more likely to stay healthy and productive members of society.*
When alternatives to driving are poor, car ownership is almost compulsory and comes at a significant cost. The RACV has calculated that a new small car costs approximately $8,000 a year. ... higher petrol prices can also reduce the amount of money spent in local economies, particularly where consumers are unable to reduce discretionary car travel or shift trips to public transport. ... [but] there are also other costs to individuals, businesses and governments that also must be met: large areas of land must be dedicated to car parking, as well as to roads to cope with unrestrained growth in traffic.

Building the larger roads and car parks also comes at a direct cost to the levels of government and businesses responsible for funding the facilities. A lot of businesses have to provide parking not only for their customers but also for their staff. Air and noise pollution can cause illness and disability, affect the value of nearby properties and reduce an area’s attractiveness to visitors. The cost of congestion on the roads may also be significant, at least for trips where it cannot be avoided by taking public transport, or by shifting freight to rail. Without improving public transport services and giving some on-road priority to buses and commercial vehicles, this is likely to remain a problem.²⁵¹

Having put his argument, Mr Petersen outlined the PTUA’s ideas to support LED in Melbourne’s outer suburbs by improving local public transport, based on an integrated rail and bus system, as in Toronto:

Toronto is an example of a city with suburbs of a similar density to Melbourne. It has only four urban rail, or metro, lines but has combined them with a grid of frequent and direct bus routes, running at least every 15 minutes. These run along major roads that feed rail stations and serve local travel at the same time. The city has therefore managed to create a public transport network that can provide most people with a reasonable alternative to car use. It also achieves higher cost recovery than Melbourne. Toronto achieves a transport modal share of over 20 per cent of trips by public transport, which is more than double that currently achieved in Melbourne, and matches the target set for Melbourne in 2020 ... Melbourne, with its more extensive network of railway lines and often more public transport-friendly urban form, should be able to achieve an even better result than Toronto.

However, Melbourne’s public transport fails to form a network that provides the majority of people with a viable alternative to driving. Train services on the Pakenham and Cranbourne lines run as infrequently as every half hour — or even every hour in the late evening — during the off-peak, and at irregular intervals during the peak. As in many other middle and outer suburbs, and even some inner suburbs, bus services in Casey run infrequently — at every 30, 40, 50 or even 60 minutes; and buses that run every 40 or 50 minutes rarely meet up
with trains because they do not match their frequency — and for the majority of the population beyond easy walking distance of a railway station, services stop far too early in the evening.

Thanks to some improvements made under Meeting Our Transport Challenges that is often now around 9.00 p.m., but it is still far short of the midnight services that are expected everywhere else in Melbourne where public transport is considered to be a reasonable alternative to driving. Buses in Casey and in many other suburbs often run on indirect, circuitous routes that can change according to the day of the week. Connections between buses and trains are rarely reliable, and buses stop running hours before the trains do.

Fast and efficient travel within the local area is particularly difficult for the majority of Casey workers who work more locally in the south-eastern suburbs of Melbourne. This is because of the difficult-to-navigate routes and infrequent services which make connections between buses, and between buses and trains, impractical. ... However, even the principal public transport network is far too coarse to bring most residents within the standard 400–500 metre walk of a high-quality bus route. MOTC also proposed building a limited number of new stations in the outer suburbs, such as the station at Lynbrook within the city of Casey, starting in 2011, which would also be good developments but would be delivered far too slowly and long after residents have moved into the surrounding developments.\(^{252}\)

To implement these improvements, Mr Petersen advocated the ‘reform of the transport governance framework and the establishment of a ‘competent and publicly accountable public transport authority with responsibility for planning public transport services across Melbourne’, where:

\begin{quote}
Goals and proposed service levels would be set through a clear planning process that includes genuine community consultation, and private or public operators would essentially run the services specified by the authority. \\

Once a clear and responsive governance framework is established, in outer suburban areas like Casey the first priority for improving the transport network should be to get the train network operating efficiently. This would actually allow improved bus services to be designed to feed into it.\(^{253}\)
\end{quote}

The Committee appreciated the thoroughness of the PTUA’s submission and its recommendations. Coincidentally, since taking that evidence, the Victorian Government established the DOT with responsibility for the areas mentioned by Mr Petersen.

In making any recommendations spurred by the PTUA’s evidence, the Committee is mindful that the Victorian Government is yet to respond to the Eddington report, which will no doubt have some bearing on outer transport issues – especially the prioritising of undertaking major new infrastructure projects.
The Committee is also mindful that its terms of reference confine its recommendations to those issues which have a direct bearing on LED. The Committee agrees that public transport is certainly a major influence on LED, yet it remains so large and complex a topic as to warrant its own comprehensive investigation, well beyond the scope of this inquiry.

**RECOMMENDATION 65**

The Victorian Government updates *Meeting Our Transport Challenges* to include new improved minimum benchmarks for public transport services for Melbourne’s outer suburbs, particularly bus services running more regularly and extensively between principal activity centres and rail stations, with timetables co-ordinated to meet train services.

**RECOMMENDATION 66**

The Victorian Government urgently initiates a ‘needs assessment’ of outer Melbourne’s current and future transport needs, taking into account rising petrol prices, outer suburban population growth, the emission trading scheme, and rising patronage on Metlink and V/Line services. All recommendations should be assessed and prioritised in conjunction with the Eddington report findings then integrated into a revamped *Meeting Our Transport Challenges* plan for a ‘whole of Melbourne’ approach to guiding the city’s transport development for the next 30 years.

**Conclusion**

This inquiry has heard evidence from a range of proponents arguing for new transport infrastructure which they argue would help ensure and drive local economic development in Melbourne’s outer suburbs.

Given the numerous competing demands for transport infrastructure in Melbourne’s interface and the strong links between LED and adequate transport, the Committee believes the Victorian Government should immediately examine and prioritise the future transport needs of the entire interface. It should then plan accordingly to provide this infrastructure in a more timely, responsive and cost-effective manner than at present.

Based on overwhelming evidence, the Committee concludes that additional investment in sustainable transport infrastructure is vital to realising real and ongoing improvements to LED in Melbourne’s outer suburbs.
Infrastructure

Having considered in the previous section the strong links between adequate transport provision and LED in Melbourne’s interface, this section examines the contribution made to LED by other forms of infrastructure, as highlighted to the Committee during its public hearings and site visits.

Specifically, this infrastructure covers the provision of adequate water and wastewater services, new port facilities and general amenity and landscaping around industrial and commercial development sites.

The Committee acknowledges the provision of infrastructure is a significant enough issue to warrant its own separate study; therefore, this section focuses only on those areas specifically raised during the Committee’s investigations.

The Need for Infrastructure

The World Bank defines infrastructure as being either ‘hard’ or ‘soft’, where ‘hard’ infrastructure denotes ‘roads, rail, water, sewerage and drainage systems, and energy and telecommunications’, while ‘soft’ infrastructure denotes ‘social, cultural and community facilities and capacity that enhance the quality of life and encourage industry and business development’. 254 Both forms of infrastructure are essential to fostering local economic growth, for:

Businesses, both large and small, often choose to locate in urban areas because of agglomeration economies (i.e., the benefits derived from sharing markets, infrastructure, labor pools and information with other firms). The economic advantage of urban areas depends significantly on the quality of urban governance and management, and on the policies affecting the availability, or lack, of electricity, transport, telecommunications, sanitation and developable urban land. Factors affecting labor productivity in the local economy include the availability and quality of housing, health and education services, skills, security, training opportunities and public transport. 255

In summary, the World Bank argues ‘the quality and provision of “hard” and “soft” infrastructure forms the cornerstone of a successful local economy’. 256 This point was stressed to the Committee during its hearings and visits to Melbourne’s outer suburban LGAs, with John Francis, Director of Economic Development at the City of Whittlesea, providing a good overview:

There is the lack of investment in associated infrastructure by government and the private sector across key areas like child-care facilities, hospitals, metropolitan government and semi-government agencies, private independent schools and TAFE and tertiary colleges, as well as major roads and infrastructure. 257
In Australia, governments at all levels are increasingly focused on the most cost-effective ways to provide the ‘hard’ and ‘soft’ infrastructure needed to facilitate LED. For example, the Australian Government has appointed Sir Rod Eddington to head Infrastructure Australia, charged with a budget of $200 billion to address the nation’s shortfall in ‘hard’ infrastructure provision and maintenance in transport, water, energy and telecommunications.258

The Victorian Government has similarly made the provision of, or improvement in, ‘hard’ infrastructure a priority for boosting economic growth. That was most recently demonstrated with the July 2008 opening of the EastLink tollway, when Premier John Brumby claimed the new project would ‘inject’ over $15 billion into the Victorian economy.259

Other infrastructure areas affecting LED in Melbourne’s outer suburbs required similar attention, according to Sam Steele, Acting Director of Industry and Trade Policy, Victorian Department of Innovation, Industry and Regional Development. In his evidence to the Committee, Mr Steele noted that ‘access to ICT, energy and water infrastructure was also a key driver of business investment or an impediment to investment if that infrastructure was not readily available’. 260

This view was endorsed at the local government level by Cr Chris Papas, Director of LeadWest – a collaborative partnership comprising of councils and key organisations within western Melbourne. As far as ‘hard’ infrastructure was concerned, he believed in the maxim: ‘Build it and they will come’. Mr Pappas further explained:

> It is very easy to have trigger systems in place, whether it be government departments, councils, developers and the broader stake-holder will put in place and say, ‘Well, once we have this critical mass then we will provide this service’. It works okay in theory but when you are under significant growth pressure that does not occur. When you look at the data ... [we] have some of the biggest economic hubs right there on the doorstep [of Melton, Wyndham, Brimbank, Maribyrnong and Moonee Valley] yet accessing those is very difficult for our communities. There is this greater emphasis on making sure that that ‘built-form’ is in place and certainly that higher order infrastructure provided. 261

In the remainder of this section, the Committee will concentrate on aspects of ‘hard’ infrastructure as they affect LED in Melbourne’s outer suburbs, drawing substantially on evidence presented during the Committee’s public hearings in Melbourne’s interface LGAs

**Lack of Investment in Infrastructure**

Much of the evidence presented to the Committee by local councils from Melbourne’s outer suburbs cited a lack of ‘hard’ infrastructure as frustrating the development of otherwise prime commercial or retail sites, which would in turn spur LED.

For example, Chris DeSilva, from the City of Whittlesea, explained a lack of infrastructure had falsely led potential developers to believe there was a shortage of industrial land:
We had an example in our municipality in the Cooper Street area where over 1,000 hectares of land was indicated to be developed for employment, but we could not get anyone to take us seriously so we had to go and rezone the land to get servicing agencies to actually spend the time, effort and money to invest in a servicing solution for that land. So on paper it looks like it is available for employment purposes, but when the reality hits of coming to develop the land and you find there is not a viable servicing strategy in place, then zones and strategies do not mean a lot. ... [So] there is a need for state-level investment in infrastructure provision to service these employment locations. Really, that is the critical area of interest that private developers have. They are not interested in decisions that are going to sway them one way or the other on where they should go; they are interested in knowing when the infrastructure will be delivered to service their developments to coincide with their projected plans.  

Whittlesea’s CEO, David Turnbull, backed Mr DeSilva’s views on Cooper Street:

Developers will view growth area markets as carrying a greater risk and therefore tend to play it safe ... in terms of their investment. That often translates ... into growth areas with cheap land which leads to cheap development, and which ultimately leads to lower value jobs.

From our experience, good-quality private sector investment does not tend to happen on the promise of a vision. The key, we think, is that the vision has to be unfolding or unfolded in order for the good-quality investment to happen. ... and a good example of what I am talking about, is the development of Cooper Street. ... The biggest positive that could ever happen in realising that vision was when the state government signed-off on duplicating Cooper Street into a fully functioning arterial road and almost simultaneously the decision by state and federal governments to construct the Craigieburn Bypass. You could never underestimate the amount of developer and investor interest that those two key pieces of infrastructure had, on the back of the vision of the City of Whittlesea, or the impact that those decisions had.  

Mr DeSilva added that the other problem regarding infrastructure provision in the interface LGAs was that it generally lagged behind commercial development, rather than led and attracted it:

... we need the lever of continued urban expansion to be our ally, if you like, in arguing for infrastructure investment when the right way around would have been to get infrastructure investment in early, such that it deliberately supports economic development as well as residential expansion. An issue that is related to that is, for example, the arterial roads program that is being delivered at the moment by VicRoads. I understand there are a number of criteria around what sort of projects might be considered for investment, but I think one of the issues that should be included is a criteria around the capacity of the project to support economic development and containment of employment growth within growth areas.
Mr Turnbull summed up Whittlesea’s views by noting ‘there is no substitute, in terms of
good-quality, local economic development and, most importantly, job creation, than
good-quality infrastructure early in the life of the development of a growth area’. 265

In his evidence to the Committee, Dirk Dowling, from Melton Shire, agreed that:

*The infrastructure keeping pace with development ultimately will shape the Shire of Melton. ... It is a matter of council facilitating as a third tier of government but also the responsibility lies on the federal and the state to assist with that. ... if we sit back and do nothing then developments will come and the shire will increase in population but ultimately we may not end up with a community, which is the important thing here. What can government do? In our particular case to assist the council to look at a complete infrastructure study would be a start and how that infrastructure will need to be paced out over the next five to 10 years. That would be of huge help. ... I think they [Council] do an extraordinarily good job with very little resources in terms of making sure that that infrastructure does keep pace, quite innovative programs in terms of the civic library and sports complex—and Caroline Springs is an example ... That can only go so far. Council is not in a position with a relatively small budget at some $96 million to continue to fund massive infrastructure projects.* 266

John Lincoln, General Manager of Industrial and Commercial at Folkstone, believed major infrastructure should be provided in advance of development, to help spur LED. He cited the example of adequate sewerage systems to service Folkstone’s new 320 hectare commercial development near Craigieburn, in the outer fringes of Melbourne’s interface:

*Out at those particular sites, there is no sewer to connect to. I do not know quite the difference, but there must be 30 or 40 kilometres of sewer that we have to construct. The closest is to the Craigieburn treatment plant, and even then, when we connect it to the Craigieburn treatment plant, we have only a limited capacity—three megalitres a day—which is enough only for 150 hectares. From that point of view, not only are we constructing a main but that main will ultimately be redundant, probably in another five or six years, when planning catches up and the proper stuff comes up. But in the short term we are having to construct our own.* 267

John Purdey, Development Director of the McMullin Group, also cited sewerage capacity in Melbourne’s outer north as a concern for developers considering new commercial ventures, particularly with the pending relocation of the Melbourne Fruit and Vegetable Market to Epping:

*The north-east trunk sewer link [from Moonee Ponds to Coburg then to Epping] is a vital piece of infrastructure that has been in the planning stage for the past 25 years. The Victorian state government has committed to building the sewer link and every endeavour must be made to ensure that the proposed delivery of this sewer does not fall behind the time lines that have been set. Since we commenced the developments at Northpoint, we have had to turn away many*
potential developments because of the lack of sewer capacity. Many of those have been labour intensive, which has caused some heartache to us; not only to us but other developers in the Epping area. A number of temporary pumping stations, costing millions of dollars, have been built by developers. However, they are only temporary solutions and add cost to the price of land in the north. ...

One of the things that your committee can ensure is that, in future developments of employment zones on the periphery of Melbourne, when those zones are committed for development that the vital pieces of infrastructure are followed up and expedited, and those promises are kept. That is most important.268

The Committee sees merit in Mr Purdey’s summation and agrees that in an ideal world with ample funds, all infrastructure should be provided just ahead of demand. Unfortunately, the many competing interests placed on all levels of government, combined with finite budgets, usually prohibits ‘just-in-time’ infrastructure provision. Nevertheless, the Committee agrees steps should be taken to address these shortfalls, especially in Melbourne’s outer suburban LGAs where crucial LED may be adversely affected.

RECOMMENDATION 67

The Victorian Government works with outer suburban local governments, the Growth Areas Authority and other stakeholders, to streamline the planning, funding and provision of major infrastructure identified as essential to assisting local economic development in Melbourne’s interface.

Barry Harvey, from the Wyndham Industrial Liaison Development Committee, told the Committee his membership – comprising ‘quite a large group of people from Laverton North, big and small industries alike’ – were concerned about the lack of basic infrastructure in the older areas of the Laverton North industrial area:

... the infrastructure has not been upgraded or expanded to meet the needs of what is there today. I say that mainly in the areas of roads, drainage, kerbing, footpaths, transport—being public transport to get workers in and out of the area—has become a real bugbear with us.

... You have probably seen the problems we have with roads like Pipe Road ... the amount of transport there; the Hume Road intersection with Dohertys Road which is an absolute disaster. We have had four fatalities down there in that short section of road. We have the hump over the old outfall sewer. I wrote to the Minister back in 2005. I know that all the plans are in place by VicRoads ready to go out for tender; three times it has been up, three times the funding has been taken away for other projects. If you have the unfortunate experience of trying to get out of there at peak hour, morning or night, you take your life into your hands. ... We even had a lamppost in the middle of the road at one stage. It was
Just recently taken away. ... Of course, a lot of the old area—lack of drainage, footpaths—trying to get into the area if you are walking or whatever, you take your life into your hands because you either walk on the road or walk on the side of the road and it is dangerous. The other area that is a real concern is lighting around the area and security. Most of us have our own security situation of night guards or alarms and the rest of it.\textsuperscript{269}

The inadequate landscaping of the industrial areas was also a disincentive to many potential developers who might establish in the area and stimulate further LED:

\textit{Most of us look after our properties. We cannot do much with water, I know, all my lawns have just about died, but we all do something to try and make the place look nice and accessible. You go to the other side of town, every area that is in industry, they have nice entrances, they have landscaping, all maintained by councils et cetera. We basically get the grass mowed and that is about the end of it. We put some nice entrances to Laverton North, three of them. Two of them were demolished with some roadworks, one went back, one never went back.}\textsuperscript{270}

Mr Harvey concluded that unless more effort was put into improving infrastructure, this important manufacturing, logistic and residential area would wither:

\ldots it is the biggest transport distribution hub now in Australia bar none. The tonnage that goes into Laverton North export, import, intrastate, is the biggest in Australia. This area is the second-fastest growing area for residents. That is where the jobs are going to come from. Unless you want to build two more bridges and two tunnels you are not going to get people coming backwards and forwards going across the Yarra. This area is now one of the biggest employers of the area. It is the sort of industry that will have jobs for people of the west in distribution, storage, manufacturing, the whole lot. That is an important factor. You have to get them in and out the area and you have to create the jobs and make it worthwhile for companies to come and relocate there. They are doing it. \ldots but it cannot happen without the infrastructure and getting people in and out of the area, also making the ambience of the area nice, making it nice for people to come in, workers to come to work et cetera.\textsuperscript{271}

Once again, the Committee sees merit in this evidence from an informed source representing a range of LED interests in Melbourne’s west. From its own tour of Laverton North, the Committee agrees much could and should be done to improve the ‘visual amenity’ of this industrial area to make it more attractive not only for workers but for prospective investors and developers. The Committee saw similar problems in other outer suburban LGAs too, particularly Hume and Whittlesea.

Certainly, some councils have more funds than others to allocate toward the ongoing upkeep of nature strips, median strips, footpaths, lighting and signage. The Committee also appreciates these are expensive items to maintain; nevertheless, the work should be done and adequately financed to help secure and sustain LED and job growth.
For example, in a previous inquiry the Committee learnt that the City of Gosnells, in Western Australia, had used funding from the Australian Government’s *AusLink Roads to Recovery* program to retrofit walking paths in its municipality.\textsuperscript{272} This may prove a useful source of funds for other Melbourne’s interface councils contemplating similar improvements.

**RECOMMENDATION 68**

The Victorian Government, in partnership with Melbourne’s outer suburban local councils and other stakeholders, consults with affected local property-owners and other stakeholders to improve the ‘visual amenity’, safety and upkeep of designated industrial/commercial parks in Melbourne’s outer suburban local government areas.

**RECOMMENDATION 69**

Melbourne’s outer suburban local governments investigate alternate sources of funding, such as the *AusLink Roads to Recovery*, to retrofit footpaths and other walking/cycling connections within existing industrial areas.

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**Planning for Infrastructure**

Several witnesses to the Committee noted their frustration, when planning new commercial/industrial areas, of not having enough timely information about the ‘larger planning picture’. For example, in his briefing to the Committee, David Keenan, Director of Sustainability at Hume City Council, said most local governments needed to know where ‘other key agencies are planning their infrastructure for the future’, especially gas, water, roads or electricity:

> It is often only when we have the impetus of new development coming through that we actually get that planning occurring. It is often visioned in the short term rather than in the medium or long term. To ensure that there is adequate infrastructure in the ground and to have advance knowledge of where that infrastructure is going to be is going to help local government in its planning process when it reviews MSSs [Municipal Strategic Statements], when it does specific strategic planning initiatives and exercises, and basically goes through those to plan around large infrastructure, as in the old days people planned around railways and planned around water. There is a need to do that in a way that was initially done, I think, by the Infrastructure Planning Council a number of years ago, which gave a lot of feedback and was very good for what we were actually looking at.\textsuperscript{273}
In his briefing to the Committee, Folkestone’s John Lincoln made a similar plea regarding the lack of planning for infrastructure, particularly for land his company is developing within the UGB of the City of Hume, in Melbourne’s outer north:

*MAB and Folkestone are jointly funding the design of infrastructure to that area. Currently there exists no design for sewer, there is no design for electricity, and we are currently funding that directly as developers. That then leads us to the point: ‘Well, we are funding it. Should we be the sole beneficiary of what we’re bringing to the area?’ Much of that infrastructure will not be available there for at least the next three or four years, and so it does make the timing of this rezoning of these lands very important, in order to note that there are long lead times in regard to not only getting the planning [approvals] ... but then delivering the infrastructure to the area, which is a completely separate issue. That has costs attached to it, which are the costs that we are funding up-front, and we are trying to understand and work through the mechanisms in terms of where there may be rebates to us as a result of funding that. And then there is time; obviously it takes time to get the infrastructure to those areas.*

Obviously, once we do get to those areas we are trying to ascertain between MAB and ourselves what the supply needs will be. MAB and Folkestone control over 700 hectares of land, but there are still other land uses and the potential for rezonings of other lands in that area, and how do we then go about ascertaining what their supply requirements are going to be? To be straight with you, we are only going to be interested in what our supply requirements are going to be and we will design accordingly. That is probably the most fundamental issue in terms of these lands out in those areas.*

The Committee notes much of this debate centres more on timely urban planning than LED and is therefore beyond the terms of reference for this inquiry. Nevertheless, the Committee believes it should consider any reasonable requests to expedite the development of new employment areas in Melbourne’s interface, as this should encourage additional LED.

With this in mind, the Committee believes that on face value, Folkstone has raised some legitimate concerns regarding the provision and funding of infrastructure to new industrial/commercial estates in Melbourne’s outer suburbs. The Committee further believes these issues need to be investigated by an authority with appropriately focused resources and expertise, namely the GAA.
RECOMMENDATION

The Victorian Government should, through agencies including the Growth Areas Authority, Melbourne’s water authorities and VicRoads introduce more encompassing, holistic methods to improve major infrastructure planning and provision in Melbourne’s outer suburbs, specifically to support local economic development projects. Any improved methods should be effectively communicated to all affected stakeholders in a simple and timely manner, including outer suburban councils and developers.

Phil Walton, General Manager of Planning and Development at Cardinia Shire Council, told the Committee that to create more LED required ‘significant assistance and support from state government, particularly in terms of the areas of land use, infrastructure and transport planning’. He explained:

*I do not mean giving dollars to support the process. It is very much more so about getting active engagement from the key government agencies in that process and looking at the transport issues and the transport planning with VicRoads and the Department of Infrastructure looking at opportunities for public transport; obviously working with the environmental areas, looking at issues around biodiversity, Aboriginal heritage management and finding solutions to those issues which often can be a very difficult part of that planning process; also looking at the infrastructure agencies and how we can improve infrastructure access, and particularly for the employment area how we can ensure that we get best practice telecommunications access because if we are trying to get businesses into that area, what they will expect to see are services which are compatible with what they would find with other areas of Melbourne.275*

Cardinia Shire’s Cr Bill Pearson agreed his constituents desperately needed improved infrastructure, provided in a timely and co-ordinated fashion:

*We are putting all these people into these developments now. You can see them. We are doing our part. We are not getting the support. It goes with everything we do ... All the government departments say, ‘Right. Let’s look at the last census figure’. We look at that and say, ‘Yes, that’s where they’re going to be’. But it is not working that way. We are doing what you ask, and I have no doubt it is the same as the other six growth shires. The other point that really concerns me, [is] if we do not get support we will strangle ourselves. We have to get the transport and these things, because we are doing it but we have not [got] the infrastructure there. If we do not get some infrastructure, real infrastructure, we are going to be diabolical because we have taken the bit between—we are going for these very low, high density numbers and we are not getting the support for infrastructure.276*

In his briefing to the Committee, David Keenan from Hume City Council, proposed a novel way to fund much-needed major infrastructure ahead of when it was actually needed:
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The first issue ... is potentially the development of an interface infrastructure development fund, similar to the Regional Infrastructure Development Fund. ... there are large segments of land out there that are appropriately zoned, or almost appropriately zoned, that require significant amounts of infrastructure to be invested in the short and medium term if we are to facilitate some of the movement of businesses out into that area, that being consistent with Melbourne 2030: relocating some of those ... older industrial estates onto larger greenfield sites where they might consolidate their warehousing, manufacturing and transporting needs onto one site. That is a key one that we would like to see happen.

At the moment, often that infrastructure is done retrospectively, and we would like to see that done in a manner where we can actually push that forward in a way that may attract businesses and employers there in the longer term. That lack of infrastructure and planning is a major hindrance to economic development in the interface areas.277

The Committee agrees with this evidence calling for more timely infrastructure provision in developing areas of Melbourne’s outer suburbs. The Committee further agrees that because of the demands placed upon them by record population growth, Melbourne’s interface councils are deserving of special additional funding for major infrastructure, perhaps using the innovative model suggested by Mr Keenan.

**RECOMMENDATION 71**

The Victorian Government investigates the feasibility of establishing a new *Interface Infrastructure Development Fund*, similar to its *Regional Infrastructure Development Fund*, to allow interface councils to submit proposals for essential major infrastructure with demonstrable benefits to local economic development in the outer suburbs.

**Recycled Water and LED**

During its study tours of Melbourne’s interface region, the Committee inspected several areas obviously suffering from the effects of South-east Australia’s ongoing record drought. In subsequent hearings, affected councils told the Committee how a shortage of potable and/or recycled water was hampering LED in local agricultural and horticultural production, as well as the generally smaller tourism, accommodation and leisure industries.

While touring the City of Wyndham, the Committee gathered evidence on the recycled water situation as it affected LED in the Werribee Irrigation District (WID). The district sits south of the Werribee PAC across the Princes Highway, within the Werribee South green wedge extending to Port Phillip Bay. Victoria’s DSE views this as ‘Melbourne’s foodbowl for leafy
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green vegetables’ such as lettuce, broccoli and cauliflower, generating an annual output of $70 million in 2004.\(^{278}\)

In his evidence to the Committee, Nik Tsardakis, President of the Ratepayers of Werribee South, said the WID contained 490 farms ranging in size from 0.4 to 40 hectares, all of which were zoned green wedge. He further explained:

*Most of the farms operate as market gardens, with ‘an estimated farm gate value in excess of $54 million per annum. In addition the district's vegetable wholesalers and packers turn over an estimated $45 million per annum. The vegetable industry in total employs around 565 employees. Also approximately 27 per cent of the area’s vegetable crop production is exported. The Werribee Irrigation District makes a significant and growing contribution to Victoria’s rural economy. The area also has a significant and growing tourism industry and attractive subdivisional potential, given the area's proximity to the Melbourne CBD and the relatively undeveloped coastline, to meet the growing need for additional recreational activity under the Melbourne 2030 growth requirements.*\(^{279}\)

In January 2005, under the Victorian Government’s *Our Water Our Future* plan, the Western Treatment Plant (WTP) began supplying Class A recycled water to about 130 farmers across Werribee South.\(^{280}\) The DSE expected to expand the system to deliver more than 8,500 million litres of recycled water after 2009, to ‘take pressure off the Werribee River and underground aquifers, which were the previous main sources of irrigation water in the region’.\(^{281}\) The Ratepayers of Werribee South endorsed these plans to supply more water, for:

*Sufficient quantity and quality of fit for purpose water is absolutely vital to the sustainable growth of our area and the resulting horticultural produce that underpins the viability and prosperity of our farmers, the workforce and the wider community.*\(^{282}\)

However, Mr Tsardakis claimed the ongoing drought across south-east Australia over the past decade had cast a doubt over the WTP’s ability to supply enough recycled water:

*... the government and relevant government agencies are not able to provide the irrigation district with the above basic requirements for the area to continue to operate. In addition we believe that the current delivery system for the surface and also the recycled water within the irrigation district contribute unacceptable losses both to the supplier and to the user. ... We are on zero [irrigation water] allocation [in September 2007]. The only thing that is available is the 500 megalitres of domestic and stock water right. The other thing ... is the concrete channels that were built in the 1920s that deliver the water system to us. There is a high loss rate of 30 to 40 per cent.*\(^{283}\)

Without significant further investment in infrastructure by the Victorian Government, Mr Tsardakis predicted ‘the irrigation district will become unviable’, largely because:
... a range of issues relating to access and availability of water and the power of
the global supermarket retailers are having a major impact on our local
vegetable production industry, and many farmers are forced to discard and walk
away from farming. The climatic conditions currently being experienced, the
uncertainties this has brought to the security of water supply and the increase in
the price of water are together placing pressure on the farming community in the
district.\textsuperscript{284}

Mr Tsardakis summarised the WID’s concerns as:

- ‘the unresolved issue of quantity, quality and price of irrigation water; that is, surface
  water when it is available and the recycled water’;

- ‘the unsustainable water delivery infrastructure’, which comprised of open concrete
  channels losing ‘in excess of 30 to 40 per cent … through leakages and evaporation’; and

- ‘the requirement by irrigators to pay for surface water that cannot be delivered’.\textsuperscript{285}

The effect of water shortages on agricultural and horticultural LED in Melbourne’s outer
suburban LGAs was also raised by the Victorian Farmers’ Federation. Its Deputy President,
Meg Parkinson, told the Committee:

Recycled water has become very important, particularly for horticulture, and
given the Grade A water that they need for horticulture, it is important that
recycled water be further developed just to be able to get that. We have people
down in Five Ways [near Cranbourne] who have completely gone out of
production because they have no water. ... [The City of Casey] actually tried to
get some assistance for them. An economic development officer there put a lot of
work into trying to help them, and he could not get the assistance because Casey
is considered urban, not rural. Therefore the money that would have been
available if they had been on the Cardinia side of the border ... was not
available, because they were in Casey.\textsuperscript{286}

Graeme Ford, the Victorian Farmers’ Federations’ (VFF’s) Executive Manager of Policy,
added that the Victorian Government’s current compliance regulations for the safe use of
recycled water were too onerous for many smaller farmers and this needed to be lightened:

As far as agriculture becoming more intense ... that is one of the tools that could
be used to make agriculture more intense and to be more viable in some of these
smaller farms that are not quite as large as some of the commercial operations in
the broadacre irrigation districts.\textsuperscript{287}

Melton Shire Council’s Neville Smith told the Committee that the provision of infrastructure
to supply recycled water across his municipality should be both a state and federal
opportunity:
For instance, our green wedge area which is 80 per cent of our municipality would benefit dramatically from an infrastructure investment in recycled water. If there was an incentive for some of our landowners, an opportunity for greater recycled water through an infrastructure spend, whether it be a purely financial incentive where the price of recycled water that they pay is less than it currently is — understanding that there is a water shortage overall — I think we would have far more productivity from jobs in the rural area of our municipality and the interface municipalities.  

Ian Ada, from Yarra Ranges Shire Council, said the land-owners and farmers in his municipality faced an uncertain future over water for two reasons:

Firstly, stream flow management plans are requiring a greater amount of water to be allowed to flow down the streams each year, including in winter, before you can draw water. Secondly, if climate change occurs the way they are talking about and we get reduced rainfall, a 10 per cent reduction in rainfall could easily relate to a 30 per cent or more decrease in run-off because run-off always occurs as the cream on the cake … with the last part of the rainfall. We think that land-holders are now increasingly focused on water as a problem. We want to have things in place in discussions with Yarra Valley Water as to how this water might be provided, where it can economically be provided and how consortiums of land-holders might be able to make the infrastructure cheaper, to have it in place for when we believe land-holders will start coming to look for it. They are not quite at that tipping point yet.

Mr Ada believed greater water security would enhance the LED potential of agriculture in the Yarra Ranges, because:

... almost all intensive agriculture relies on water, and although we have relatively small amounts of recycled water available to us compared to the Werribee area with the Western Treatment Plant and Cranbourne with the Eastern Treatment Plant, we do have a number of small recycling plants run by Yarra Valley Water, and it is essential that we seek to make maximum opportunity with this, and certainly some financial support for infrastructure for pumping and piping to get it out to rural areas would be most advantageous.

Peter Fitchett, from the City of Casey, told the Committee that some horticulturalists in the local Eastern Irrigation Scheme achieved good financial outcomes by using recycled water:

I can cite the case of a celery grower in Clyde North who has had a 20 per cent increase in productivity through the supply of Class A water, and on the other hand I can point to a vegetable grower just outside the scheme area who has had an 80 per cent reduction in productivity because he does not have access to Class A water. We really see that further extension of the Class A pipeline as absolutely crucial to maximising high quality agricultural levels from this municipality. We have expansive land there. We have great soil to work with. The water is very
close now. We would like to see that further extended into those remaining areas.  

Shane Murphy, Manager of Economic Development at Mornington Peninsula Shire Council, told the Committee of the great potential for agricultural-based LED opportunities, given more water:

Vegetable growing: we have something like 2½ thousand acres of vegetable growing on the peninsula with the capacity to double that down in the Boneo region, near the Boneo treatment plant. Access to that sewer with 450 megalitres of class C water a day is a resource that does need to be picked up. We have a small project starting under way now with South-East Water and there will be about 2, 2½ gigalitres per annum. There is still enormous potential to access.  

The peninsula had also identified other potential LED possibilities that again relied on water:

We have something like 14 world-class golf courses ... We want the water. We have strawberry farmers, we have other berry farmers, and other horticulture users who want access to that water because the aquifer is under stress, the Nepean aquifer. Southern Rural Water is capping the use, so they need access to the water.  

Luke Shannon, from Melton Shire, also endorsed the potential LED value of more recycled water for local farmers:

Council has worked closely with Western Water in terms of promoting the wider distribution of recycled water both from Sunbury and more recently from the Surbiton Park plant in the Melton township. This will provide the opportunity for not only A Class water within the growth area in Toolern, which could be used for gardening and toilet flushing but will also provide the opportunity for increased agricultural pursuits in what is a particularly dry area, and 70 per cent of our municipality is rural, so it is particularly important that opportunities be given for greater capacity for access to recycled water.  

Apart from agriculture, the Committee heard of a desire to offer recycled water in new commercial developments in the outer suburbs, as yet another incentive to attract LED. John Lincoln from Folkstone, the owners of land earmarked for commercial development near Craigieburn, told the Committee:

We would like to provide what they call the third pipe, which is recycled water, within our developments et cetera. There are a number of opportunities within that region. There are a number of treatment plants currently underutilised et cetera. But from a developer's point of view, we are only looking at our site. We have 320 hectares, and with infrastructure cost attached—we are trying to service that—it just does not become viable. However, if someone were to take a more holistic view and say, 'Our land, MAB land and all the other bits and pieces', then you might start to get to a position where there is a critical mass that allows that to happen. There is no doubt that catchment from our area, in
Local Economic Development in Outer Suburban Melbourne

"terms of roofs and roads et cetera, will provide a very good water-sustainable design long term, but that all comes at a cost in the initial phases, and you need more than just our side to be able to make that viable."\(^{295}\)

The Committee acknowledged the concerns of all those who presented evidence on the need for more water to maintain their economic livelihood, regardless of the source of that water. The Committee also notes that since it received the above evidence, there have been several important developments regarding Melbourne’s water outlook, namely:

- a continuation of the prolonged record drought, resulting in ongoing Stage 3A water restrictions across Melbourne and subsequent under-allocations of potable and Class A recycled water to outer suburban LGAs;

- the Victorian Government’s decision to supplement Melbourne’s water supplies through the construction of a $3.1 billion desalination plant at Wonthaggi and the laying of the $750 million north-south Sugarloaf Pipeline to connect the Goulburn System to Sugarloaf Reservoir\(^{296}\), and

- the commencement of a new inquiry into Melbourne’s future water supplies by the Parliament of Victoria’s Environment and Natural Resources Committee (ENRC).\(^{297}\)

Given these developments, the Outer Suburban/Interface Services and Development Committee believes its water findings are best referred to the ENRC’s new inquiry, as it should be in a more suitable position to make substantial and broad comment on this important area.

**RECOMMENDATION 72**

The Parliament of Victoria’s Environment and Natural Resources Committee considers the evidence in this section as part of its deliberations into Melbourne’s future water supplies and makes cost effective and sustainable recommendations to provide additional, secure potable/Class A water for Melbourne’s outer suburban LGAs.

**Port of Hastings’ Infrastructure**

During its visit to Mornington Peninsula Shire, the Committee inspected the Port of Hastings at Western Port before receiving evidence from Ralph Kenyon, CEO of the PoHC.

The POHC promotes itself as being ‘located approximately 72 kms south east of Melbourne. The journey using toll roads will take about one hour from the centre of Melbourne and approximately half an hour from the south eastern suburbs of Dandenong and Casey.’\(^{298}\)

The corporation’s own research reported in April 2007 that it was:
Chapter 5: Opportunities for Outer Suburban Local Economic Development

... one of Victoria's largest commercial ports and is helping to provide local jobs and economic growth to the surrounding region. Around 200 vessels visit the port each year, carrying around five million tonnes of cargo, including petroleum, LPG and steel. The Port of Hastings directly and indirectly provides 170 local jobs and injects $64 million a year into the local economy. 299

Mr Kenyon told the Committee of plans to develop the port over an additional 1,000 acre site adjacent to the deep water, ready to ‘accommodate container trades as the Port of Melbourne reaches its capacity’. 300 This staged expansion would run until 2035 and would further boost the port’s contribution to LED in Melbourne’s outer south-east:

Port development can lead to new job opportunities, new business opportunities, new investment, improved economic, social and environmental outcomes. With a healthy port you can have a healthy community, you can have a healthy economy and you can put money back into the environment through the processes and projects that you do. 301

However, to facilitate the port’s future growth and support its current clients, such as BlueScope Steel and Esso, the PoHC faced several hurdles related to ‘economic, environmental, land use, social and transport corridors’. 302 As far as infrastructure was concerned, Mr Kenyon argued this needed to be planned for well in advance of the expansion:

We are basing our planning on a high-growth scenario on the basis that any number of factors might influence what happens at the Port of Melbourne over the next 25 years. It is better to plan for a larger scale and build small, than to build small and then have to build larger later on. ... We have alternative road and rail access corridors not coming through the township of Hastings and Tyabb but going through the back door. We can follow McKirdys Road ... [to] the Western Port Highway. The Western Port Highway corridor we are suggesting should be upgraded to freeway standard and potentially that is one of the corridors suitable for rail as well—potentially rail to Dandenong. 303

The PoHC’s own research indicated that ‘between 30 per cent and 40 per cent of containers coming into the Port of Melbourne end up in the south-east corridor’. However, if these containers could be landed at Hastings instead:

... there are potential savings to the state, to the operators, to the community by bringing vessels into Hastings with shorter shipping times and easier traffic management arrangements between Hastings and Dandenong in the south-east. There is potential to minimise some of the congestion issues around the centre of Melbourne if some of those trucks are coming in the back way and not going through the centre of Melbourne at all. Currently trucks move through the centre of Melbourne and come out to Dandenong. If we can send them up the other way, potentially a lower impact on the amenity of the area generally. 304
Mr Kenyon noted that the current and future impact of the port’s expansion would bring ‘potential for new business’ to enter the region:

*We expect that the population growth through Melbourne 2030 with the cities of Casey, Cardinia, Mornington Peninsula, Frankston and Dandenong will accommodate the new jobs being created out of the Port of Hastings. But the Hastings development will also generate opportunities for new trade and that is new opportunities in south-east Melbourne but also in Gippsland. We have the situation at the moment where timber or timber products being exported from Gippsland now goes by road from Gippsland and [is] shipped out through Geelong. We have major industry moving product through the middle of town going out through Geelong because we do not have the facilities available at Hastings. We are suggesting that we will have improved capacity to offer reductions in travel times and other things by developing Hastings into the future. Those side benefits are in addition to the access for container trades and so on which we expect to provide benefits in that south-east.*

The PoHC’s own modelling ‘based on a medium growth scenario’ suggests that by 2015:

*... there will be a significant increase in jobs, a significant increase in economic output and also value added, but also a significant increase in household income. Progressively, as we move forward over the next 25 to 30 years, those numbers increase dramatically. Again this is for the state of Victoria not just Mornington Peninsula.*

*If we talk about economic output ... $67.4 million of economic output per year in 2005-2006; by 2035, we are looking at $1 billion of economic output. That is not the value of the trade itself or the product itself but that is the economic value of the port being in operation.*

*In terms of value added, we go from $35.5 million through to nearly $700 million; household income $15.3 million a year to $343 million a year; number of full-time equivalent jobs, 251 at present through to 6,100.*

Mr Kenyon concluded by noting the port’s development had:

*... potential to provide significant economic, social and environmental benefits, not just to the local area or the interface area but certainly to the state as a whole. It is a project of state significance in my view. The task of undertaking development is significant and will require significant support from government ... at all levels. Again, as a project of state significance, we would see links to AusLink funding and things like that for some of the transport corridor issues in particular, and there is talk within [COAG] of whether or not port infrastructure is something that AusLink may take up. We would certainly support that. An expanded Port of Hastings will play a major role in enhancing economic development in the south-east.*
The PoHC’s development proposal has already received support from the former South East Development (Melbourne) Area Consultative Committee. Its Executive Officer, Anita Buczkowsky, told the Committee the Port of Hastings has:

... the potential to provide economic and employment benefits to the Mornington Peninsula and to the surrounding region; very much so. The multiplier effects on the economy will extend definitely beyond the region to the state and interstate. I think the response to that is to provide support at the private and public sector level for the development and to really investigate ways that road and rail infrastructure can be ameliorated to support that development.  

On a related issue, Shane Murphy, Manager Economic Development with Mornington Peninsula Shire, told the Committee his council hoped any future development at Hastings would include suitable access to water to support the LED of the marine manufacturing sector:

We have a hovercraft manufacturer in Hastings who has struggled to expand his business for the lack of access to the water. He has won a major contract for the Singapore Changi Airport for his hovercraft for fire-fighting purposes. We have not been able to get him access to the water around the Port of Hastings or land suitable for him to build this large hovercraft. If in a blue sky world he does this contract well, he is then able to compete internationally, he gets into the bigger game, bigger players, he could grow very significantly. I know that is blue sky, it may or may not happen, there are always issues, there is always competition, but it brings home to me the issue of how much water access can we get. When the Port of Hastings is developed, if you lock it up totally you are going to restrict the maritime industry, but it is also a very sensitive area. It is getting that balance. It will not be easy but it is going to be very important meeting industrial commercial growth.

In considering the future development of shipping, freight and marine infrastructure at Hastings, the Committee recognises any expansion will come at a cost to the present natural and social environments, both in the immediate vicinity of Western Port and along the rail and road corridors connecting to Melbourne’s south-east. A further consideration relates to climate change, with the DSE predicting the coastal fringe of Western Port will eventually suffer inundation through rising sea levels, caused ultimately by global warming.

The Committee understands all these factors will be subject to the normal rigours of an Environmental Effects Statement (EES) process and therefore, lie beyond its current terms of reference. However, based on the evidence presented to it, the Committee sees great merit in endorsing further analysis or study on development at the Port of Hastings, especially to supplement container capacity through the Port of Melbourne and provide an easier, more cost-effective sea-freight avenue to service Melbourne’s growing south-east.

Therefore, subject to a successful EES outcome, the Committee believes the Victorian Government should help develop this important infrastructure asset and, in so doing, boost the LED potential of the Mornington Peninsula and neighbouring regions.
**RECOMMENDATION 73**

Subject to a transparent Environment Effects Statement process, the Victorian Government should partner with the Port of Hastings Corporation to fast track the development and expansion of the Port of Hastings, especially to boost the region’s LED and better serve Melbourne’s growing south-east corridor with cost-effective, world-class sea freight services.

**Conclusion**

As in the previous section on Transport, this section has examined further evidence arguing that the provision of major infrastructure to new development areas in Melbourne’s outer suburban LGAs will further assist LED in those areas.

Based on the evidence presented, the Committee endorses this viewpoint and urges the Victorian Government and all other stakeholders to adopt a more thorough and ‘holistic’ approach to the entire planning, funding and provision of new infrastructure.
Chapter 5: Opportunities for Outer Suburban Local Economic Development

Information and Communications Technology

Introduction

Information and Communications Technology (ICT) has been variously described as:

- ‘the use of devices and applications to convert, store, protect, process, transmit, share and retrieve information’
- ‘any computer-based resource, networked or stand alone, hardware or software’
- ‘networks, computers, other data processing and transmitting equipment and software’, or even ‘exciting and innovative ways to provide lifelong learners with global access to information, learning and support’

ICTs field is constantly evolving, while at the same time other, seemingly destructive, ‘developments’ are also at play, whether in the form computer viruses and spyware or the ‘state censorship’ of the Internet. In addition to the array of computer hardware, software, networking, search engines and data service and storage developments, there has also been a myriad of changes in telecommunications, including that of New Generation Networks and other developments which impact on copyright laws, internet censorship, on-line security, programs which filter websites and various software licensing agreements.

The OECD reports that the telecommunications market for the 30 OECD member countries has now surpassed US$1 trillion in revenues and is experiencing approximately 3 per cent growth per annum. In line with this growth, investment in the OECD telecommunications sector has increased from US$129 billion in 2003 to US$160 billion in 2005; a 24 per cent increase in the two year period. In terms of broadband subscriptions, the OECD has reported that by mid 2007, there were over 218 million broadband subscribers in the OECD (a 60 per cent increase over the five years to June 2007).

The recent release of internet based products such as Xboxes, TiVos and Internet linked phones, the much heralded Apple iPhone and the VoIP (Voice over Internet Protocol) enabled Siemens Gigaset C470, all have relevance to LED. In what academic Robert Holton has described, when referring to globalisation, as the ‘interdependence and interpenetration of economic, political and cultural relationships across existing borders and boundaries’, these developments in ICT are not without their challenges, such as what political scientist Benjamin Barber argues, can best be symbolised in the clash between ‘McWorld’ and ‘Jihad’ Building on this theme but equally applicable to developments in ICT, La Trobe University academic, Dr Robbie Robertson states: ‘Globalisation is more than just McWorld or Westernisation. It is about human interconnections that have assumed global proportions.’

This perspective has been reinforced in a recent report by the OECD, which claims:

ICTs and broadband are facilitating the globalisation of many services, with broadband making it feasible for producers and consumers of services to be in different geographical locations. ICT-enabled globalisation of services is having a fundamental impact on the way economies work and on the global allocation of
resources, contributing to productivity growth by expanding markets, increasing business efficiency and reinforcing competitive pressure.\textsuperscript{325}

While all these emerging computer and telephony based technologies have relevance to residents and businesses in outer suburban Melbourne (as with elsewhere in the developed world), this section will briefly note some international comparisons before focusing on the key technological developments affecting LED in outer suburban Melbourne, with particular emphasis on testimony received by the Committee during the course of this inquiry.

\textbf{International}

In the developed world, ICT developments and in particular issues associated with broadband access and speed, are the subject of much political and policy discussion.

The OECD, in their June 2008 Policy Brief titled ‘The Future of the Internet Economy’, states:

\begin{quote}
The Internet has, in a short space of time, become fundamental to the global economy. More than a billion people worldwide use it, both at work and in their social lives. Over the past three decades, it has grown from an experimental research network and now underpins a range of new economic activities as well as activities and infrastructure that support our economies, from financial markets and health services to energy and transport.\textsuperscript{326}
\end{quote}

However, for the vast majority of the world’s population, access to ICT is more an aspiration rather than a reality. The Berkman Center for Internet and Society at Harvard University Law School, as part of a major international project examining how the internet influences democratic norms and modes,\textsuperscript{327} has referred to the United Nations Millennium Development Goals Report of 2006, which notes that by the end of 2004, only 14 per cent of the world’s population was using the internet.\textsuperscript{328} Of this proportion, over 50 per cent of the population in developed countries had access to the internet, in contrast with the 7 per cent of the population in developing regions and less than 1 per cent of the population in the fifty least developed countries, who had access to the internet.\textsuperscript{329}

When distilled further, the figures are even more striking, as the Berkman Center blog highlights with its call that ‘equitable access to communication for everyone should also mandate affordability’,\textsuperscript{330} yet recognising that the ‘lack of competition in developing communications markets as the main cause of the high prices [access fees for broadband]’.\textsuperscript{331} The blog cites the International Telecommunications Union (ITU) 2008 report noting that only three per cent of Sub-Saharan Africans are online and that, in 2007:

\begin{quote}
Wired magazine reported that “only about 3 per cent of the world’s population has broadband and prices vary widely. In Japan, DSL [Digital Subscriber Line] or cable averages 6 cents [US] per 100 Kbps [kilo-bytes per second]... But in Kenya, that same hookup speed costs $86.11”. In this regard, the ITU notes that in Africa, “the scarcity of international Internet bandwidth and the lack of
\end{quote}
Internet Exchange Points (IXPs) drives up prices. Africa, the poorest region in the world, has the most expensive Internet prices. The average monthly Internet subscription is almost US$50 in Africa, close to 70 per cent of average per capita income”.

The OECD data is best reflected in the following graph and charts:

**Figure 5.19:** OECD Internet subscribers in total for OECD countries, in millions


**Figure 5.20:** Households with access to the Internet 2003-06. Percentage of all households.

**Figure 5.21:** OECD Broadband subscribers per 100 inhabitants, by technology, Dec. 2007.

![OECD Broadband subscribers per 100 inhabitants, by technology, December 2007]


**Figure 5.22:** Total broadband subscribers, by country, millions, Dec. 2007.

![Total broadband subscribers, by country, millions, Dec. 2007]

Figure 5.23: Fastest broadband speeds advertised by the incumbent telecommunication operator (technologies), in Mbit/s, as at October 2007.

Table 5.10: Actuals for previous figure: Fastest broadband speeds advertised by the incumbent telecommunication

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>1,024,000</td>
<td>Australia</td>
<td>20,480</td>
<td>Austria</td>
<td>10,240</td>
</tr>
<tr>
<td>Sweden</td>
<td>102,400</td>
<td>Belgium</td>
<td>17,408</td>
<td>United Kingdom</td>
<td>8,192</td>
</tr>
<tr>
<td>Korea</td>
<td>102,400</td>
<td>Norway</td>
<td>16,384</td>
<td>Hungary</td>
<td>8,192</td>
</tr>
<tr>
<td>France</td>
<td>102,400</td>
<td>Germany</td>
<td>16,384</td>
<td>Greece</td>
<td>8,192</td>
</tr>
<tr>
<td>Finland</td>
<td>102,400</td>
<td>Canada</td>
<td>16,384</td>
<td>Czech Republic</td>
<td>8,192</td>
</tr>
<tr>
<td>United States</td>
<td>51,200</td>
<td>Switzerland</td>
<td>15,360</td>
<td>Poland</td>
<td>6,144</td>
</tr>
<tr>
<td>Portugal</td>
<td>24,576</td>
<td>Netherlands</td>
<td>15,360</td>
<td>Turkey</td>
<td>4,096</td>
</tr>
<tr>
<td>New Zealand</td>
<td>24,576</td>
<td>Luxembourg</td>
<td>15,360</td>
<td>Mexico</td>
<td>4,096</td>
</tr>
<tr>
<td>Italy</td>
<td>20,480</td>
<td>Iceland</td>
<td>12,288</td>
<td>Ireland</td>
<td>3,072</td>
</tr>
<tr>
<td>Denmark</td>
<td>20,480</td>
<td>Spain</td>
<td>10,240</td>
<td>Slovak Republic</td>
<td>1,536</td>
</tr>
</tbody>
</table>


In a May 2008 article titled ‘Australia’s Broadband: How Big is the Problem?’, Prof. Jock Given from Swinburne University’s Institute for Social Research, in addressing the question of his paper, suggests:

*While we may be still some way from complete agreement about the nature and scale of the problem today, we are much closer on the broad outline of what to do about it for the future. There is widespread support for the view that a big part of the answer lies in extending deeper into fixed line networks the optic fibre that already carries so much telecommunications traffic across long-haul and back-haul routes. The harder questions are how far, who should do it and on what terms.*

Notwithstanding the OECD figures, Prof. Given also highlighted a report released in May 2007 by Australian telecommunications analyst firm Market Clarity, which identified a series of anomalies with the OECD’s broadband statistics. In response, Prof. Given acknowledged the OECD had sought to address the problem and now publishes data on its broadband portal, which covers the following five areas on broadband: penetration (actual lines); usage (household and business penetration); coverage and geography (reflecting different population densities); prices; and services and speeds.
National

As the Australian Government’s regulator for broadcasting, the Internet, radio communications and telecommunications, the Australian Communications and Media Authority (ACMA) has identified the six major technology trends it believes will have a significant impact on regulation of the media and communications sector over the next five to ten years. These trends are:

- an accelerating pace of change, driven by overlapping developments in technology and the resulting increase in connections between people, databases and objects;
- diversity in the development of physical infrastructure, including broadband, digital broadcasting, smart radio systems, sensor networks, mesh-networks, efficiency techniques in multi-media transmission, location sensing and context aware technologies, intelligent transport systems and satellite services;
- the continuing spread of distributed connectivity, through the integration of information processing beyond the desk-top into everyday objects and activities;
- enhanced content and network management capabilities driven by developments in deep packet inspection and content filtering technologies, coupled with the need to improve e-security, identity management, intellectual property protection and energy efficiency;
- the emerging Social Web, acting both as a platform and database, enabling innovation and creativity by users and service providers; and
- continuing scientific and technological innovation that are, in combination, driving advances in computing power, display technologies, artificial intelligence and nanotechnology.  

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At a presentation to the May 2008 ATUG Annual Regional Conference in Canberra, Linda Caruso from ACMA, told delegates that nationwide, as at 30 June 2007, there were:

- 21.26 million mobile phones (up from 19.76m as at 30 June 2006);
- 4.33 million broadband internet subscribers (up from 3.16m as at 30 June 2006);
- 10.92 million fixed line/voice telephones (down from 11.26m as at 30 June 2006);
- 49,862 payphones (down from 58,230 as at 30 June 2006); and
- 2.09 million dial-up (narrowband) internet subscribers (down from 2.78m as at 30 June 2006).  

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Ms Caruso also stated that, as at 30 June 2007, there were:

- 169 telecommunications carriers;
- 1231 carriage service providers;
• 334 fixed voice providers;
• 4 mobile carriers (operating seven mobile networks\textsuperscript{338});
• 659 Internet service providers, of which:
  • 552 provide ADSL services
  • 204 provide wireless services
  • 4 provide cable services
  • 41 provide satellite services;\textsuperscript{339}
  • 274 commercial radio licences;
  • 84 community TV licences; and
• digital TV availability in all state and territory capital cities and most major regional centres.\textsuperscript{340}

The ACMA, in its ACMA Communications Report 2006-07 (the latest version available), stated that as of January 2007, there were 2,432 exchanges providing ADSL (Asymmetric Digital Subscriber Line) coverage to 91 per cent of Australia’s population, compared with 2,109 exchanges providing coverage to 88 per cent of the population as at June 2006.\textsuperscript{341} In terms of ICT coverage of Australia’s uneven population distribution, ACMA stated:

\begin{quote}
This concentration is quite pronounced. 64 per cent of the population of Australia live in an area representing just 0.5 per cent of the continent. In absolute terms, 13.2 million Australians live in an area equal to 38,000 km².
\end{quote}

... 

\begin{quote}
The rest of Australia’s population is spread out. 93 per cent of Australia is occupied by only 10 per cent of the population. An area of 7 million km², an area over twice the size of India, is only occupied by 2.1 million people.\textsuperscript{342}
\end{quote}

Despite this, ACMA noted ‘Australians are spending more time online’,\textsuperscript{343} based on a study by Nielson//NetRatings about online activity in the March 2007 quarter, which relayed that the average internet user logged on 78 times, spent 44 hours and 17 minutes online and looked at 3,204 different web pages (equating to 22.1 minutes online per day, 6.5 internet sessions per week and 41 pages per internet session).\textsuperscript{344} In the quarter ending 1 March 2006, the average internet user logged on 71 times, spent 39 hours and 46 minutes online and looked at 2,816 different web pages.\textsuperscript{345}

Consistent with OECD trends,\textsuperscript{346} ACMA also noted that ‘Internet users tend to engage in longer and more frequent online activity when they have access to higher line speeds’ with internet activity increasing significantly when consumers change from dialup speeds of 56 kbits/s to the next line speed category of 57-1,499 kbits/s.\textsuperscript{347} In response ACMA concludes
that ‘dialup access is a significant inhibitor of online activity’ although, interestingly, ‘the subsequent increases in activity are incremental, suggesting that increases in line speeds for broadband internet access are less important than the initial upgrade from dial-up to broadband’.  

In addition, ACMA notes that, as at 30 June 2007, the number of .com.au domain names registered was 795,368 (or 87 per cent of .au domain names registered at 30 June 2007), an increase of 29.8 per cent compared with the previous year; growth the ACMA believes ‘suggests the increasing adoption of an internet presence by Australian small business’.  

Swinburne University’s Prof. Given, drawing on World Economic Forum data on Australia’s internet capacity, stated:

\begin{quote}
The country ranked 15th in the world on the ‘Networked readiness index’, measuring ‘the degree of preparation of a nation or community to participate in and benefit from ICT developments’. It had slipped from 11th in 2004/05 and is now 14th on the 2007/08 list. On ‘available internet bandwidth’, Australia was 25th in the world. This measures the total capacity of each country’s international internet bandwidth in Mbps per 10,000 inhabitants. Australia slipped to 27th in 2006/07.  
\end{quote}

For Australia, as at December 2007, internet activity rates can be seen in the following table:
Table 5.11: Activity Rates of dial-up and non dial-up Subscribers in Australia 2005-07.

<table>
<thead>
<tr>
<th>Australian Internet Activity Summary, December 2007</th>
<th>March Quarter 2005</th>
<th>September Quarter 2006</th>
<th>December Quarter 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total ISPs (no.)</td>
<td>689</td>
<td>467</td>
<td>421</td>
</tr>
<tr>
<td>Subscribers – Dial-up (‘000)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business &amp; Government</td>
<td>433</td>
<td>277</td>
<td>268</td>
</tr>
<tr>
<td>Household</td>
<td>3,744</td>
<td>2,472</td>
<td>1,619</td>
</tr>
<tr>
<td>Total</td>
<td>4,177</td>
<td>2,749</td>
<td>1,887</td>
</tr>
<tr>
<td>Subscribers– Non Dial-up (‘000)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business &amp; Government</td>
<td>412</td>
<td>549</td>
<td>697</td>
</tr>
<tr>
<td>Household</td>
<td>1,391</td>
<td>3,360</td>
<td>4,522</td>
</tr>
<tr>
<td>Total</td>
<td>1,802</td>
<td>3,908</td>
<td>5,218</td>
</tr>
<tr>
<td>Totals (‘000)</td>
<td>5,980</td>
<td>6,657</td>
<td>7,105</td>
</tr>
</tbody>
</table>


As illustrated in the above table, of the 7.10 million subscribers to the Internet at the end of the December 2007 quarter; 964,000 were business and government subscribers and 6.14 million were household subscribers.

In addition, the ABS has reported that, at the end of the December 2007 quarter, there were 481,000 subscribers to wireless technology, in contrast to the 186,000 subscribers at the end of the September 2006 quarter, while satellite technology increased to over 58,000 subscribers by the end of the December 2007 quarter.  

The Commonwealth Department of Broadband, Communications and the Digital Economy (DBCDE) is currently working on a project titled ‘The Future of the Internet’, which is a research project that commenced in early 2007 and involves analysis of the long-term public policy aspects of the future of the Internet. The work was initiated as being Australian input for the OECD 2008 Ministerial Meeting: The Future of the Internet Economy, held in Seoul, Republic of Korea in June 2008. The Department has also been working on a number of other ICT based projects, including reports on ‘ICT and Productivity’ and ‘Reliability of the Internet’.  

The ABS has reported on business use of ICT, noting that, from a total of 708,000 businesses in Australia, internet access during the year ended 30 June 2007 was reported at 86 per cent,  

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while during the 2006-07 year, 34 per cent of businesses had a web presence. Interestingly, the ABS also reports that:

> An association exists between the employment size of a business and the likelihood that the business is using IT...For example, during the year ended 30 June 2007, almost all businesses with 200 or more persons employed accessed the Internet, while 95% had a web presence.

However, this relatively high take-up rate does not apply to small businesses, with the ABS reporting that of the 443,000 firms with 0-4 people employed, 84 per cent of businesses who employed 0-4 persons had Internet access, yet only 24 per cent had a web presence.

The take-up rates are even lower when measured against businesses which placed orders via the Internet or on the web: 34 per cent of firms with 0-4 people employed and 69 per cent of firms with 200 people or more employed. Tellingly, of businesses which received orders via the internet or web, a mere 20 per cent of firms with 0-4 people employed and 26 per cent of firms with 200 people or more employed, had this technology installed and enabled.

**Defining ‘Broadband Internet’**

There are a number of varying definitions of what is meant by ‘broadband internet’. While essentially referring to four different kinds of high-speed Internet connections; cable, DSL, satellite and wireless, the following examples illustrate the lack of consensus on an agreed definition.

For example, the OECD has developed a ‘Broadband Subscriber Criteria’, as a means of categorising internet access systems operating in member countries. These are: DSL, Cable, Fibre and ‘Other’ (Wireless and Wired). For DSL, Cable and Fibre connections, the OECD criteria is based on download speeds being greater than 256 kbit/s and for Wireless and Wired connections, the criteria includes only connections with speeds faster than 256 kbit/s to end users.

Another definition is provided by the ACMA, which notes ‘broadband is a class of data transmission technologies, including fibre-optic (FTTx), xDSL (such as ADSL, ADSL2+ and VDSL), HCF cable and wireless (such as WiMax, HSDPA, LTE and iBurst), offering a data rate significantly higher than narrowband services.’

A further definition is provided by the Australian Government’s NetAlert website, which states that broadband is ‘sometimes referred to as a high-speed internet’, which is an ‘always on’ fast connection to the internet, with ‘two of the more commonly found and used technologies are cable and DSL broadband.’

Still further, the DBCDE states that: ‘Broadband comes from the words “broad bandwidth”. It is used to describe a high capacity, two way link between end users and access network suppliers. It is capable of supporting a variety of voice and data applications like pay television, voice telephony, Internet access and multimedia services.’
Local Economic Development in Outer Suburban Melbourne

The OECD credits broadband with generating ‘increased efficiency, productivity and welfare gains’ while potentially contributing to job creation and occupational change. Yet broadband developments ‘also gives rise to security and privacy concerns and protecting users’ security is increasingly important as the broadband-enabled Internet becomes part of the economic infrastructure’.

Recognising that innovation based on technological changes help drive economic growth, for the OECD, broadband is seen as a ‘general purpose technology enabler’ and that:

*However, a few technological improvements fundamentally change how and where economic activity is organised. These so-called general purpose technologies (GPTs). Historical examples of GPTs include printing with moveable type, electricity and the dynamo, the internal combustion engine, steam engines and railways. ICTs, including computers and the Internet, are generally considered to be GPT.*

... 

*GPTs are technologies that enable changes, which is also the case for ICTs, with broadband acting as the required infrastructure enabled (like the electricity transmission and distribution network in the case of electricity) and the internet as the platform supporting an endless variety of applications.*

Importantly for this Inquiry on LED, the OECD believes:

*Broadband also enables the emergence of new business models, new processes, new inventions, new and improved goods and services and it increases competitiveness and flexibility in the economy, for example, by the increased diffusion of information at lower cost, by improving market access to increasingly larger markets, by allowing people to work from multiple locations with flexible hours and by generally speeding up procedures and processes, boosting the economy’s dynamism. Finally, by their nature these technologies also create network externalities whereby the benefits that accrue from using them increase as diffusion spreads. There can be further spillovers too, for example when companies adopt broadband and ICTs that transform their supply chain and thereby prompt other companies to also change theirs, either because they are part of the chain or because they copy the innovative leader.*

As mentioned later in this section, some submissions to this Inquiry have highlighted the need for more reliable, affordable, widespread and faster broadband for Melbourne’s outer suburbs. Many believe this access would be particularly welcomed by existing or potential small to medium sized enterprises in the outer suburbs, as well as many data-intensive home-based businesses.

As this inquiry progressed, the Howard then Rudd Federal Governments have both attempted to improve the nation’s access to a world-quality broadband network. The latest move came in mid-April 2008 when Federal Communications Minister the Hon. Stephen Conroy MP called for proposals from companies or consortia able to build and operate an $8 billion-plus
Chapter 5: Opportunities for Outer Suburban Local Economic Development

National Broadband Network, to which the Australian Government would contribute $4.7 billion.\textsuperscript{368} Construction of the network is expected to be underway by the end of 2008.\textsuperscript{369}

In announcing the panel of ‘experts’ to assess the National Broadband Network proposals, Senator Conroy stated new network is expected to:

- deliver speeds of at least 12 megabits per second;
- use fibre-to-the-node or fibre-to-the-premises architecture;
- be available to 98 per cent of Australian homes and businesses;
- have uniform wholesale pricing that offers consumers real value for money; and
- provide open access to wholesale broadband services on transparent, equivalent and genuinely pro-competitive terms and conditions.\textsuperscript{370}

This would result in either a national ‘fibre-to-the-node’ or the more expensive ‘fibre-to-the-home’ network, capable of delivering download speeds of at least 12 megabits per second to 98 per cent of Australian homes and businesses and operational within five years. Senator Conroy believes this would ‘ensure the best outcomes for all Australians and the competitiveness of the economy’.\textsuperscript{371}

On 4 August 2008, the Rudd Government’s 2008-09 Australian Broadband Guarantee came into effect. With the stated aim of providing ‘all Australian residents with access to affordable metro-comparable broadband services’,\textsuperscript{372} the program makes provision for ‘financial assistance (in the form of incentive payments) to registered internet service providers to supply metro-comparable broadband services to residential and small business premises where such services would not otherwise be available’.\textsuperscript{373} To fund the program, the Australian Government has allocated $270.7 million over the next four years, along with committing to provide high-speed broadband services to 98 per cent of the population with the establishment of the National Broadband Network.\textsuperscript{374}

In the interim, the Victorian Government continues to roll out its $9 million Connecting Communities: the second wave strategy, ‘to address the barriers to Internet uptake in Victoria’ – for as Community Development Minister the Hon. Peter Batchelor MP observes: ‘The internet is increasingly important as a household and business resource and as a gateway to new opportunities’.\textsuperscript{375}

**Broadband speeds**

There has been much debate on broadband speed. The OECD, which began collecting data on broadband subscribers in 2001, defines broadband as internet connections with download speeds faster than traditional dial-up connections (at 64 kbits/s) and has set the minimum threshold for bit rates at 256 kbit/s.\textsuperscript{376} In line with the OECD measure, the DBCDE defines ‘broadband’ as ‘commonly associated with the speeds equal to or greater than those provided
by Asymmetric Digital Subscriber Line (ADSL), that is, a minimum download speed of 265 kbps and minimum upload speed of 64 kbps.\(^{377}\)

For businesses, the DBCDE states the benefits of broadband include: ‘… increasing the effectiveness of business. The benefits a business can gain from effective e-business include cost savings and operational efficiencies, additional revenue through the selling of information, products or services through websites and access to regional, national and worldwide markets.’\(^{378}\)

The DBCDE website has an online ‘Broadband Service Locator’ designed to help consumers obtain a broadband service by providing contact details of commercial internet service providers (ISPs) that offer a broadband service in the local area. The site also provides for, in the event there are no commercial services available at a metro-comparable level, registration of the Australian Broadband Guarantee to receive a subsidised service.\(^{379}\)

The OECD reports that worldwide, the number of broadband subscribers in the OECD reached 235 million by December 2007, an increase of 18 per cent from 200 million subscribers in December 2006.\(^{380}\) The OECD also notes that ‘Fibre-to-the-home (FTTH) and Fibre-to-the-building (FTTB) subscriptions comprise 8 per cent of all broadband connections in the OECD’ with fibre connections accounting for 40 per cent of all Japanese broadband subscriptions and 34 percent of all Korean broadband subscriptions.\(^{381}\)

The United States is the largest broadband market in the OECD with 69.9 million subscribers, with US broadband subscribers representing 30% of all broadband connections.\(^{382}\) Despite this growth, the OECD has called on member governments to ‘promote competition and give consumers more choices’\(^{383}\) while governments should also ‘encourage new networks, particularly upgrades to fibre-optic lines’.\(^{384}\)

In their recent report ‘Broadband growth and Policies in OECD Countries’, prepared for the OECD Ministerial meeting on the Future of the Internet Economy, held in Seoul, Korea, between 17-18 June 2008, the OECD stated that while broadband connectivity has improved, there are significant gaps between rural and urban areas and that ‘significant differences in the uptake of broadband in businesses, schools and households still exist among the OECD countries’ with particular attention required to address broadband use by SMEs.\(^{385}\) The report recognised that ‘the goal of “broadband applications anywhere, anytime and on any device” has not yet been achieved’\(^{386}\) and critically:

\emph{As consumers are demanding more advanced content, faster upstream bandwidth is becoming essential for further development of the information society. Advanced mobile (wireless) broadband services and associated mobile content have yet to develop in OECD countries whose access is largely PC-centric. Furthermore, there is still substantial scope for OECD governments to put more content and e-government services online.}

\ldots

\emph{Importantly, OECD firms and governments are only just beginning to realise the full potential of broadband when it comes to advanced broadband applications.}
The use of broadband in education, for tele-work, for e-government services, energy, health (tele-medicine) and transport (intelligent transportation systems) is still in its infancy. Organisational and institutional barriers hamper the necessary innovation and structural changes needed and leave many OECD countries struggling to move beyond pilot projects. The notions of ubiquitous networks, broadband-based home management and other new forms of broadband use have yet to develop and diffuse.  

Acknowledging that Japan currently has the highest average broadband speed internationally, with optic-fibre deployment allowing local access rates approaching 100 Mbit/s, the ACMA recognises the importance of achieving faster broadband speeds:

Higher bandwidth is necessary to meet demand for increasingly data-rich and multimedia traffic that is increasingly two-way; that is, upstream and downstream. Wired local access data rates of up to 30 Mbit/s are available in some Australian urban areas.....In terms of wide-area networks, a new standard scalable beyond 10 Gbit/s using optic-fibre technology is under development. The deployment of multi-Gigabit data rates over optic-fibre networks in Australia is technically possible over the next 10 years.

In a joint report titled ‘Accessible Broadband for all Australian’s’ released in August 2008, Media Access Australia, the Australian Communications Exchange and the Consumers’ Telecommunications Network report recommended the need to have a strategic plan to ensure broadband can be (and is) accessible for all Australians. The report identified the following ‘benchmark areas’: universal availability; technology quality of service; regulatory arrangements; affordability; service offerings; equipment; support programs and training; and content accessibility.

In a separate study, the Australian Research Council (ARC) Centre of Excellence for Creative Industries and innovation at Swinburne University of Technology, relayed the findings from their report, titled ‘CCi Digital Futures Report: The Internet in Australia’; the result of a survey of over 1,000 households conducted in August 2007, as the first survey of the Australian component of the World Internet Project.

The authors stressed the importance of the project:

How does Australia build a ‘creative’ economy and society, suited to the economic, social and cultural conditions of the 21st century? The problem lies behind our interest in a better understanding of the dynamics of the internet: we believe that broadband and other ‘new internet’ technologies will be vital enablers for the emergent creative economy.

The authors also acknowledged:

While there are widely available data on the numbers of Australians who access the internet, where they access the net and whether they have broadband or dial-up access....there is almost no detailed, publicly available data on what people
In July 2007, Access Economics published a report titled ‘Australian Mobile Telecommunications Industry: Economic Significance and State of the Industry’. While much of the data presented has been superseded through the recent release of ABS Census data, a number of identified modelling and trends remain relevant, namely:

- declining mobile telecommunications prices benefiting consumers of mobile products and services and users of fixed line services through competitive pressures from fixed-to-mobile (FTM) substitution;
- increases in business productivity arising from the use of mobile phones (particularly among mobile workers); and
- increasing use of messaging services (Short Message Service (SMS) and Multimedia Messaging Service (MMS)) and other forms of mobile data services due to the introduction, implementation and customer adoption of high-speed 3G network and new handset technologies.

**Victoria**

Across Victoria, as at the December 2007 quarter, there were 1,717,000 Internet subscribers (with 7,030,000 Australia wide), as a measure of Internet state and territory subscribers by ISPs with more than 1,000 active subscribers. For the same December 2007 quarter, when measured against ISPs with more than 10,000 active subscribers, there were 1,636,000 Internet subscribers from a total of 6,745,000 Australia-wide, or in other words, 24 per cent of subscribers nation-wide were based in Victoria.

The Committee acknowledges there have been a number of recent Victorian Government initiatives on telecommunications, in particular the Broadband Framework, which was released in April 2005 in order to facilitate what the Government envisages as meeting ‘its broadband requirements in a strategic manner that also facilitates the delivery of telecommunications infrastructure, greater take-up of broadband services, increased competition in the broadband market and lower prices for households and businesses’. The Framework includes three general principles:

1. strategic use of broadband to deliver community benefits
2. supporting market solutions
3. complementing Commonwealth responsibilities.

The Framework makes provision for the following six ‘strategies for action’.

- aggregate broadband demand to increase government purchasing power and facilitate improved community access to broadband infrastructure;
• improve the delivery of government services through leading broadband use;
• make available public infrastructure assets and use its role in planning to support strategic broadband projects;
• assist industry and communities to develop innovative market solutions;
• provide information that supports the development of broadband in Victoria; and
• advocate the interests of Victorian broadband users. 397

The document also notes the following four key challenges in achieving high levels of broadband adoption and use: boosting broadband access; improving broadband affordability; developing a more competitive broadband market; and making the most effective use of broadband. 398 In addition, the report highlights a range of ‘benefits’ to the economy, business, community and regions. 399

In terms of economic benefits, the report estimates, based on modelling undertaken in 2004, that on the basis broadband use in Victoria reaches 70 per cent of the population, the economic benefits will include:

• an additional $15 billion added to Victoria’s GSP;
• an additional 153,000 jobs created across the State;
• a 3 per cent increase in the real wages of Victorians; and
• a 10.5 per cent increase in investment across Victoria. 400

For businesses, the report envisaged the following benefits due to the uptake of broadband:

• faster, more efficient access to online information and services;
• the adoption of sophisticated and powerful network applications, such as video conferencing and virtual private networks;
• new ways to develop and deliver goods and services, enhance after-sales services, improve business-to-business transactions and create better online meeting and training opportunities;
• higher levels of participation and competitiveness in local and global markets;
• reductions in telecommunications costs and more streamlined business practices; and
• greater access for small businesses to services and applications previously available only to larger corporations. 401

Despite the Broadband Framework and various Commonwealth and State government ICT policies and programs currently operating, the Committee heard from people who expressed
Local Economic Development in Outer Suburban Melbourne

a frustration at having what they viewed as inadequate levels of Internet access, in particular a lack of broadband connectivity and gaps in service provision.

The Committee acknowledges there are some critical gaps in the availability of services for businesses, let alone residents, in outer suburban LGAs of Melbourne. The Committee also believes that telecommunications services in these areas must be able to operate on the same competitive basis as those of Melbourne’s inner city and middle suburbs, with the deployment of a Next Generation Broadband infrastructure based on fibre optic or advanced wireless networks, essential for advancing LED.

The Committee also acknowledges the Victorian Parliament’s then named Rural and Regional Services and Development Committee’s report on its ‘Inquiry on Regional Telecommunications Infrastructure for Business’, tabled in the Parliament in June 2006.

The report contains a number of significant ICT issues of relevance, not just for regional Victoria but also for outer suburban and peri-urban areas of Melbourne.

While there have been ICT policy announcements at both the Commonwealth and State government levels since the report was released, a number of recommendations have relevance to this inquiry into LED in outer suburban Melbourne, namely recommendations: 26, 29, 35, 36, 44, 45, 46, 47, which the Victorian Government in its response, has agreed to support.

In reviewing the ‘Inquiry on Regional Telecommunications Infrastructure for Business’ and the Victorian Government’s response, this Committee makes the following recommendation of its own:

<table>
<thead>
<tr>
<th>RECOMMENDATION</th>
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</thead>
<tbody>
<tr>
<td>The Victorian Government, through Multi-Media Victoria, investigate and publicly report on progress in implementing recommendations 26, 29, 35, 36, 44, 45, 46 and 47 of the Victorian Parliament’s then named Rural and Regional Services and Development Committee’s report titled: Inquiry on Regional Telecommunications Infrastructure for Business and their application to outer suburban and peri-urban areas of Melbourne.</td>
</tr>
</tbody>
</table>

**ICT in outer suburban Melbourne**

Melbourne’s outer suburbs are yet to fully embrace the internet, with around four households in every ten connected to ‘broadband’.

370
Table 5.12: Type of Internet Connection per Occupied Private Dwelling; Outer Suburban LGAs – 30 June 2006

<table>
<thead>
<tr>
<th>Local Government Areas</th>
<th>None</th>
<th>Broadband</th>
<th>Dial-Up</th>
<th>Other</th>
<th>Total Connected</th>
<th>Not Stated</th>
<th>Total Surveyed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardinia (S)</td>
<td>6,233 (32.8%)</td>
<td>7,568 (39.9%)</td>
<td>4,591 (24.2%)</td>
<td>94 (0.5%)</td>
<td>12,253 (64.6%)</td>
<td>497 (2.6%)</td>
<td>18,983</td>
</tr>
<tr>
<td>Casey (C)</td>
<td>21,551 (31.3%)</td>
<td>30,587 (44.4%)</td>
<td>14,150 (20.5%)</td>
<td>375 (0.5%)</td>
<td>45,112 (65.4%)</td>
<td>2,240 (3.2%)</td>
<td>68,903</td>
</tr>
<tr>
<td>Hume (C)</td>
<td>16,608 (36.4%)</td>
<td>18,410 (40.3%)</td>
<td>8,699 (19%)</td>
<td>254 (0.6%)</td>
<td>27,363 (59.9%)</td>
<td>1,705 (3.7%)</td>
<td>45,676</td>
</tr>
<tr>
<td>Melton (S)</td>
<td>8,190 (32.5%)</td>
<td>10,236 (40.6%)</td>
<td>5,812 (23.1%)</td>
<td>155 (0.6%)</td>
<td>16,203 (64.3%)</td>
<td>795 (3.2%)</td>
<td>25,188</td>
</tr>
<tr>
<td>Mornington Peninsula (S)</td>
<td>18,455 (37%)</td>
<td>18,874 (37.8%)</td>
<td>10,711 (21.5%)</td>
<td>205 (0.4%)</td>
<td>29,790 (59.7%)</td>
<td>1,627 (3.3%)</td>
<td>49,872</td>
</tr>
<tr>
<td>Nillumbik (S)</td>
<td>3,569 (19.2%)</td>
<td>10,458 (56.2%)</td>
<td>4,204 (22.6%)</td>
<td>47 (0.3%)</td>
<td>14,709 (79.1%)</td>
<td>335 (1.8%)</td>
<td>18,613</td>
</tr>
<tr>
<td>Whittlesea (C)</td>
<td>15,305 (38.7%)</td>
<td>15,174 (38.4%)</td>
<td>7,376 (18.7%)</td>
<td>196 (0.5%)</td>
<td>22,746 (57.6%)</td>
<td>1,457 (3.7%)</td>
<td>39,508</td>
</tr>
<tr>
<td>Wyndham (C)</td>
<td>11,054 (30.1%)</td>
<td>17,120 (46.6%)</td>
<td>7,262 (19.8%)</td>
<td>186 (0.5%)</td>
<td>24,568 (66.9%)</td>
<td>1,082 (2.9%)</td>
<td>36,704</td>
</tr>
<tr>
<td>Yarra Ranges (S)</td>
<td>14,736 (30.7%)</td>
<td>20,658 (43.1%)</td>
<td>11,163 (23.3%)</td>
<td>207 (0.4%)</td>
<td>32,028 (66.8%)</td>
<td>1,217 (2.5%)</td>
<td>47,981</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>422,340 (32.9%)</td>
<td>573,888 (44.7%)</td>
<td>237,451 (18.5%)</td>
<td>7,036 (0.5%)</td>
<td>818,375 (63.7%)</td>
<td>42,585 (3.3%)</td>
<td>1,283 m</td>
</tr>
</tbody>
</table>


As part of a program to increase Internet provision and use and with relevance to LED in outer suburban LGAs, Multi Media Victoria (MMV), the Victorian Government’s ICT support and promotion agency, has a number of programs and projects aimed to support new broadband services and use of innovative technologies, which MMV have outlined as the following:

- Broadband Project Officers
People available to help regional communities, industries and local government improve broadband skills, enhance business practices, aggregate demand and improve access and effective use of broadband.

- Collaborative Internet Innovation Fund

Funding to accelerate use of next generation of ICT by the Victorian Government, industry and community – a $15 million competitive grants program.

- eCommerce

Useful materials for business to use and case studies of successful Victorian ICT companies that have used eCommerce to their advantage.

- MAV’s Broadband Innovation Program

Funding to accelerate use of next generation ICT by Victorian local government – a $2 million program.

- VicFireLINKS

Project to build new competitive broadband infrastructure and services in regional areas of Victoria.

- Virtual worlds

A pilot project conducted in 2007/2008 to test the business benefits of a ‘Second Life’.

- Grants

MMV provides grant assistance for certain projects; each grant program has specific eligibility and compliance arrangements.\(^{404}\)

While the Committee acknowledges this report is not a study into the ICT sector per se, with the discussion focusing more on the role of ICT (and in particular broadband provision) in enhancing LED in outer suburban Melbourne, there are a number of developments in ICT that are worthy of note.

In terms of economic contribution, MMV’s website as of September 2008 highlighted that:

- ICT companies operating in Victoria have gross annual revenues of $24.4 billion;
- Victorian ICT companies export more than A$1.8 billion of ICT equipment and services; and
- Victoria’s ICT industry employs approximately 84,600 people.\(^{405}\)

In addition, there have been a number of initiatives which current programs and policies have built on, including the Victorian Government’s ICT Industry Plan 2005-2010, which
was released in December 2005 and outlines initiatives in the areas of export and investment, government procurement, workforce development and collaboration with the ICT sector.

Of particular relevance to this inquiry is the ICT Linkages Program, which is an initiative of the ICT Industry Plan and has the stated aim of supporting the establishment and growth of ICT clusters and networks.\textsuperscript{406} As part of the program, groups of organisations can bid for funding to support activities to develop ICT clusters and networks. MMV’s website states that the ICT Linkages Program aims to:

- Support the establishment of new clusters and networks by targeting emerging opportunities in ICT where Victoria can develop a competitive advantage;
- Assist existing collaborative organisations to move to the next stage of development in order to develop the local ICT industry and to generate benefits for individual companies and the Victorian economy;
- Encourage greater collaboration between the ICT industry, other industry sectors, education and research institutions;
- Stimulate greater innovation in the development and delivery of products and services; and
- Stimulate new business, investment, employment and export opportunities.\textsuperscript{407}

Similarly, the GAA’s March 2008 report, ‘A Strategic Framework for Creating Liveable New Communities’, highlighted a number of ‘liveability goals’, objectives, planning priorities and ‘indicators’. Of relevance to ICT is the GAA’s ‘Liveability Goal One’, which aims to achieve ‘high quality job opportunities and a thriving local economy’ through delivering ‘high quality and integrated infrastructure’, while the indicator (or measure) of its success is: ‘the infrastructure needed for fast broadband internet and up to date telecommunications services for homes, organisations/schools and businesses has been planned’.\textsuperscript{408} The Committee welcomes further progress on this goal and indicator, especially in the development of new residential and business estates.

**RECOMMENDATION**

The Victorian Government, through Multi-Media Victoria, investigate impediments to small and medium enterprises (SMEs) taking up ICT in outer suburban Melbourne.
RECOMMENDATION

The Victorian Government, through Small Business Victoria and Multi-Media Victoria, examines options to support SMEs developing a stronger web presence and greater take up of ICT, such as enhanced broadband and web-based accounts payable and receivable software. These options should then be promoted by DIIRD and include the appointment of a Broadband Project Officer specifically funded to work with SMEs in interface LGAs.

In addition to the various government initiatives, the Committee also heard from a number of people with expertise on ICT issues, along with insights from people who have first-hand knowledge of ICT (and especially broadband) for businesses and residents in outer suburban municipalities.

For instance, Assoc. Prof. Graeme Johanson from Monash University told the Committee at a public hearing:

> When we speak of information and communications technologies, we are speaking not only of internet and access to that sort of infrastructure but also about mobile devices now of all sorts and those are of great significance obviously for small businesses where people are involved in logistics in services where they need to move around.

> We have undertaken a number of research projects and I will not detail them because they are in the submission but they show three significant things, I think: first of all, that there is a lack of resources in this group and that people are hard pressed in terms of time, capital and income to devote to looking at undertaking serious strategic planning around the use of information and communications technologies. So secondly, they tend to be a little chaotic and informal in their networks. They certainly have networks — they have social and economic networks — but they are not very well organised. They need support there.

> The third finding is that local government, from our perspective, clearly has a very significant role to play and it is frequently to the local government that these organisations turn when they are looking for support.  

At the same hearing, Dr Carmine Sellitto, from Victoria University’s School of Information Systems at the Footscray Park campus told the Committee.

> In terms of what we have done as a group between Monash and Victoria University, we came together about two years ago to look at the synergies between small business and community based organisations. We undertook a series of studies — one in Casey and one in Wyndham; Casey being the eastern suburbs around Monash and Wyndham being another study around Victoria University — looking at the ability for community based organisations and smaller type businesses in those areas to use ICTs.
On some of those findings — just a summary — there is still an issue with infrastructure in those areas. Casey is a fairly big outer suburb municipality. It certainly has got a lot of resources but there were still issues with respect to infrastructure and access to technologies in that area. It is the same with Wyndham. You would have thought that there were certain areas that you might find that access would not be a problem, but that certainly was a problem by both small business organisations and also community based organisations.

The issue with respect to small business is that, in terms of building capacity, using the ICT to build up their own organisations in both types — both entities — informal networks came through as the no. 1 issue. They used informal networks to be able to get ahead.

The other thing that came through is that there was not a planned approach to the adoption of the technology, so in terms of economic development in these areas at this level, the impression we get is that one hat does not fit all. You need to almost tailor it to specific areas so it is almost an ad hoc approach to building capacity.

There are some success stories — just a couple. A group of library parents in the Casey Cardinia area set up a web site via their local library and was able to progress it so they incorporated a lot of parental involvement in the library area to the point where they have almost gone to a blog format. If you are not familiar with the blog, the blog is sort of the web 2 — the next phase of internet generation. That was a reasonably good success story.

The other one was home based businesses. This sort of feeds in from a study. We find with home based businesses and local councils, that local councils want to engage home based businesses with their technologies but we are finding that there is still a bit of a gap with respect to how they go about doing that.

There were issues with barriers that we found looking at the adoption of these technologies and standard access was one of them. With technology, for some of the organisations and the businesses there was a steep learning curve. Also, going that extra step in some areas, apart from having the static web site, going to the e commerce — the next step — was a bit of an issue. Resources, time and planning and access were all handled informally, so to a certain extent that was a barrier.

**Broadband in outer suburban Melbourne**

The issue of Internet access was also raised by council officers. Peter Fitchett, Director of Planning and Development Services at the City of Casey, argues that more should be done to improve ICT for residents:
... we do not believe broadband at this point in time is as comprehensive across the municipality [of Casey] as it should be and we have significant pockets where there is very poor access to broadband and that is affecting many smaller and home based businesses.\textsuperscript{411}

This was a sentiment shared by Ian Ada, Agribusiness and Tourism officer with the Yarra Ranges Shire Council, who told the Committee:

\textit{Broadband is lacking in our area as well. We have problems both in the urban areas and the rural areas for broadband. Particularly away from about 3 to 4 kilometres from a telephone exchange, ADSL does not work well at all. Even some of the new establishments or residential areas, even within the urban growth boundary, the capacity is totally taken up already and even residents, let alone people who want to be in home based business, cannot get access to it. There is also a lack of funding for incubators to help business grow.}\textsuperscript{412}

Director of City Sustainability at the City of Hume David Keenan, believes the issue is even wider, with:

\textit{Infrastructure is a major issue \ldots [that is] broadband and technology, not just to the home but also to commercial and industrial sites as well. It could be a major benefit for Hume if we can get some consistency of where the rollout of fibre to the node is actually going to occur over a period of time.}\textsuperscript{413}

Mr Keenan also told the Committee:

\ldots broadband in these areas [Hume] is obviously a huge issue. It is an economic inhibitor not just to the businesses establishing themselves there but to the residents establishing themselves there as well. The definition of what broadband is, the definition of what affordable broadband is, is not something we want to go into but there is definitely some leadership required by the other two levels of government in relation to how this infrastructure can be installed in the longer term, to ensure sustainable economic development outcomes for both businesses and residents at the time.\textsuperscript{414}

Committee member Danielle Green MP, then asked Mr Keenan about broadband infrastructure, noting:

\textit{In my area, I have been inundated over the last six months with not only businesses, say, tourism businesses but also people who live in residential areas who are attempting to run home based businesses or thought when they moved house they would be able to run one, having to rely on dial up. Has the city got any information about what the coverage is across Hume and also whether or not it is just ADSL because ADSL, obviously, internationally is not considered broadband — although Telstra might say that it is. I am just trying to get an idea of what the proportion of the problem is in Hume.}

In response Mr Keenan said:
We do not have an accurate assessment or a recent mapping of the broadband coverage, although I am aware that mapping is undertaken by Telstra. It actually identifies where there are shortfalls. I am not going to propose large discussion around ADSL and the different versions of ADSL that are put forward by the different carriers at any point in time. The issue for us is that if we are to have sustainable businesses in some of our growth areas where people have the opportunity of working from home, there is a real need for the deployment of fibre to the node and fibre to the home.

There is also the need for that fibre to exist in areas such as the Craigieburn town centre where there will be a large amount of office and commercial businesses installed. That infrastructure needs to be highlighted in the same way as water, waste, electricity and gas and at the moment, local government is probably suffering the ramifications of being at the end of the line between the debate that is occurring at a federal level and to a lesser degree, at the state level.

Sorting out that infrastructure will be vital to not just create the home based businesses but in the future when we go into a wired or fibre environment for those people to be able to access everything, i.e. have your television, your laptop, your ‘internet fridge’, your games and multiple connections going through into a pond box or something similar. Unfortunately in some of our new estates, we are not up to that at the moment and, as I understand it, there are only a few destinations in Australia where Telstra is actually laying that fibre at the moment.  

At the 2007 Hume Research Conference in Broadmeadows on 27 July 2007, the Committee Secretariat heard that, in relation to IT access and developing IT literacy skills:

- Hume City Council has been actively providing computer access and courses for residents as a means of raising general computer literacy, access and equity across its region.
- This aim is linked to longer term goals of ensuring residents have ICT skills that are relevant to today’s workforce requirements.
- On face value, this strategy may be working with a greater ‘take up’ of computer use across the LGA from 2001–06; however, far more research is needed to qualify the reasons behind this improvement.

Yet even if the ICT infrastructure and skills development programs are in place, barriers to the uptake of technology remain, as Simon O’Callaghan, Economic Development Officer with the Shire of Yarra Ranges, explained to the Committee:

Earlier this year [2007] we did a business survey. We visited every business located in an industrial and business zone in the shire — that is, all our retail based and our industrial based businesses — and we were quite amazed at the number of businesses that do not have a computer in their business at all. Sending out things like e bulletins might work well in other areas where everyone
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is technologically savvy but in Yarra Ranges, we have a diverse range of businesses so we have to have a number of different mechanisms to reach business.\textsuperscript{417}

Committee member David Hodgett MP also asked Simon O’Callaghan about businesses not having computers or being online and whether there is any data on household business computers across the shire. Mr O’Callaghan told the Committee:

\textit{We have not delved into that. We are hoping to undertake an update of our economic profile early next year. A lot of the data is still coming on board. We have learnt a little bit more about our Journey to Work information and where people are coming from. Since the last census in the year 2001, we have had roughly an additional 2,000 jobs created in the shire and of those 2,000, nearly all of them are sourcing local individuals to fill those positions. That is one early stat from the ABS that we are aware of in terms of employment.}\textsuperscript{418}

In relation to broadband capacity in the Shire of Yarra Ranges, whether there are pockets where there is no broadband and how that is affecting business in that area, Mayor Cr Tim Heenan, told the Committee:

\textit{There are certainly pockets or places where there is no broadband. Through rolling out its new network systems, Telstra is keen to be able to fill those places but because there is quite substantial variation of views on the environmental impact of towers and infrastructure regarding that, in some cases it makes it very difficult. On the one hand you could probably see that Telstra are trying to do this. I do not understand the full technology, though I do understand, because of the topography of large areas of the shire, that they need to be able to relate to all those areas. It is a complex issue. There are areas which could be better served by Telstra but, in saying that, there are still concerns about some of the infrastructure that we have, which makes it difficult weighing one up against the other.}\textsuperscript{419}

The committee was interested to hear about the development of a broadband register which Peter Fitchett, from the City of Casey noted:

\textit{... the council has been looking at this for some time now and what it is showing is that there are pockets, particularly through the Hampton Park and Narre Warren South areas — Narre Warren South is a relatively new suburban area — where there are significant black spots in terms of access to quality broadband coverage. So there are black spots that are showing up from that register.}\textsuperscript{420}

The Committee also heard evidence from witnesses about the benefits of running fibre optic cables to residences. Committee member Don Nardella MP asked Monash University’s Assoc. Prof. Johanson about the project noted in their submission, regarding Whittlesea Council working with Delfin Lend Lease to roll out fibre optic cable in Broadmeadows and what did the project entail and how did it help the local area. In response, Assoc. Prof. Johanson told the Committee:
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It seemed to us that it was a good model in the sense that here was a development company that was very interested in supporting the dispersal of broadband. Clearly for them there were benefits in the sense that the value of the subdivision, of the properties, was increased. It is interesting to me that that local government is regarding broadband as essential infrastructure. It is as important as the roads, the electricity and the water. That is, I think, a very significant development.421

Mr Nardella then asked whether fibre optic was installed at the exchange and from there to homes, to which Assoc. Prof. Johanson concurred. Mr Nardella changed the focus to ask whether there has been any work undertaken regarding increased economic activity arising. Assoc. Prof. Johanson replied that:

Yes, there has. In Whittlesea within the council, there is a business liaison person... he is actively involved in promoting that service and in evaluating it. From our perspective, evaluation of whatever is rolled out is of fundamental value in determining how useful it is.422

This point was developed further by the Chair, George Seitz MP who asked what have been the economic and social benefits for communities that are using the internet and satellite phones. Assoc. Prof. Johanson informed the Committee:

The primary thing it seems to me, is that it enhances what is already there. Our research suggests that it is difficult, perhaps impossible, to impose infrastructure unless there is the local motivation to take advantage of it but where there are already strong social networks or strong commercial networks, then the ICTs enable further development there. The economic benefits, I guess, are in terms of increased productivity and output. There are learning and literacy skills that go along with it as well which can be passed on to others. One organisation acquires the skills and that gets disseminated in the families and in the local areas.

....

There was another local online group that was developed, a residents association, which was accessing local government, the Victorian government and the local MP. I am just trying to think what their action was. It was an economic group, a commercial group, in any case. I cannot remember the exact activity.

Small businesses have come together spontaneously in some cases. It looks to me as though they need a bit of support; they need a bit of a push on by somebody like a liaison person in local government. If there is a local champion, that helps enormously too. It might be a school teacher with enthusiasm; it could be some other form of community leader. Obviously it could also be within the local council but if there is a person who can be the focus of enthusiasm, then that seems to lead to development as well.
In answer to your question, I suppose the other overall measure of development is around the level of activity. Are the overall activities within the community increasing or decreasing? That might be in terms of membership of sporting associations or religious organisations. Are there more events? Are they associated also with ICTs? So there is a publicity angle to it too. How do you get the word out about the activities of your organisation? Is that fair?\textsuperscript{423}

Dr Sellitto added to this, stating:

... the other point from that is that probably most of your home based businesses in the outer regions — I mean a lot of the smaller businesses are home based businesses and they are usually in those outer regions of Melbourne and so I think it has been shown, from federal government studies, that one of the reasons that they can be home based businesses is by maintaining this communication network through the technology and that allows them to work from home. But also, it gives them the flexibility to have communication with other members of the same sort of business network.

So that is certainly another issue that needs to be considered. As I said, something like 70 per cent of Australian small businesses are home based businesses and technology has been shown to be one of the enablers for them to succeed and to move to be home based businesses.\textsuperscript{424}

In relation to Australia’s broadband access, speed and cost, the Committee also heard from John Burton also told Mr Nardella asked Mr Burton how Australia compared internationally:

Using the broadest specification for broadband, which would be 256 kilobits/s, broadband overseas and Australia’s broadband prices would be about the same. However, if you take speed into consideration, we fall away quite substantially.

... It costs us more. If we want, for example, South Korea’s 50 Mbs or Japan’s 50 Mbs, it would cost us an arm and a leg but let us go back to Whittlesea, where they are providing 100 Mbs to users and they are providing it at a reasonable rate. It can be done.\textsuperscript{425}

Mr Nardella asked a further question in relation to who should pay for improved broadband access in the outer suburbs, such as new residential area developers, the end users, local councils or possibly a combination of groups, to which Mr Burton replied:

There is a cost in infrastructure. You people around the table here well know about roads, electricity, sewerage, bridges and so on so you know there is a cost. In some respects, some states are moving more towards public private partnerships, where they share this cost with the users, financial organisations and themselves — I am thinking of the tunnels in Queensland or the tunnels in New South Wales. As far as the infrastructure we are talking about here, my belief is that the incentive should be balanced between the developer, VicUrban
and the state government. I think it is a balance. How you work that balance out, I do not know, although if you look at the developer, eventually down the road he is going to pass that on in the cost of the land. In a greenfield estate, you are going to dig it up for telecommunications and other services anyway — you are going to put in the pipes, the pits, the electricity and whatever else you are going to put in — so there is only a marginal cost.

I can see that the developers could be a bit anxious about that in some respects because with that marginal cost, it is always a bit of a gamble, I suppose, whether they can actually charge it on but in Whittlesea, it appears that they have been able to pass it on, otherwise I am sure you would all know about it by now.426

In closing his presentation, Mr Burton updated the Committee on a project operating in the American state of Utah called ‘Utopia’ (Utah Telecommunications Open Infrastructure Agency):

...a number of councils have all got together and put in a very comprehensive network for the whole of the state, including open access. However, 19 states in the USA have banned the councils being involved in such arrangements. They have brought in legislation to prevent councils doing this and there appear to be two reasons. One is that the state legislatures — this is in the US — are wary that if there are failures, they will have to wear the costs of this infrastructure because it is much more comprehensive than what we are talking about with Whittlesea or the state of Victoria. It is a really big job. The other reason is, of course, that it could be that some of the major carriers in the USA are not quite...comfortable with alternate infrastructure being placed in the ground. So there are some different views in different states.427

The Committee acknowledges the significant work involved in such an undertaking, although is encouraged by the partnerships approach between councils in the management of their municipal fibre optic system.

**Broadband for Small Business**

The Committee also heard evidence relating to both the benefits of having broadband access, along with the costs of not having access. David Wilson, a Melton-based business coach for Racole Buying Agency Pty Ltd, told the Committee:

The biggest growth for online business at the moment is the retail sector and the retail sector is defined as shops. The issue I have with shops is that they are geographically based and shopping centres are improving and increasing. As we know, there are various shopping centres around Melbourne that are about to double in size. There are no more dollars so therefore, the individual retailers are going to lose volume and they are going to be stressed. They are what I call geographic businesses. People now do not shop geographically. There is a proven statistic that people will look around for any purchase over $98; under
They will go to their local shopping centre. We now have a community that can search online for information.

We are in a situation now where geographical businesses are actually in a negative business situation. You have to be not global but you have to be available. I will use the example of one of my retail customers — although it is not in the Melbourne area; it is in a country town. She makes 20 per cent of her sales on the internet through eBay and we sell dead stock; we do not sell merchandise through eBay. We sell dead stock and she sells it at full value because it is dead stock in her community but it is full merchandise in other communities. The difficulty with retail — particularly with clothing — is that you have to have size, colour and style, which is 24 garments for every type of garment and therefore you have an inventory position. If you could move that inventory, you would not have a stocking position which is where most retail stores are, hence the reason for discounting. We get away from being a geographic business and we have a global mindset but we do it cheaply and more efficiently. The best way to do that is through broadband and through the internet but doing it through the recognised portals that are currently available.

My current website generates no sales and I have had my website for five years. All my websites are coming from people who have met me and who visit my website. I use it as a communications tool and I use it as an advertising plank. I encourage retail stores to use the bigger portals rather than their own websites.

I guess it is equivalent to putting a one line entry in a Yellow Pages the size of this room. You have to ask: if I am going to invest in that product, where am I going to get the best hit? You have got to look at some degree of brand or recognition and the best way for a smaller business — I believe — to do it is to use a given protocol like eBay. I recommend my tourism clients to use wotif.com and all of those other sites rather than to put up their own sites.

Committee member Don Nardella MP then asked Mr Wilson about Internet usage and the adequacy of current broadband services in the outer suburbs in meeting the demands of businesses, including home based businesses. In response Mr Wilson told the Committee:

The internet facilities, at best, are average. At best they are average. They are very inconsistent. People would argue otherwise. I run a home PC, I run a virtual office off my laptop and I run a new 3G network through my laptop, which used to be CDMA [Code Division Multiple Access]. Last week I was in Condobolin, Lake Cargellico, Orange and Cowra. They are not in central areas and communication is very difficult. The dial up speed is walk up speed and the amount of dropouts is quite significant. So yes, we have to have an adequate broadband system and we have to have an adequate internet system but that should not preclude us from getting on with business as well. It is something that
we have to qualify and sometimes perhaps we just have to accept it for the present and make the best we can out of it.\textsuperscript{429}

Mr Nardella asked Mr Burton from ATUG whether he had an estimate of the take-up rate of internet usage is by small to medium sized enterprises, including home based businesses:

\textit{I know it is growing very rapidly but this brings us back into what is the definition of broadband. Some people ask if it is at the entry level, which is 256 kbs or if it is one of the international standards, which is 2 Mbs or 1.5 Mbs. It sort of depends on what you think is broadband. Many people today would say that although Whittlesea is able to provide 100 Mbs to each of the users, not everybody is going to require 100 Mbs at this stage. Maybe somewhere down the road they will but to answer your question, I think for small businesses the take up rate is well over 50 per cent now but it is probably not broadband if you use those other specifications.}\textsuperscript{430}

\textbf{‘Aurora’, Epping North}
VicUrban’s Aurora development in Epping North, which was launched in 2006, is fully laid with fibre optic technology.\textsuperscript{431} Sam Steele, from DIIRD, told the Committee:

\textit{It is also worth noting an update on the Aurora Fibre to the Home project which we referred to in our submission. That project is now successfully delivering advanced fibre to the home infrastructure, providing voice, high speed internet, broadcast and on demand video services to the first of 8,000 new homes that have been constructed in the Aurora estate north of Melbourne. That is among one of the first commercial developments in Australia that has fibre to the home in an open suburban estate development.}

\textit{Through this project, the [Victorian] government is seeking to demonstrate a viable business case for deployment of fibre to the home in these new estates and ultimately, would like to see it provided as a standard utility infrastructure much like water and electricity. The government is continuing its support for the deployment of this technology through advocacy to the commonwealth government on the implementation of the planned national broadband network, which is expected to deploy fibre to the node and/or fibre to the home infrastructure.}\textsuperscript{432}

VicUrban has said that for Aurora, ICT capability can be seen as:

\textit{Fibre to the home technology at Aurora delivers “five play” services with speeds up to 100 megabits. This includes IP-based telephones, internet, free to air TV, video on demand and pay TV delivered through a single fibre connection to the home. VicUrban has also worked with builders to provide structured in-house cabling to support the delivery of these services.}\textsuperscript{433}
Mark Allan, VicUrban’s General Manager Project Planning and Design, added:

*One of the challenges developers face in trying to implement fibre to the home is that infrastructure such as conduits and pits need to go under roads and footpaths usually owned by Councils. The partnership between the City of Whittlesea and VicUrban allowed the infrastructure to be installed at the cost of the developer without requiring Council to fund ongoing maintenance – that obligation is met at Aurora by the underlying service provider.*

The Committee acknowledges the structural and organisational impediments in providing comprehensive access to broadband in outer suburban areas, as Mr David Turnbull, from the City of Whittlesea, explained:

*With respect to broadband, we are having a very large debate at the moment with Telstra about the rolling out of particularly fibre optic to all of our growth areas, including employment areas. That is going to be ongoing because Telstra want a monopoly on that and we are saying we prefer a provider operator, an open system where end consumers have choice as to which internet provider they use.*

John Burton from ATUG told the Committee:

*...ATUG does have views which relate to several of the terms of reference. In particular, we believe that the entry of economic infrastructure development programs in suburban and outer suburban areas have a direct effect on competition in the telecommunications industry. Currently, there is little competition outside the central business districts and some other areas of Victoria and other states but there is a limitation for business and for other users — residential and small business people — to access high speed broadband services in a whole range of areas. That is why I thought the example that I wrote about, which is the City of Whittlesea, was interesting. I have spoken to the people involved in that over a number of years. It took a long time from gestation but in the final analysis it was well worth it. This is a greenfield estate — I am not talking about brownfield estates — and certainly when the people shifted there, they found there was no possibility that they could see, even in the long term future, that they would be able to get access to high speed and a whole range of advanced services which so many people in the cities, including myself and probably most of you — or many of you — have access to.*

*The council [Whittlesea] sought around and spoke to various telecommunications providers and to developers but nothing much happened. Nothing much happened until they changed their planning regulations to require developers to install pits and conduits and so on in all new developments, which then enabled other people to put in optical fibre and other activities to support a full range of services, including voice, video, high speed internet, videoconferencing, free to air TV and I think there are going to be others. The key to it all is open access. What that means is any service provider or carriage service provider, should be*
allowed to access that particular network at the same price as the other access seekers. This is a way to provide competition.

...

In Whittlesea [at Aurora], they now have high speed activities more than 200 times faster than you find in a dial up system. What has been done is because of VicUrban, the Victorian state government and the developer, they have been able to show that this approach which has been used in Whittlesea, can in fact be leveraged. I put down some of the places which are having discussions to use the Whittlesea model — that is, Cardinia, the city of Greater Dandenong, Swan Hill, Shepparton, Hamilton and Officer. I understand that there are more places. I also know that Bendigo is quite a deal down the track in putting the same type of network and system together, although I do not believe that they are associated so closely with VicUrban or that project in Whittlesea. Why that is I do not know.

The lessons learned from Whittlesea and the ones that are transferable are that you have to have a strong vision and patience and you have to have commitment from VicUrban, state government, the council and also the developer. It is interesting that, looking at developers, it is not for all developers because you need technical expertise, you need financial strength and you also need the willingness to go forward into a regime such as this. The council, the people doing it, have to have two things. They must have technical expertise. They need somebody there who knows about — and I use the broader sense — communications engineering. They do not have to know how to dig holes in the ground but they need to know the sorts of applications, what can be done and the people to speak to. Who should they speak to? Local knowledge is important.

...

As I mentioned, you must have appropriate expertise. Are all the state and federal legislations appropriate for greenfield developments? The answer there is that there is a lot of confusion about it. I will talk about some of these briefly because this is what you can do down the track to make some of these things happen a bit more easily. Firstly, you can encourage the delivery around the state of open access infrastructures, as I discussed before, so that access seekers who want to provide services to businesses and residential users have equal access to this infrastructure. Next, encourage the ministerial online council to develop a national policy and strategy on greenfields and the development of alternate infrastructure. The local government and the states need to have a voice in the federal policies and strategies associated with this. I am sure there are supposedly ways that this happens but it is not really evident, to me at least, that this works too well.

Policy decisions required: under the current federal legislation, Telstra is the primary USO [Universal Service Obligation] provider. That means that even if other organisations have provided the infrastructure, are providing the services
— that is, the voice, the data, the TV and whatever else — Telstra still remains the USO provider. Telstra may not even know where the network is, it might not even know what services are running on it, it might not even know the actual layout of the situation, yet it is the primary USO provider. What must we do about that? I think we should require some policy decisions which clarify this situation, particularly where Telstra does not have a presence on the estate.\textsuperscript{436}

\textbf{Caroline Springs}

A further example of some of the frustration experienced by some residents and businesses is in relation to the lack of comprehensive coverage. For instance, at a public hearing in Melton, Delfin Lend Lease’s Anne Jolic and Martin Gaedtke had the following discussion with committee member Don Nardella MP regarding Caroline Springs:

Mr NARDELLA — What is the ICT infrastructure?

Ms JOLIC — Just broadband and fibre and high-speed connections.

Mr NARDELLA — I thought Caroline Springs was part of the initial development that all that infrastructure should be there.

Ms JOLIC — Yes, there certainly is in broadband access, particularly in the town centre. I suppose it is more the home based businesses who still cannot get access to broadband.

Mr GAEDTKE — It is more about infrastructure keeping up again with the development. It has always been known as an exchange on site which Telstra delivered about two, three years ago now. They have already upgraded it twice. It is literally then trying to keep up with the development.\textsuperscript{437}

\textbf{ICT and Tourism:}

The Committee also heard from people involved in the tourism sector, much of which is discussed in other sections of this report. Tourism Alliance Victoria Chief Executive, Nicholas Hunt said many of his members had identified common problems frustrating their sector’s economic growth:

... the common issues amongst those members, including skill shortages, communication and energy black spots, key infrastructure gaps and public transport networks, are issues which do affect the tourism industry. As a service-based business, skill shortages are obviously critical because as an export-based industry, we are actually delivering the service on-shore, you cannot take advantage of the labour market that is off-shore. For a business to be viable in today’s day and age in tourism, broadband and high-speed internet access is absolutely critical, as is mobile phone coverage, as people change their travel plans.\textsuperscript{438}
As mentioned next in the section on Skills Shortages and LED, the Committee acknowledges the potential need for more local training to satisfy the skills shortages in the tourism, accommodation and hospitality sectors.

**RECOMMENDATION 77**
The Victorian Government advocates to the Australian Government, to include in their Australian Broadband Guarantee, highest level metro comparable coverage for outer suburban areas and that the proposal to the Australian Government is linked to LED.

**Conclusion**
This section has highlighted international and national ICT developments and trends, especially in relation to broadband availability and speed. The Committee acknowledges that ICT is only relevant to the inquiry in-so-far as its development enhances LED in outer suburban Melbourne and as such, the Committee focused heavily on evidence from LGAs, telecommunications groups and business coaches rather than the major telecommunications operators.

The Committee has been impressed with some ICT developments, such as the planning for high speed broadband in Aurora, although the Committee believes more needs to be done in both established communities, such as Caroline Springs and in new, greenfields developments, to ensure that (as with Aurora), fibre optic provision is installed prior to the arrival of residents and businesses.
Skills Shortages and LED

This section examines the challenges posed to LED in Melbourne’s outer suburbs by a growing shortage of skilled labour. Skills Victoria acknowledges this problem as one of several hampering the entire state’s economic development:

*Victoria faces a number of challenges to our future economic prosperity: increased global competition; slowing productivity growth; an ageing population; and intensifying skills shortages. ... We also have to overcome challenges within the current [Victorian] training system to ensure we have the right mix of skilled workers to continue growing our economy.*

This view is endorsed by the latest research from the National Centre for Vocational Education Research (NCVER), which notes ‘The fundamental source of a country’s economic prosperity is the productive capacity of the national workforce. Vocational skills are a vital part of that productive capacity’.

The Australian Industry Group (AIG) estimates Victoria needs 45,000 to 60,000 additional full-time workers to meet its immediate skill needs and this demand will only grow as the population ages and retires from the workforce. The Victorian Government confirmed this outlook in April 2008, when Skills Victoria noted ‘there are more than 1.4 million adult Victorians who do not hold any post-school qualification and – if training continues at its current rate – we will face a shortfall of 123,000 people at the advanced diploma and diploma level by 2015’.

Earlier in Chapter Two, this report presented the latest ABS data from the 2006 Census on the educational achievements of residents in Melbourne’s outer suburbs. This section builds on those statistics with evidence from stakeholders including Melbourne’s interface councils and several vocational education and training (VET) providers. After considering this information, the Committee makes several recommendations to address the skills shortage in Melbourne’s outer suburbs.

The Need for Upskilling

Much of the evidence presented to the Committee has outlined the perceived extent of the ‘skills gap’ across Melbourne’s interface. Some witnesses saw the problem as an inevitable consequence of globalisation; some cited the poor performance of existing secondary schools and training providers; and some blamed the inability of Melbourne’s existing education and training facilities to satisfy the demands of rapid population growth.

Melbourne’s Outer North

In the outer northern suburbs, Peter Harrison, General Manager, Government Liaison/Student Services Group at Kangan Batman TAFE, attributed the need for re-training or ‘upskilling’ on ‘structural changes within enterprises as they move to new technologies’. He told the Committee this was due to:
... a growth of new industries and a decline of the old traditional industries, with a change in skills requirements. There is a structured change in geographic location, with a movement of companies and businesses from where they used to be in inner urban areas to the outer fringes, and we are seeing a lot of that out here in Broadmeadows. There is significant technological change—a change in the role of work and how that is done in the workplace—which job seekers have little interest in or knowledge of. All this impacts on what industry determines are skills shortages. In summary, it is their lack of ability to attract new staff. They have staff on board that lack the skills required for current operations and they are not able to attract staff into their companies. That results in a skills shortage or a skills gap with existing workers.443

Some ‘brownfield’ areas of Hume were overly exposed to ‘significant technological change’ in their manufacturing sector. For instance, in November 2004, the Kodak factory closed, resulting in 600 job losses.444 Then during this inquiry in June 2008, South Pacific Tyres announced the pending closure of its Somerton factory in Hume, resulting in 600 direct and up to 2,000 indirect jobs being lost.445 Mr Harrison told the Committee that such events caused widespread damage:

A significant amount of anxiety is created as people change from old traditional jobs to something completely different. It also negatively affects the whole industry sector when a major company ceases production in an area. It has an ongoing effect, trying to attract people into other businesses in the same sector.446

This situation was compounded by Hume’s ‘mismatch between labour supply and demand’:

There is a significant demand for labour but ... there is a significant mismatch in what we have and what is coming. There are skills shortages at entry level ... young people, in particular, entering industry. ... [and] with existing workers ... [because] our mature workforce does not necessarily have the skills that companies are looking for. ... There is [also] a decline in unskilled and semiskilled work in a lot of companies, and that also has ongoing implications.447

Tony Coppola, Executive Officer of the (former) Northern Melbourne ACC, agreed skills shortages were a key LED barrier for Hume and neighbouring Whittlesea:

... we have a lot of business and industry saying, ‘We need young people to come into our workforce. We have got skilled pathways available et cetera’, but at the same time we have very high youth unemployment rates. In some pockets of the region youth unemployment is quoted at over 20 per cent. So there appears to be some significant issues in terms of how our young people are transiting from a school environment into skilled pathways with local employers.448

Several outer suburban councils were also concerned about the academic performance of their local schools, as Mr Coppola highlighted:
... a report in The Age within the past week or so that actually spoke about the perceived low performance of a lot of northern secondary colleges, where I think 40 per cent of the northern schools are in the bottom 20 per cent in terms of VCE achievement. I guess my concern is that if that sort of performance continues in, say, Hume and Whittlesea schools with a growing population, we are really going to compound the situation.\textsuperscript{449}

John Francis, Director Economic Development, in the City of Whittlesea highlighted a similar need to tackle:

... high youth unemployment, the low school retention and I suppose the misunderstanding or mismatch of secondary schools and curriculum with local employment opportunities and local employment linkages.\textsuperscript{450}

Cultural and language barriers also contributed to the skills and labour shortages in LGAs such as Hume. Sophie Gordon, General Manager of MatchWorks, said Hume’s ‘culturally rich and diverse community’ presented great challenges for LED:

Over 60 per cent of our job seekers are non-English-speaking—predominantly from Turkey, Iran, Iraq, Lebanon, and Syria. Our barrier as a Job Network provider in addressing this issue is finding high-quality language and literacy programs with an emphasis on work preparation and understanding the Australian work culture. We are constantly frustrated with long waiting lists as we work to get our job seekers into employment as quickly as possible, and this is how we are measured by the department. With limited availability for full-time programs, most of our clients are completing four to six hours per week and some have been attending for over two years and still have very basic English.\textsuperscript{451}

Ms Gordon said ‘the lack of vocational education and training opportunities in Broadmeadows and the surrounding suburbs’ was especially frustrating for ‘disadvantaged’ residents:

The difficulty ... is in trying to find vocational training courses that meet industry standards and still cater for job seekers from non-English-speaking backgrounds or long-term unemployed, who may have left [school] in Year 9, or parents returning to work. There is also a lack of suitable work preparation courses we can refer our youth and very long term unemployed clients to. ... [We also] struggled to find vocational courses that had parent-friendly hours.\textsuperscript{452}

The Committee agrees with Ms Gordon that there is a need for more language, literacy and numeracy courses to assist ‘disadvantaged’ job-seekers gain ‘work ready’ skills. Such courses should be ‘parent friendly’ and cater for clients from a broad range of cultural and language backgrounds. The Committee therefore makes a recommendation to this effect in a later section dealing with ‘solutions’ to training needs (see Recommendation 12).

Residents at Kinglake, beyond Melbourne’s northern interface, similarly viewed training as ‘critical to an ongoing connection to the labour market’. Bill Coppinger, CEO of the Central Ranges Local Learning and Employment Network, told the Committee ‘the area of
apprenticeships and traineeships … [was] actually doing extremely well’, but those seeking higher level VET courses were severely disadvantaged:

You would not need to be a rocket scientist to know that if you do not have a TAFE within coo-eee and fuel is at the price it is, distances are what they are, you may be in a single-parent home and you may be a considerable distance from your work and your centre of training, then a whole range of things coalesce to perhaps explain those numbers [of residents unable to gain higher education].\(^{453}\)

**Melbourne’s Outer South-east**

Cardinia Shire Council’s Acting CEO, Mike Ellis, told the Committee his municipality wanted local training facilities to keep pace with population growth:

… this is really about matching local skills to new jobs. Cardinia does not really have a very high level of unemployment, but it does have a relatively low skill level amongst a number of our residents. Council has been advocating very strongly for local vocational training facilities within the municipality with the aim of ensuring that the skill levels of our residents are at an appropriate level to match new job opportunities.\(^{454}\)

Fiona Hodges, General Manager Community Wellbeing at Cardinia Shire Council, told the Committee ‘56 per cent of our residents have no qualifications whatsoever’:

That would certainly tend to support the argument that we do need to be providing vocational training opportunities. When you match that to the future employment sectors which are at this stage projected, particularly in the growth areas, to be retail and construction, the vocational training is an obvious match. Those are the two areas that have been identified for the majority of future growth in terms of employment.\(^{455}\)

Ms Hodges further explained that Cardinia’s current education and training opportunities were ‘quite limited’:

... in the growth corridor we have one government secondary college in total. In the next five years we are expecting over 2,000 additional secondary college age students within that area. There are some real issues around the provision of education, but it is also about the right range of provisions so that we can provide options and opportunities for all of our residents ... [we need to provide] education facilities and that is not just the standard primary school, secondary school, but it is also vocational training of which we have none in the shire at the moment, no higher education, training or tertiary of any type that is available locally. ... There is an Australian Technical College site in Ringwood, another one in Bairnsdale. There is a state government Technical Education Centre [TEC] in Berwick in conjunction with Chisholm TAFE. ... [But] when you consider that at the moment we are over 60,000 people, we will be 130,000 people, it would seem to be quite surprising that there is no discussion or planning ... towards any other tertiary provision within the shire.\(^{456}\)
The Committee agrees with Ms Hodges that there is a need for better planning to provide more technical education facilities in Melbourne’s outer growth areas in a timely manner. The Committee therefore makes a recommendation to this effect in a later section that examines the role of technical schools in more detail (see Recommendation 15).

In further evidence to the Committee, Cardinia reported it was ‘the worst performing shire in the state’ for educational outcomes, with 24 per cent of local students leaving school at Year 10 or lower:

\[\text{We also have a year 12 completion rate of around 61 per cent based on 2006 and again that is really quite low when you compare us to both other metropolitan areas and across the state. In terms of benchmarking against the interface areas, we are sitting probably in the lower third of that grouping. Our education outcomes and the achievements are really quite an issue for us in terms of the options that it provides our young people into the future.}\]

Ms Hodges referred the Committee to the findings of the *Staying Connected* report, released by the Interface Councils group in September 2006, which detailed the educational achievements of students from Melbourne’s outer suburbs. The following tabled data is reproduced from that report. Note that a ‘Metro Ranking’ of ‘one’ means ‘young people in this municipality [Cardinia] had the lowest level of educational outcomes of all metropolitan councils’, having only completed Year 10.
Table 5.13: Highest Educational Outcome – completed Year 10, Young People, 19-23 years at the Interface – 30 June 2001

<table>
<thead>
<tr>
<th>Local Government Areas</th>
<th>Males</th>
<th>Females</th>
<th>Total</th>
<th>State Ranking</th>
<th>Metro Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardinia (S)</td>
<td>32%</td>
<td>16%</td>
<td>24%</td>
<td>31</td>
<td>1</td>
</tr>
<tr>
<td>Casey (C)</td>
<td>27%</td>
<td>17%</td>
<td>22%</td>
<td>43</td>
<td>3</td>
</tr>
<tr>
<td>Hume (C)</td>
<td>25%</td>
<td>16%</td>
<td>20%</td>
<td>48</td>
<td>7</td>
</tr>
<tr>
<td>Melton (S)</td>
<td>29%</td>
<td>14%</td>
<td>22%</td>
<td>45</td>
<td>5</td>
</tr>
<tr>
<td>Mornington Peninsula (S)</td>
<td>26%</td>
<td>16%</td>
<td>21%</td>
<td>46</td>
<td>6</td>
</tr>
<tr>
<td>Nillumbik (S)</td>
<td>13%</td>
<td>5%</td>
<td>9%</td>
<td>68</td>
<td>21</td>
</tr>
<tr>
<td>Whittlesea (C)</td>
<td>21%</td>
<td>12%</td>
<td>16%</td>
<td>56</td>
<td>11</td>
</tr>
<tr>
<td>Wyndham (C)</td>
<td>26%</td>
<td>14%</td>
<td>20%</td>
<td>49</td>
<td>8</td>
</tr>
<tr>
<td>Yarra Ranges (S)</td>
<td>27%</td>
<td>15%</td>
<td>22%</td>
<td>44</td>
<td>4</td>
</tr>
<tr>
<td>Greater Melbourne (Mean)</td>
<td>17%</td>
<td>10%</td>
<td>13%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Victoria (Mean)</td>
<td>19%</td>
<td>11%</td>
<td>15%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


As the above table shows, ‘overall, young people living at the interface achieved lower qualifications than those living in metropolitan Melbourne and a higher proportion could be classified as “disengaged” – those who were not attending any educational institution and were unemployed’. The exception was in Nillumbik, where ‘the educational outcomes were substantially higher than all other Interface municipalities’.

Further information tabled in Chapter Two of this report suggests the overall higher educational qualifications and incomes of Nillumbik households is probably the reason why more young people from that LGA either choose to continue further studies or can afford to do so.

Data from the Victorian Government’s Department of Education and Early Childhood Development also confirms a below average transition of some outer suburban students to further training and education beyond their compulsory Year 10 studies. The latest On Track study showed ‘the metropolitan regions exhibiting the lowest rates of transition to education and training included the south-eastern (53.5 per cent), inner-eastern (including inner Melbourne; 53.6 per cent) and south suburbs (55.9 per cent) of the city’.

393
Many Cardinia students seeking to enrol in VET courses turned to the area’s local provider, Chisholm Institute of TAFE. But its Director and CEO, Virginia Simmons, told the Committee a lack of funds was one frustration holding back her provision of courses:

In areas like plumbing at both the Dandenong and Frankston campuses we have had major refurbishments for plumbing students; and down at our Rosebud campus we hired a factory to put plumbing students ... and we hired factories for our building and construction students. In many cases it is a matter of leasing the facilities to get a start and then mounting the case to the government that we need more training places.462

Cardinia Mayor, Cr Kate Lempriere, summarised the challenges facing her municipality in terms of a skills shortfall and LED:

You know our skill base is zilch. Now, you are talking about putting an employment corridor in: why? Where is the skill base? Where is the education that is going to give the people that work here the skills to be able to go into those jobs? It does not exist. ... Our kids leave school at Year 10. You have no transport to get them anywhere, whether it is from one end of the shire or the other. Who is going to give them the skills?463

Since Ms Simmons and Mayor Lempriere presented their evidence in October 2007, the Victorian Government announced in July 2008 a $1.68 million funding allocation for ‘a major technology upgrade’ at Chisholm TAFE, covering:

- $447,000 for maintenance and equipment upgrades at the Frankston campus;
- $184,000 for maintenance and equipment upgrades at the Dandenong campus; and
- $754,000 for a pilot wireless network across all six Chisholm campuses.464

The Committee agrees with the government that such funds are warranted and should assist Chisholm to address the training needs of its growing student catchment.

**Melbourne’s Outer South**

Anita Buczkowsky, from the (former) South East Development (Melbourne) ACC told the Committee a skills and labour shortage also hindered LED prospects on Mornington Peninsula:

... the Peninsula is characterised by a high level of vocational qualifications but there is still demand for skilled workers in areas like automotive engineering, manufacturing, aged care, child care, nursing and so on. The high availability of part-time and casual work has positive and negative aspects because ... early school leavers in particular, or normal school leavers, choose retail and hospitality as their work pathway, but they tend to then remain stuck in that ... position rather than being able to move on. In some ways the availability of those
positions limits their career choices because there has not been enough thought being put in to developing the pathways in retail and hospitality.\textsuperscript{465}

Yet the peninsula’s ageing population also presented opportunities for further specialised skills’ training:

\textit{Mornington Peninsula has one of the highest rates of ageing in Victoria ... and we believe that the ageing of residents could have an effect on the availability of labour on the Mornington Peninsula, in addition to it placing greater demand on the health and community services. Clearly it is going to increase the need for health professionals related to aged care, such as doctors, nurses, physiotherapists et cetera. ... [We also need] retention strategies around people who are already working in the area and who could be retained but who could also pass on their skills to new people coming into the industry.}\textsuperscript{466}

Many of the witnesses quoted above also presented ideas they believed would help ease the skills shortage and training problems in their regions. These ideas are discussed later in this section, together with the Committee’s own findings and recommendations.

\textbf{Specific Upskilling Needs}

Beyond the general views on skills shortages expressed by witnesses to this inquiry, the Committee received evidence identifying specific LED opportunities that hinged on trained and skilled workers, notably for logistics, bio-technology and tourism.

\textbf{Logistics}

Roger Oakden, a researcher with Victoria University’s Institute for Logistics and Supply Chain Management, told the Committee an appropriately trained workforce was essential if Melbourne was to embrace the economic benefits of becoming a ‘logistics city’:

\textit{There are two areas of skills that we are talking about. There are skills that are already available but people are travelling elsewhere to exercise those skills. ... a lot of the technologies and concepts are there but in recognising a potential for bringing the services and the skills that go with them into the west, it is then an upgrading of the skill bases in the west. To a great extent that would be through on-the-job or short intensive courses being built on top of the studies that people have already undertaken.}\textsuperscript{467}

The Committee notes that in June 2008, the Victorian Government awarded Victoria University (VU) a $150,000 grant to investigate the potential of ‘a new Logistics City in the economic heart of Victoria’s western metropolitan region’.\textsuperscript{468} The Committee sees this as a commendable first step toward gaining a more informed view on the need and LED potential of a logistics city and its associated training needs.

In the interim, the Committee accepts there is probably a need for further training to support Melbourne’s existing logistics sector, in advance of the predicted rise of containerised freight
Local Economic Development in Outer Suburban Melbourne

through the Port of Melbourne following the Port Phillip Bay Deepening Project’s completion, as outlined in Chapter One. The Committee has also inspected various new freight and logistics centres in Hume and appreciates these too may need additional skilled staff.

However, the scant evidence presented to this inquiry does not in itself support a recommendation on further skills training needs; rather, the Committee awaits the findings of VU’s study with great interest.

**Bio-technology**

Like his counterparts at VU, Tim Murphy, CEO of the BioMelbourne Network, highlighted similar needs for skilled workers to help expand Melbourne’s bio-technology sector:

... our industry is growing at about 5 per cent per annum. There is natural growth occurring by relocation of people or companies repatriating. But we will see, because of the decrease in science uptake at secondary school and university level, a problem coming in the next 10 to 15 years when the industry is significantly larger than it is now ... [with the supply of] the proficient people who do bench research and bench work. But there are also scientists who no longer do science, who are businesspeople, like myself. They are not necessarily going to be trained in the basics of science anymore, but they will need to know enough of the science to understand how the businesses operate, as well their business skills. So there are two things there. We certainly have a skills shortage at the moment — people who have expertise in science and business. VESKI, the Victorian Endowment for Science, Knowledge and Innovation, has been one initiative to bring more people back from overseas into the Victorian economy. It seems as if the whole developed world has the same challenge with science training.

...  

*We are not unique, but because we are so physically removed from the major markets it is going to be more problematic for us to increase our capacity if we do not have a local pool that is big enough.*

The Committee applauds Melbourne’s bio-technology sector, which has notably led the world in advances including:

- the discovery of new agents that help protect cancer patients from bone marrow damage caused by high-dose chemotherapy;
- pioneering work in in-vitro fertilisation (IVF) technology;
- the development of the Cochlear Bionic Ear; and
- internationally significant developments in stem cell research.
Despite these internationally-beneficial achievements, the Committee regrets they are yet to demonstrate significant LED benefits for Melbourne’s outer suburbs. The Committee does acknowledge that excellent complementary research and development is underway close to Melbourne’s interface, notably at La Trobe University Bundoora, Monash University and the neighbouring Australian Synchrotron in Clayton.

In its tour of the synchrotron in March 2008, the Committee learnt this impressive new facility had already attracted similar high-tech industries. Australian Synchrotron Director, Prof. Robert Lamb, said this local cluster offered unique science-based employment opportunities for all Victorians, including those from Melbourne’s outer suburbs. However, he highlighted the need for more science education in schools, to satisfy the demand for science research across all fields, not just bio-technology.471

This point was reinforced at a Victorian Parliamentary Science Briefing attended by the Committee’s Secretariat on 12 June 2008, where Prof. Russell Tytler from Deakin University and Assoc. Prof. Deborah Corrigan from Monash University discussed their research into the disturbing decline of science being studied by young Victorians. They said the topic required more research, especially into ways to improve the appeal of science as an area of study and future employment.472

The Committee recognises all of this evidence is neither conclusive nor central to LED in the outer suburbs. It further notes that in March 2006, the Education and Training Committee of the Parliament of Victoria presented its findings from its Inquiry into the Promotion of Mathematics and Science Education, recommending a raft of improvements to make science and maths more attractive at secondary level.473 The Victorian Government subsequently tabled its response in August 2006, accepting most recommendations: a move commended by this Committee.

**RECOMMENDATION**

The Victorian Government reports on interim progress made in implementing the recommendations it accepted from the Parliament of Victoria’s Education and Training Committee’s Inquiry into the Promotion of Mathematics and Science Education, March 2006 and outlines further plans to redress the decline of science studied in Victorian schools.

**Tourism**

Nicholas Hunt, CEO of Tourism Alliance Victoria, told the Committee his sector was moving from ‘a skill shortage to a labour shortage’ and this was hampering its contribution to LED in those outer suburbs with an existing or potential tourism industry:

... when you look at what the forecasts are going to be ... that just means you cannot find anybody, let alone ask if they have the right skills. In terms of the
skills mix for the industry, the key areas are really about the right attitude and people who actually want to be involved in a service environment. The training side can be resolved. There is a reasonable level of training there, but, in saying that, the state government through the Office of Training and Tertiary Education does not have tourism and hospitality as a high priority in the context of vocational training funding. It sees other areas as being at a higher end, despite the growth within the services sector.\(^\text{474}\)

Mr Hunt said it was becoming increasingly difficult for tourism employers to find people with the right skills: ‘We are talking customer service skills predominantly and a desire and willingness to do the work that is involved in the industry’.\(^\text{475}\) Research in Queensland, Western Australia and regional Victoria also highlighted problems with getting the ‘job mix’ right:

\begin{quote}
\textit{One of the issues with employment was about the sorts of tasks they [employees] are doing. In hospitality it is working in the hotel and being involved in the service and cleaning up and all those other sorts of things. It is about a wake-up call for employers about looking at some things such as job rotation and that sort of thing so that it makes it a bit more interesting. Often what has come up is that you are not actually being paid enough, but in the data that is there it is quite interesting to see that that was not an issue. The result from the industry side is to say, ‘Maybe we need to encourage employers to take a more creative approach to work.’}\(^\text{476}\)
\end{quote}

The Committee is aware that in July 2008, the Parliament of Victoria’s Rural and Regional Committee tabled its report into Victoria’s tourism industry, devoting one chapter to the area of skills training and recommending improvements to tourism related training in Victoria.\(^\text{477}\) The Committee therefore firstly directs interested stakeholders to that committee’s report and recommendations. Secondly, the Committee endorses the need for an investigation into the specific tourism-related skills training needs of Melbourne’s outer suburbs.

<table>
<thead>
<tr>
<th>RECOMMENDATION</th>
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</thead>
<tbody>
<tr>
<td>The Victorian Government reviews the need for enhanced/additional VET courses in tourism and hospitality to specifically address any proven needs in the tourism, accommodation and hospitality sectors in Melbourne’s outer suburban LGAs. If such needs exist, the government should fund additional courses through appropriate TAFEs/RTOs in the affected LGAs, notably Yarra Ranges and Mornington Peninsula.</td>
</tr>
</tbody>
</table>

\textbf{Overseas Firms}

Responding to a question from the Committee, John Francis, Director Economic Development at the City of Whittlesea, credited his council’s success in attracting new
overseas employers to the availability of infrastructure, complemented by a skilled local workforce:

*If you look at a number of the businesses that have perhaps relocated from some of the other suburbs to Melbourne’s north that are international companies, when we interview these businesses a lot of their reasoning is — I think it is getting down to this chronic skill shortage — they will go where their staff are located. The resourcing of these businesses is probably one of the key decision-making aspects, when you have the givens like the infrastructure and access. I think a skilled workforce is one of the most important decision-making processes in any firm these days.*

While the issue of overseas capital and businesses was not central to this inquiry, the Committee acknowledges the importance of overseas business interests and capital investment to enhanced LED, especially through local employment opportunities. In Melbourne’s outer suburbs, this is particularly the case for sectors such as vehicle manufacturing and food production.

**Transport and Training**

Several witnesses cited what they saw as inadequate public transport preventing many outer suburban students from accessing appropriate education and training. In turn, this frustrated students’ employment goals and eventual contribution to LED.

**Melbourne’s Outer East**

The Committee was pleased to receive a comprehensive report titled: *Current Skills and Knowledge in the Outer East — Signposts for the Future*, prepared by the Centre for Regional Development at Swinburne University’s Lilydale campus. Lead author Anne Langworthy told the Committee her report surveyed important aspects of regional skills across three outer east Melbourne councils: Yarra Ranges, Knox and Maroondah.

On the issue of transport’s relationship to training, Ms Langworthy’s report noted young people in outer areas were ‘particularly disadvantaged’ because ‘work is not available locally and there are transport difficulties in terms of getting to work or getting to an education and training opportunity’.

**Melbourne’s Outer South-east**

Virginia Simmons told the Committee of similar problems in Melbourne’s outer south-east:

*... transport is an issue, especially for the [Chisholm] Cranbourne campus because of the proposed Cranbourne East railway station that did not go ahead. We are, though, very well located at Berwick. We are very close to the [Berwick railway] station and we are working with the Casey City Council to open up the pathways between the station and the campus so that that is much clearer for students and a much more pleasant entry and exit point.*
Fiona Hodges, General Manager Community Wellbeing at Cardinia Shire Council confirmed the frustration faced by some students using public transport:

_If we have a student who wants to access Monash University, Berwick, or Chisholm TAFE—they are at Berwick—or Gipps TAFE at Warragul, if they can access the train line they can get on the train to those facilities. There is a bus route along the highway. If they are anywhere to the north of the highway or to the south ... there is no north-south transport. If you are coming from the hills and you want to link up to our major transport route, there is no option. If you are coming from the southern rural areas, for example, Bales, which is about 15 minutes by car from Pakenham, no public transport whatsoever. We have found that issue with even the community VCAL [Victorian Certificate of Applied Learning] program. A lot of those students who were not attending school and did not have options, they could not access the options to go out of the shire to access them. By car, Berwick does not seem very far away but that is also if Berwick, for example, is offering the programs that they are seeking. Other options would be Dandenong or Cranbourne. The ATC [Australian Technical College] in Ringwood, for example, we would argue that is not accessible for our students._482

**Melbourne’s Outer South**

Many young people along the Mornington Peninsula apparently fared much worse in terms of transport access for training. Shane Murphy, from the Mornington Peninsula Shire Council, told the Committee:

_We have in our 40 settlements some of the wealthiest postcodes in Australia but we also have three of the poorest as well ... Rosebud, Rosebud West and Hastings [that] are in the highest areas of disadvantaged in Australia._483

Mr Murphy added that _On Track_ data from Victoria’s Department of Education and Early Childhood Development revealed students from these ‘disadvantaged areas’ scored poorly in making the transition from secondary school to further education.

_We are very similar to Goulburn and other rural areas. It comes down to transport, the lack of courses nearby, lifestyle, all sorts of things like that. We would say we are a rural results region in that area. We recognise that as a problem, an issue, that we are trying to address with the various key stakeholders. ... Again it is that seasonality of employment on the peninsula; there are not the opportunities. If you are unemployed in Rosebud, how do you find work or get out if you do not have transport and so forth?_484

Victoria’s _On Track_ 2007 report confirms this view, by noting that the patterns for the destination of post-Year 12 students in Mornington Peninsula:

_... more closely reflect a country rather than a metropolitan profile’ and that these students were ‘more likely to identify the cost of travel or the need to travel long distances in order to reach education providers as a reason for them no_
longer being in study or training. The need to move away from home ... and the costs associated with study were ... also more likely to be nominated by school leavers living in these regions. 

**Melbourne’s Outer West**

Victoria University’s Melton and Sunbury campuses also faced transport problems, forcing many of the approximately 2,000 students to drive to school instead of catching public transport. VU’s Director Access and Sussess project, Associate Professor Brenda Cherednichenko, told the Committee students often travelled long distances to gain training:

*Melton [campus] is a little bit easier to get to... than the Sunbury campus by public transport. The walk is quite short and you can actually run it in a few minutes. ... It is right next to the railway station. ... Sunbury is a little bit further from the railway station. I believe there is a bus that connects to the railway station. Most students probably drive. It is what young people are doing more than anything. Students do catch the train ... But once they seem to hit 18 and 19 they nearly always have their own cars. ... My experience of being at Melton is a large number of our students travel a very long distance to come there. We think that is a terrific thing because it means they really want the programs that we offer there. They tend to drive. But some of them will travel for two hours on a train morning and night.*

To help ease these travel issues, David Keenan, from Hume City Council argued for the establishment of more education centres in the outer areas:

*I would like to see that at a higher level ... we look at some tertiary education that has a presence or needs to have a presence in these future growth areas, because if they can have a presence there, then we might turn around and not have to rely on public transport to the same degree [to reach distant schools].*

Though the above broad evidence on transport and training is hardly conclusive, the Committee sees merit in investigating how accessible Melbourne’s chief training and education facilities are for outer suburban students reliant on public transport. Improvements could then be included as needed in further refinements to MOTC, as recommended earlier in this chapter in the section examining Transport. The Victorian Government’s introduction in March 2008 of a new and highly popular Route 401 shuttle bus service connecting North Melbourne rail station to University of Melbourne and Royal Melbourne Hospital is an excellent example of what can be done to address proven areas of demand for students and staff.
RECOMMENDATION

The Victorian Government enhances MOTC to specifically provide more regular bus and train services connecting to major outer suburban education and training centres, including services for students and staff attending after hours (evening) classes, as part of a fully integrated transport plan.

Teacher Shortages

Even with sufficient student places and ample training venues, the Committee heard evidence that many VET providers cannot attract sufficient numbers of well-trained teachers. This was partly due to prospective trade teachers earning far more by continuing in their trade, rather than changing mid-career to teaching, according to Chisholm Institute’s Director, Virginia Simmons:

... we have done a big research study on the issue of being the employer of choice, and we conducted a number of focus groups with staff under 36 to see what we needed to do to be an employer of choice for them. We offer teacher training for staff on the job. We use a lot of sessional staff. We are heavily reliant at the moment ... on teachers who have retired early, because we have had this superannuation issue around retiring at 55 ... and a lot of our teachers are not really ready to retire at that time, so we are using a lot of the teachers who have retired and come back and worked for us in a transition-to-retirement program.

We are certainly trying to recruit younger staff as well, and the big way to attract them is the lifestyle change that they can have working with a TAFE institute. Those coming in with young families like to be able to have the school holiday periods with their young children, so we can attract many of them on that basis. But it has not been easy, and we have to use all sorts of innovative ways of trying to attract them into the institute. The problem for us is always that where there are demands in the local economy, we have the same demands in training, and many of those teachers can earn a lot more money working in the industry than they can working with us.\(^{489}\)

Chisholm was competing against ‘employers of choice’ such as Bunnings, who offered more flexible working hours and conditions to attract former tradespeople into the retail sector, away from trade teaching:

Already we can compete with it on salary, but there are issues for us around students needing to have continuity of teachers and continuity of training, so we probably will not ever be able to be quite as flexible as Bunnings is in what it offers to former trade teachers. You are perfectly correct; I think the figures show that many former teachers are working in Bunnings in their trade areas — and providing a terrific service, because they have got product knowledge second to none.\(^{490}\)
Ms Simmons highlighted that a recent recruiting campaign by Victoria University brought flow-on benefits for Chisholm in terms of attracting qualified teaching staff:

_We are very grateful to VU because quite a lot of people in our region do not want to travel to VU, so they have rung up and asked whether we offer the same arrangement that VU does, and of course we do. We do train teachers on the job. We have a centre for professional practice in education and training, and we offer our teachers coming in the opportunity to get the Diploma of Training and Assessment, which is the requirement to teach in the field. ... and we have had spin-offs from VU’s advertising, because most students in TAFE study locally and most teachers like to work locally. So that has been a very good investment on VU’s part from our point of view._

The Committee appreciates the dilemma faced by TAFE institutes and other RTOs in attracting teachers, especially in the face of a booming economy and a resulting national shortage of tradespeople in high demand areas such as building and construction. This is a major problem not restricted to Melbourne’s outer suburbs alone.

The Committee agrees that unless Victoria has well-qualified and experienced TAFE teachers, then students enrolled at local training facilities will not gain the quality of training needed to enter the workforce and contribute to LED – both in Melbourne’s outer suburbs and across the state generally.

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**RECOMMENDATION**

The Victorian Government initiates an ongoing media campaign to ‘sell’ the benefits of a teaching career in the TAFE sector, targeting those ‘difficult to staff’ trade areas aligned to future projected skills needs areas.

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**RECOMMENDATION**

Victorian TAFE Institutes continue to offer free teacher training to all tradespeople in high demand skills areas, in return for at least two years guaranteed teaching service (perhaps paid as a reimbursement at the completion of service).

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**RECOMMENDATION**

The Victorian Government works with teacher unions, TAFE boards and other stakeholders to develop cost-effective opportunities to match the employment conditions and remuneration of TAFE teachers with those of other states/territories and high demand employment fields, e.g. building and construction trades.
Local Economic Development in Outer Suburban Melbourne

**Skills Solutions**

The Committee invited Sam Steele, from DIIRD, to provide a Victorian Government perspective on addressing the state’s skills shortages.

Mr Steele’s views matched much of the evidence presented to the Committee, agreeing that outer suburban economic development was being impacted by ‘the availability of infrastructure and utilities, and the geographic distance from the city centre’. Further:

> ... the significant population growth occurring in a number of outer suburban areas ... [was] producing increased commercial activity and employment opportunity ... [with] particularly strong growth in manufacturing, transport, storage and logistics. However, what we also noted was that there was a misalignment of the skills sought by employers and the capabilities of many of those seeking work. ... that was the pronounced factor amongst young women, a number of them being earlier school leavers than their counterparts in inner suburban areas.\(^{493}\)

As one initiative to help address these problems, Mr Steele said the government had opened new Skills Stores across Victoria, three of which offered services to Melbourne’s outer suburbs: in eastern Melbourne, north-western Melbourne and south-eastern Melbourne. The Skills Victoria website says its Skills Stores are designed to provide:

> ... friendly, expert advice on the many opportunities and options available through Victoria’s VET system. Skills stores help people gain recognition for current skills and provide guidance on how best to gain qualifications or update or improve existing qualifications. When people visit a skills store, they can make an appointment with one of the consultants ... [who] will provide information about the Victorian ... VET system and then discusses clients’ current skills in order to identify how these skills may be counted towards a nationally recognised qualification. The consultant can then give clients a personal referral to a TAFE institution or other ... RTO to have those skills formally assessed. That way, existing skills and experience may be recognised by a qualification or a Statement of Attainment without training having to be repeated unnecessarily.\(^{494}\)

The Committee sees merit in this initiative and believes it will encourage greater formal recognition of the often ‘hidden’ skills of many Victorians and in so doing, enhance their employability. The Committee also believes many Skills Stores clients will be encouraged to examine other VET opportunities to increase their value to a prospective employer.

In short, the Committee sees these as positive steps toward involving more Victorians in LED; however, the Committee also notes the scheme is still in its infancy and therefore warrants a full appraisal after 12 months operation.

Apart from the Skills Stores, Mr Steele explained the Victorian Government had also introduced a new Industry Skills Advisers initiative:
Some $2 million over two years has been allocated to support the employment of six industry skills advisers to assist SMEs in skills development for their employees and to address skills gaps in particular industry sectors, including advanced manufacturing, scientific and medical equipment, logistics and supply chain management, packaging and environmental industries. During 2007 those advisers facilitated training for over 1,000 employees from over 300 enterprises in metropolitan and regional Victoria, including a number of enterprises located in outer suburban areas.\footnote{495}

The Committee is similarly encouraged by this initiative but, as with the Skills Stores, believes it is too early yet to gauge its effectiveness, especially for LED in Melbourne’s outer suburbs. However, if these services prove successful, there may be a case for expanding their reach further into the outer suburbs.

**RECOMMENDATION**

The Victorian Government conducts an appraisal of its new Skills Stores and Industry Advisers initiatives after 12 months operation and publicises the results. If warranted, the government should expand these services to cater for clients in Melbourne’s outer suburbs, linked to similar support schemes already running in local TAFEs/RTOs.

Following Mr Steele’s presentation to the Committee, in May 2008 the Victorian Government released a new discussion paper on skills reform titled *Securing our future economic prosperity.*\footnote{496} It canvassed a major overhaul of Victoria’s VET delivery system, based on what the government claimed were ‘several important innovations to improve access to VET courses’ by:

- increasing fees for eligible Victorians to a government-funded training place;
- increasing investment in the VET sector from government, business and individuals;
- strengthening the public training sector;
- increasing contestability between training providers for the public training dollar; and
- improving training information.\footnote{497}

Based on the government’s discussion paper, the Committee believes these innovations may help address some of the skills shortage problems challenging LED in Melbourne’s outer suburbs, as documented so far in this section. However, at the time of concluding this inquiry, the government was yet to release its final policy on these reforms, making it premature for the Committee to comment further at this stage.
Many of the councils and organisations who told the Committee about their local skills shortages had initiated their own programs to try and ‘solve’ the problem. Others proposed worthwhile suggestions on how the Victorian Government and other stakeholders might tackle the problem. For ease of consideration, the ‘solutions’ outlined next are grouped around individual councils or regions; however, most, if not all of the Committee’s subsequent comments and recommendations would be applicable to all interface councils.

**Hume**

Hume believed it was the role of Australia’s education and training sector to bridge the skills gaps by providing trained workers to fill new and emerging vacancies.  

This was largely underway through the Victorian and Federal governments’ investment in VET programs, namely:

- VET in schools to complement VCE, notably at Roxburgh College within Hume;
- the Victorian Certificate of Applied Learning (VCAL); and
- VET traineeships and apprenticeships run through Victoria’s technical education centres, the ATCs, most TAFE institutes and a range of community and privately-run RTOs.

The Victorian Government generally allocates VET funding according to skills needs priorities identified by Skills Victoria. All interface LGAs therefore have their own high and low priority skills needs areas. As an example, Hume’s low-priority areas for 2007 were in culture and recreation; and hospitality and tourism, excluding commercial cookery. Its high priority areas were in:

- automotive;
- building construction;
- tourism;
- entertainment, particularly for local festivals and events;
- aviation services, to support the Melbourne Airport precinct;
- small business and business services: accounting, book-keeping and marketing;
- production horticulture;
- food processing, food-handling and product knowledge;
- small manufacturing;
- retail, especially in ICT and e-commerce;
- transport and storage;
• personal services, health and occupational health and safety (OH&S); and

• engineering, including computer-aided design (CAD) and computer-aided manufacturing (CAM).\textsuperscript{501}

To supplement its priority training areas and further boost LED, Hume promoted ‘lifelong learning’ through its Hume Global Learning Village. This innovative facility was built at Broadmeadows with Victorian Labor Government assistance to encourage Hume’s diverse ethnic community to gain basic work-skills in areas such as English language, numeracy and computer-literacy. In his briefing to this Committee, Hume City Mayor Cr Gary Jungwirth explained:

\textit{When we are talking about impediments to economic development, one of them ... is the lack of skills in certain portions of the population, which means that they do not get jobs, and one of the very purposes of the Hume Global Learning Centre was to create more than a library; it is a learning centre. We are committed to lifelong learning. Lifelong learning assists people to get training and skills so that they can get jobs.}\textsuperscript{502}

Hume also runs an annual Festival of Learning that Mayor Jungwirth said demonstrated ‘a real commitment to lifelong learning and to getting people into whatever learning facilities that they can, informal and formal’.\textsuperscript{503} Despite these initiatives, Mr Harrison admitted:

\textit{There are still gaps. Our existing community members still have a low level of skills and there is a low uptake. We do promote all these programs and all these opportunities, but I see there is still a way to go [especially in Broadmeadows].}\textsuperscript{504}

He added that unless residents improved their basic employment skills and then undertook more specialised training, they would continue to miss some obvious LED opportunities:

\textit{... one of the things that will detract from the potential economic growth is not having a trained and accessible labour force in the local areas. We hear about the number of jobs that are coming downstream, we know there are up to 10,000 jobs in the wholesale markets over in Epping, and at this point in time the local residents will not be able to take advantage of that because they will not have the skills. The relevant skills provision exists in the local area, but there is a significant breakdown when it comes to getting residents to participate, to engage. It is not so much about more resources for training and all those sorts of things, it is about how to connect people up with the opportunities that are there.}\textsuperscript{505}

Mr Harrison suggested the government could address these problems by:

• optimising the role of education and training, and social and economic outcomes for Hume residents;

• better aligning VET providers;
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- assuring ‘excellence’ in training provision;
- improving transitional pathways, ‘to work out how we can connect up between the school sector, the TAFE sector and the university sector’;
- delivering ‘a seamless service from a user perspective, versus the [disjointed] approach that we currently have … [for] the most disadvantaged people in our community, to give them a start and head them on their way’; and
- making better evidence-based decisions on training provision, to find out ‘why we have such long-term unemployment in this area; why, after all the investment and all the opportunities, it is not moving forward as we would like’. 506

The Committee sees merit in many of Hume’s initiatives and was particularly impressed with the council’s investment in and promotion of the Hume Global Learning Village. The Committee believes it could serve as a model for other councils embarking on a re-vamp of their traditional library/community centres, especially with a view to enhancing the employability of residents and their ultimate contribution to LED through local community education.

RECOMMENDATION 85
The Victorian Government improves the alignment of all VET providers serving Melbourne’s outer suburbs, to reduce unnecessary services and course duplication and enhance the range of options available to participants.

RECOMMENDATION 86
The Victorian Government investigates further ways to assure ‘excellence’ in its provision of VET courses, especially for outer suburban participants. All quality audit results should be made public to assist skills needs planning amongst all stakeholders, especially outer suburban local councils.

RECOMMENDATION 87
The Victorian Government partners with relevant stakeholders to improve the transitional pathways between outer suburban secondary schools and the TAFE/RTO and higher education sectors.
RECOMMENDATION

The Victorian Government conducts and publishes the findings from an evidence based investigation into ways to improve VET access for ‘disadvantaged’ people in the outer suburbs, particularly those from culturally diverse or non English speaking backgrounds. This investigation may be conducted as a Parliamentary Committee Inquiry.

Sophie Gordon, General Manager of MatchWorks at Broadmeadows, said her organisation employed a multicultural staff to work more effectively with its culturally diverse job-seekers across Melbourne’s west and to network with employers to create job opportunities.

MatchWorks has also partnered with the Council of Adult Education to tailor a 12-week full-time language, literacy and numeracy program with a strong emphasis on work preparation:

The small classes and the high number of contact hours enabled the ESL-qualified teachers to deliver an intensive English language program and help the students to engage as quickly as possible into employment. In our first program, 25 very long-term and highly disadvantaged job-seekers were referred. Of those, 18 found full-time employment by the end of the 12 weeks. Employers were more open to hiring a job-seeker with limited English, as they covered topics such as OH&S in the workplace, workplace communications and work culture.507

Ms Gordon urged the government to make more funds available to ensure ‘job readiness’ programs were ‘available to all job seekers’:

With most parents with school-age children now having to prepare and accept part-time work, the waiting lists will only become longer if this is not addressed. There are also many job seekers in the area with social barriers. These include addictions, behaviour problems and poor social networks. Access to free and immediate community agencies assists with these problems, as do the mentors from business and industry.508

With adequate resourcing, Ms Gordon said that her agency had great success preparing locals to enter the workforce and contribute to Hume’s LED. For example, MatchWorks’ Jobworx program commenced in March 2007 with 45 long-term unemployed clients; of these, 37 gained work at the end of the seven-week program and 31 were still employed five months later.509

Brett Luxford, Hume City Council’s Manager Economic Development, told the Committee his council also helps fund work preparation programs because ‘some of the people within our area are not job ready’:
We run a project called the Passport to Work program which costs us a significant amount of money each year to run. That is a 13-week program dedicated just to getting people to a point where they are able to go out, look for work and start to take on work. Indeed there are opportunities within the area, but getting people to that point is a challenge.  

Sophie Gordon explained that the Passport to Work clients needed help with basic work or study preparation:

For some of our job seekers who have been unemployed nine, 10, 15 years, to return to mainstream education would not work. They may attend the first week but if they are not fitting in with everyone, then they will fall out. We have a high fallout rate. Programs such as the Passport to Work may not get them employment but what it does is get them moving and then they can explore other options. ... We have a high proportion of youth [and] early school leavers disengaged from the community.

Mayor Jungwirth agreed that the best way to improve Hume’s LED and social status was through the provision of more jobs, but many of the region’s ‘disadvantaged’ would only gain those jobs through more intensive preparatory training:

Where people are suffering from a whole range of disadvantages, the best way to bring them into the mainstream community is for them to have a job. You can bring in services to help a family and all those types of things, but ultimately it depends on a job, and that is where our priorities lie. We have a lot of work to do to equip our residents with the skills to take up employment.

RECOMMENDATION

The Victorian Government partners with outer suburban councils, TAFEs and other RTOs – including Neighbourhood Houses – to help fund and provide additional full-time language, literacy and numeracy classes aimed at improving the ‘job-readiness’ of outer suburban residents, especially those from culturally diverse backgrounds or with English as their second language. Such programs should observe ‘parent-friendly’ hours of operations and offer child care facilities.

Finally, in a briefing to the Committee’s Secretariat, Neil Laws, the VCAL/VET co-ordinator at Roxburgh College in Hume, said the local economy would greatly benefit from more school-based apprenticeships to satisfy the growing demand for engineers, as well as the demand for more ‘traditional’ tradespeople, such as plumbers, builders and electricians.

Mr Laws believed that if appropriate training could be offered locally then the area’s youth would reap the economic benefits and take pride in staying in their home region, rather than migrating out. This in turn would help keep the wealth within the municipality and over time,
build Hume’s capacity for further LED. However, all this would take time to manifest and its success would ultimately rely on sufficient government funding and commitment.\(^{513}\)

The Committee agrees with Mr Laws’ observations on the value of VCAL/VET and school-based apprenticeships and makes a recommendation to that effect in the next section.

**Mornington Peninsula**

To help redress the Mornington Peninsula’s skills and labour shortages, Anita Buczkowsky, from the (former) South East Development (Melbourne) ACC, advocated training local youth to fill skilled vacancies rather than seeking adults from outside the community to do it. As well, the region’s employers needed to capitalise on part-time and casual work by developing pathways toward more reliable employment in the local retail and hospitality sectors:

> You find that lots of young people have part-time work in retail or hospitality but they do not have the training to support it. One of the ways that it could be done is, firstly, at the training level so that you would have [VET] in Schools programs put into place to support that or you might have some pre-apprenticeship programs or pre-traineeship programs. Then you would need to get the retailers and hospitality people on board to support that and to create some pathways. There needs to be a partnership between TAFE, the LLEN and between the schools ... to support and really underpin that.\(^{514}\)

Shane Murphy, from Mornington Peninsula Shire Council, advocated to the Committee a much stronger technical education option for students:

> ... a lot of our students do not want to go to university, they do want to do trades. We have a huge construction industry workforce here. We used to have two technical colleges on the peninsula—there was definitely one at Dromana; I am not sure if there was one at Hastings. We will certainly be advocating for more of those to come back. We know they are not going to happen overnight but we see our workforce, our youth do want these things.\(^{515}\)

As mentioned in the previous section, the Committee sees great merit in the expansion of VCAL/VET and school-based apprenticeships across Melbourne’s outer suburban LGAs, especially for those experiencing high demands in certain skills areas.

The Australian Government is also aware of the need to provide more ‘hands on’ training facilities for young Australians as one solution to the nation’s skills shortages. In July 2008 it announced that ‘96 schools would share more than $90 million in the first round of funding under its trade training centres program … to build or upgrade trade technical wings across the nation’s 2,650 secondary schools’.\(^{516}\)

The Committee acknowledges the huge cost involved in providing state-of-the-art technical training facilities and equipment, but commends this as necessary to securing the future economy of Victoria and the nation. The Committee further believes urgent planning should commence to ensure students in Melbourne’s outer growth areas have equal access to this
alternative but complementary form of education, to assist their eventual contribution to LED.

**RECOMMENDATION**

The Victorian Government examines further ways to promote, fund and expand its successful VCAL/VET programs and school-based apprenticeships into all outer suburban secondary colleges, particularly those identified as being in high skills needs areas.

**Cardinia**

To partly address Cardinia Shire’s local skills shortages, Fiona Hodges, General Manager Community Wellbeing at Cardinia, told the Committee her council had established an ‘education taskforce’:

> *It is a collaborative taskforce which has representation from the education sector, from employment, from council and from the community. It has been working now for two years to further plan and advocate for the types of facilities that we see being required which is a whole range of educational options. The stakeholders have formed a very positive relationship. It does include representation from university—that is Monash University, Berwick—from Chisholm TAFE and Gipps TAFE, from industry locally, and it has had support also from the broader region in terms of neighbouring municipalities. That is a body which will continue to advocate for both facility provision locally but also alternative education options.*

Ms Hodges said the taskforce appeared to be working, as evidenced by the establishment in October 2006 of a successful community VCAL program:

> *In its first year as a pilot project it attracted 20 students. In its second year there were 160 enrolments. That is students who were post-Year 10 seeking alternative education options because the traditional system is not meeting their needs and they do not have other options locally.*

The Committee sees great merit in establishing strong partnerships between all concerned stakeholders in LED in the outer suburbs, particularly to address skills shortages. Many regions have already established such partnerships; others are taking tentative steps. Either way, the Committee believes the Victorian Government should be fully involved in this process, especially through the provision of secretariat support and the provision of relevant local data to facilitate informed planning and decision-making. The Committee’s recommendation on this issue is included later in this section under Training and Industry Links.
Chapter 5: Opportunities for Outer Suburban Local Economic Development

**Whittlesea**

The City of Whittlesea shared many concerns with its neighbouring municipalities but raised in particular, the problems surrounding the funding and reporting periods for VET initiatives. John Francis, Director Economic Development at the City of Whittlesea, told the Committee these periods should be extended to a more realistic timeframe:

> A lot of the issues that we are dealing with are long term and strategic, and the support of ongoing funding becomes fundamental when you are dealing with looking at, for example, changing a mindset within the manufacturing sector or looking at alternative forms of agricultural production which are relying on mother nature and natural seasons. A 12-month funding application is not necessarily going to provide an outcome that is going to be measurable in that short period of time. We have been fortunate enough to receive funding support over two or three year periods; however, we have to go through an annual application process. It would be a lot easier and a lot more assuring for our business community if we had a three-year to five-year program in place for a number of those initiatives.

The Committee received no other submissions to endorse Mr Francis’ plea for a longer funding application and reporting period, making it difficult to assess the wider need for such changes. However, the Committee sees merit in further investigating the benefits that may be achieved by extending this period to three years, as suggested.

**RECOMMENDATION 91**

The Victorian Government investigates and reports on the merits of extending its current VET funding and reporting timeframes from 12 months to three years and acts accordingly to either retain the status quo or introduce the longer reporting time.

**Technical Schools**

Several witnesses told the Committee their outer suburban areas would especially benefit from the establishment of more technical/trade schools to cater for those students disinterested in the often more academic studies pursued in most secondary schools.

David Keenan, from Hume City Council, told the Committee that Hume was served by ‘a very fine TAFE’ but it lacked a local technical school:

> Our closest technical school ... would be in Sunshine. There is a real need to bring these types of technical schools, again, into some of the growth areas where you are actually going to get those young people. For a young person to travel from Craigieburn into Sunshine is a fair old distance, even with the improved trains coming through, but having access to those local areas where people can get the train they require is imperative.
To help address this situation, the then Northern Melbourne ACC got involved in lighthouse projects such as Ntec at Northland Secondary College. Mr Tony Coppola, Executive Officer of the former Northern Melbourne ACC, said this was ‘a new $4 million manufacturing and technology facility … that provides high quality training using industry-standard facilities and equipment in areas in which there are skills shortages in Darebin and Melbourne’s North.’

We got business and industry together; we got Northland Secondary College together; we got the local group training companies together; we got the local learning and employment network together; and we actually set up N-Tech, which was basically a response to what business and industry were looking for within that Darebin area. We have gone from a situation where local employers were saying that young people were just not interested in manufacturing, for instance; whereas at the moment Ntec has got about 240 young people from about 20 different schools undertaking its programs. I think there is a lesson to be learnt there in terms of if, at the local level, you can get the community to get together with business, industry and the different levels of government, you can actually find solutions.

Mr Coppola further explained that rather than take a ‘top down’ approach – as the former Federal Government had done by introducing its Australian Technical Colleges – the push for improved training facilities needed to come from the ‘grassroots’:

... what I am suggesting is — again with the population growth that is going to happen in Hume and Whittlesea — it is an ideal opportunity to actually get local people together and plan for what is going to happen over the next 10 years or so in terms of what business and industry need, and to develop those linkages. Individual schools cannot do it all by themselves. They actually need intermediaries like ... [North/Link NIETL], my organisation or the local employment networks to actually help to develop the linkages and to sustain them. The solutions can happen at that local level.

Mick Butera, Executive Director of the regional group North Link/NIETL, added that whatever local training model was adopted, the training offered had to match the identified LED needs of the local community:

... it is one thing to have the secondary schools in the region all having a technology centre — a technical school link — it is another thing to make them successful. That may not happen if there is not a sort of coordinated and integrated approach to it all — that is, some form of specialisation based on what that particular area needs. In Hume, for instance, there might be a higher emphasis on logistics and freight because of what is happening there. There might be a different emphasis based on the industry around Darebin and other areas. But that is a great opportunity for the region and for Australia ... because the skills shortages have really come about because of the demise of the tech schools, we feel. We have been battling it for the last 20-plus years.
Peter Curtis, President, Sunbury Chamber of Commerce and Industry, also told the Committee:

*There is a lack of training facilities for Sunbury students leaving school for trade training in hospitality and other trades. Sunbury would be a great place to train students for the airport work and associated areas.*

In assessing this evidence, the Committee agrees that not all Victorian secondary students are keen to participate in an ‘academic education’ process and may be better suited to a trade/technical vocation. The high take-up rate of VCAL/VET courses in Victoria over recent times, in preference to the VCE, is a good indicator of such trends. For example, the Victorian Curriculum and Assessment Authority notes ‘in 2005 there were 380 [Victorian] secondary schools, TAFE institutes and adult and community education organisations delivering the VCAL to more than 10,400 students’.

Such demand has led to Chisholm Institute’s construction of a new stand-alone TEC at Berwick. Chisholm’s, Virginia Simmons, told the Committee this $10.5 million Victorian Government funded initiative would provide much-needed training for school-leavers and youth at risk, in high demand local trade areas such as building/construction and electrical/electronics.

The Committee notes that in July 2008, Federal Education Minister The Hon. Julia Gillard announced one of Victoria’s four new federally-funded Trade Training Centres would be built at Catholic College Sydenham, to service a cluster of five Catholic colleges in Melbourne’s outer west. The Committee views this new $6 million centre as an excellent investment but believes more should be done to improve Victoria’s technical education opportunities at secondary and tertiary levels, especially for residents of Melbourne’s outer suburban LGAs.

**RECOMMENDATION**

The Victorian Government partners with Melbourne’s outer suburban councils, TAFEs/RTOs and other stakeholders to lobby the Australian Government to urgently fund more new Trade Training Centres to satisfy the future skills and training needs of Melbourne’s outer suburban growth areas.

**Training and Industry Links**

Several outer suburban councils told the Committee of their endeavours to develop new LED opportunities by partnering with VET providers, local industry and centres of excellence.
Melbourne’s Outer West

For example, Greg Aplin, Director, Economic Development and Planning for the City of Wyndham, outlined hopes to develop new learning and work opportunities based around the Werribee Technology Precinct:

A very representative group of all the science teachers and principals in Wyndham have come together and have workshopped ... how this might occur. We have actually got the proverbial cart before the horse here. We have actually got a curriculum and no place to exercise that curriculum. We are talking about a science centre. It does have the food and nano and water-type and chemistry-type technologies because they are seen to be a strength. We do believe that there are opportunities linking up with the industrial sectors in Brimbank and Melton and ourselves, and into Hobsons Bay, to provide jobs for these people if they actually pursue this course of education. They just need to know it is there and on their doorstep. 528

Neville Smith, CEO of Melton Shire Council, told the Committee of similar LED opportunities through Harness Racing Victoria’s new Melton equine precinct, providing there were local tertiary training facilities running targeted courses:

If you are going to have local employment, then you have to have local opportunities for our younger people and all people of working age to in fact train locally. We have done that locally in Melton through tailoring specific courses, such as local equine courses, to ensure that we have people that will fill jobs in the equine industry that is so predominant in our area. We are working with Harness Racing Victoria at the moment. We are establishing, as you know, a $45 million complex at Melton. ... To do that though we must ensure that we have a tertiary education system in Melton. 529

The Committee was also pleased to hear Victoria University had also made new commitments to matching its course offerings with industry needs in Melbourne’s outer west. VU’s Assoc. Prof Brenda Cherednichenko, Head of Campus at Victoria University, Sunbury, said:

... every course in the university will have 25 per cent learning in the workplace and/or community as part of the graduating requirement and that will be linked closely to assessment in those programs. There are a number of courses in the university which already have strong learning in the workplace agendas and learning in the community but this will take, over the next few years, all programs to a place where they work closely with the professions with which they are reliant. 530

She added VU was committed to ‘enhancing our vocational education programs to meet the emerging labour force needs and skill shortages’ and had introduced a new Access and Success Project with primary and secondary schools across Melbourne’s west:
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... to engage with them in ways in which the university can support and improve educational outcomes, experiences and opportunities for young people. It also has a brief into the universities so it works with the VU College and a range of other partners inside the university to improve the experience that people have once they come to Victoria University. 531

Assoc. Prof Cherednichenko also told the Committee of VU’s pending changes to its Portfolio Partnerships Program, designed to enhance the direct application process to tertiary courses at the university:

... something like 700 courses are on offer to students rather than 60 which ... means that students are not going to compete necessarily for courses which are already overcrowded and overly popular but they can actually ask to go to any course in the university. They do still require an enter score of 50 to be offered a place successfully into a higher education program but the TAFE programs do not have that same enter score requirement. Students can find a genuine pathway into the university to a wide range of courses and it means that we can accommodate a lot more applications to that program than we have been able to accommodate in the past. ... [We are also] working with the school sector to make sure that our young people have ... built their literacy and numeracy skills so that they are well prepared to complete their secondary schooling and to go on to further study at any of our campuses. 532

The Committee commended VU for its vision but expressed concern about its long-term commitment to maintaining an appropriate range of courses for the 1,930 students enrolled at its Melton and Sunbury campuses (in June 2007). 533 Committee member Colleen Hartland, MLC for Western Metropolitan, noted: ‘There has been a lot of talk in local papers about the closure of the Sunbury and Melton campuses’. 534 She then asked Assoc. Prof Cherednichenko: ‘How does that fit in with what you are talking about VU as being the university for the western suburbs or the western region?’, to which the witness replied:

I do not think it should make any difference ... because we do not offer everything at Melton or Sunbury campus anyway. We offer some things at Melton and a few things at Sunbury as well, so it is not about offering everything in every single place. This is about building a university that enables people access and actually improves their opportunities for access because we know that in the west, very few really take the opportunity to go on to tertiary studies. That to me is a bigger issue than where it is actually located. However, I understand your question and I am not surprised to get it. There are no decisions to close any campuses ... I do not know what is going to happen. None of us know what is going to happen. I am saying there is no decision to close Melton or Sunbury at this stage. 535

The Committee acknowledges the resourcing challenges of trying to offer the same range of courses at every TAFE or university campus in Melbourne’s outer suburbs. However, if the interface area is to address its current and future skills shortages and boost LED, then appropriate education and training opportunities must be assured within reasonable proximity to local residents.
The Victorian Government consults with all TAFEs, other RTOs and universities serving Melbourne’s interface to help ensure they can make long-term commitments to offering locally-based education and training appropriate to the current and future needs of their clients.

In particular, the Committee believes the current and projected growth of Melton and Sunbury provides a compelling case for VU to develop and expand its local course offerings, perhaps by seeking new niche training opportunities to generate additional external fee-for-service income that serves the long-term educational and training needs of Melbourne’s outer west.

The Victorian Government works with Victoria University to ensure its Melton and Sunbury campuses make a long-term commitment to offering locally-based higher education and vocational education and training courses appropriate to the current and future needs of Melbourne’s outer west.

**Melbourne’s Outer South-east**

Chisholm’s Cranbourne campus was developing expertise in the horticulture and environmental areas, in conjunction with South East Water, Yarra Valley Water and Melbourne Water. Chisholm had also linked with Casey City Council and Monash University to guide future skills training. Peter Fitchett, from the City of Casey, told the Committee this would help develop a skilled local workforce to match local needs:

*There is a basic aim to equip residents with a minimum of Year 12 or equivalent education, and that is something that we are working on with ... the South East Local Learning and Employment Network. We are looking beyond just the initial years of school; we are looking at life-long learning opportunities, and that has been a subject of discussion between ourselves, TAFE and the university. In doing that we believe that if they have had those sorts of opportunities for life-long learning, we get a better match between the sorts of skills they have and the local industry profiles. The final point is that work/industry readiness skills also need to be developed ... to make sure that the students who are coming out of our tertiary and other educational institutions match up with local employment opportunities.*
Fiona Hodges, General Manager Community Wellbeing at Cardinia Shire Council, said the strengthening of industry links to local programs such as VCAL would allow the Casey-Cardinia corridor to share in the inevitable LED opportunities spurred by population growth:

*We know there will be this booming employment opportunity through that corridor and we do want to see that there are local workers able to access jobs. The other point there is about industry support for the need for that local provision. It has been really strong to date. Our industry sector worked with us on the research that we did. They have come to the table too on the education taskforce and there has been strong support there and we only expect that that will grow. We do not have a lot of large employers at the moment here, but into the future undoubtedly we will.*

As mentioned earlier, the Committee sees great merit in establishing strong partnerships between all LED stakeholders in the outer suburbs, to address areas such as skills shortages. The Committee appreciates that TAFE providers are already required to establish links with local industry bodies to advise on course quality, assessment and future needs; however, the Committee believes this process could be improved and extended to encompass all education and training providers.

The Committee also believes the Victorian Government should be more involved in this process, especially through the provision of secretariat support and the provision of relevant local data to facilitate informed planning and decision-making.

**RECOMMENDATION**

The Victorian Government works through the existing regional LLEN bodies to partner with outer suburban councils, VET and tertiary education providers, local industry groups and other stakeholders to establish/maintain local education/industry partnerships and taskforces. Their roles would include the identification of current and future local skills training and education needs; planning for the timely delivery and funding of solutions to skills training shortfalls; course/training quality assurance and assessment; and establish new links with education/training providers and local industry.

**Skills On-Line**

The Committee was impressed with the Shire of Yarra Ranges’ use of the internet to boost LED by better matching available local skills with employers’ needs. Simon O’Callaghan, from the Yarra Ranges Shire Council, told the Committee the ‘Tell Us Your Skills’ website also provided ‘an opportunity to attract people from outside the region to fill skill shortages’. However, the site was not designed to replace local job agencies:
Local Economic Development in Outer Suburban Melbourne

…it is a very important role that local government is playing in assisting and not necessarily duplicating something that private enterprise is providing out there. The best thing for us as a unit of three [people in Yarra Ranges’ EDU] … is that it is easily administered. It is all Web-based, so now that we have set the program up we have very little to do on a day-to-day basis to keep the program going.²⁴⁰

However, Mr O’Callaghan said the website ‘would be a useless program unless we let businesses know about it and unless we let people looking for work know about it’. He added:

We have a database here of around 7,000 businesses that we know of, and that probably does not incorporate a lot of the home-based businesses. It is a challenge to keep learning about where new businesses are springing up from, and that in itself is a challenge for economic development in local government. For Tell Us Your Skills we use local newspaper articles, media releases and have banners across the shire … at a number of different spots which pick up a lot of the traffic. It is a really simple sort of process but reaches a large audience. … [Council also sends] little flyers … to every single business. It is surprising how sometimes the cost of this program evolves. We spent more on marketing than we did to have the software establishing ‘Tell us your skills’ on our website.²⁴¹

Yarra Ranges Shire Council adopted the skills’ website idea from a successful pilot run by the City of Greater Taree in NSW:

It had a New South Wales government grant to establish the initiative as a pilot. It was pitched at the Economic Development Australia conference 2006 … and we just got on to them and said, ‘Hey, what will it cost?’ By the way, to establish that was $2,500 plus an annual registration of about $500. If you compare that against our postage cost for 7,000 businesses and some printing, the postage costs outweigh the cost of the software. It has been very affordable from that perspective.²⁴²

The ‘Tell Us Your Skills’ website operates as a linked site from council’s EDU page:

You come onto the front page, and you are either looking for work or you are a business that wants to find a skilled employee. … Once they have pressed either of those buttons they go to a very similar screen … asking for their details. Then we get down to a section … that asks them what sorts of skills they have. We are not asking for résumés, we are not asking for employment history. Basically all we want to know is do they have a number of skills in a number of different areas.

Similarly, businesses will be logging on, they will be filling out their own business details and they will be saying, ‘We are looking for a welder, so we are looking for someone with labouring skills, and we are looking for some specialist industrial skills’. There is a series of about 16 or 17 boxes there … focusing on skills and not qualifications as such.
... if I am an individual and I have clicked that I have administration and human resources skills, as an organisation Yarra Ranges might be looking for someone to fill a position in that area and may want to find out who is out there. The software has picked up that an individual and an organisation have ticked the same sorts of skills they are after, and it simply recognises that and sends each an email. ... It just lets me know that a new person has entered the system, and they have got the skills that I have identified I am looking for. Then I am able to look at that person’s details, and if I am interested in learning more about the person ... all I have to do is click there and it automatically opens up an email with the person’s email address.

... From there it is really up to the individual and the employer to perhaps have some discussion: are they the right person?543

Mr O’Callaghan said the website had been active since July 2007 but businesses were ‘taking a little bit of time to get used to it’. He added that it was also difficult to gauge the site’s success:

... we are unable to know of any really successful matches unless people want to let us know and say, ‘Hey, guys. Thanks for Tell Us Your Skills. It was great. We got a person’. We have had notification of about two or three people since the program went online in July who have been successfully matched ... It also allows us to have a look at what sort of activity we are having. We are able to learn the sorts of registrations versus the requests. It is certainly early days for us in terms of how we might use that data, but I suppose the positive thing for us is that we are seeing activity in the use of the site. But ongoing, our role will really be about continual promotion to make sure that new people are learning about it all the time.

... We are also about to complete a ‘live and work in the shire’ campaign to help with the skills shortage, which will also tie in well. I suppose, if nothing else, Tells US Your Skills is a nice way to help business. It is a value-add that local government can offer for business, particularly a new business coming into the area. As we know, recruitment to where your business is located is a really valuable recruitment activity in terms of retention, so we see that as a good value-add. 544

As mentioned at the start of this section, the Committee was impressed with this easy to use technology, designed to link skilled workers with local employers. The Committee appreciates the system needs some ‘fine tuning’ to allow a better assessment of the site’s ‘hit rate’ and to gauge the site’s actual success in matching workers and employers. Even so, these easy fixes can only enhance what is already a simple, cost-effective idea that should be rolled out across all outer suburban councils to enhance their LED prospects.
RECOMMENDATION

The Victorian Government works with the EDU managers in each of Melbourne’s outer suburban LGAs to organise the creation of a generic website (secure on-line database, based on the Yarra Ranges Shire model) that allows workers to securely market their skills and employment availability with local employers. The government would freely offer this tool to all outer suburban councils, ready to customise and install off their own websites.

RECOMMENDATION

The Victorian government assists with the initial marketing of the above mentioned website and collect data annually to report on its effectiveness as an LED tool, these results would determine any further investment of time/funds into enhancing the program.

More Skills Data

Chapter Four of this report highlighted the need for Melbourne’s interface councils to assemble more informed data on local factors affecting LED, ideally in partnership with respected researchers or institutions. This point was reinforced by Hume city Council’s Brett Luxford:

Understanding skill shortages at a local level is really quite difficult to obtain because of the level of information. Indeed actually trying to identify the businesses within your patch when there is over 11,000 businesses within our area, there is no key reference or key documents you can go to see where businesses are located. You can look at ABN statistics [Australian Business Number statistics, available on-line at www.business.gov.au] and see who is registered within the area, but not necessarily what they do or who is coming and going. So that is one of the key levels of information that we probably do need.

The Committee was encouraged to hear that Chisholm Institute of TAFE actively compiled data to monitor its region’s skills shortages and future demands. Chisholm’s CEO and Director, Virginia Simmons, told the Committee her strategic planning department had completed a new report, Chisholm 2020 — Key Drivers for Change, to help guide future course provision:

The state government and in fact the federal government have industry training advisory bodies that look at the state and federal needs, and those needs as determined by those bodies are looked at by them, but very much from a micro level. We have high priority areas that we are asked by government to service and we have minimum amounts that we need to achieve in the skill shortage areas. It is quite demanding, but we have to do that. Again, the onus is on us to
say whether these statewide trends apply in our own region. So we use our institute-based strategic planning staff to mount a different argument if that is appropriate to look at the regional needs in each of those skill shortage areas.\textsuperscript{546}

Swinburne University’s \textit{Current Skills and Knowledge in the Outer East — Signposts for the Future} also captured some excellent data to explain the changing nature of work and skills needs across the outer east Melbourne councils of Yarra Ranges, Knox and Maroondah. Lead author Anne Langworthy told the Committee:

\begin{quote}
We know that the growth of globalisation and the knowledge economy means that in order to survive and thrive regions have to embrace knowledge and skills, have to be entrepreneurial, have to develop their economies and have to look at the issue of regional sustainability.
\end{quote}

Another major driver has been a project that has been undertaken by the three councils called Indicators of Community Sustainability, and one that came out as a red flag was the issue of education and occupation of resident workers. The project aims were to have a close look at skills and knowledge. ... We have also looked at investigating what business and industry have to say about skills gaps and opportunities.\textsuperscript{548}

Ms Langworthy said many of her report’s ‘bottom up’ findings confirmed the ‘top down’ data from the ABS Census:

\begin{quote}
We know that the knowledge growth potential is low here. There is a decline in skill and knowledge intensity of the jobs of resident workers. ... the first thing we have to understand is that all jobs have increased in skill and knowledge intensity, and that is simply because of the requirements of the day-to-day operations in the modern workplace. ... We know that the region provides more jobs requiring low skill sets than jobs requiring higher skill sets. We know the region is not generating employment that requires higher skill levels, because we have looked at this over a period of time.\textsuperscript{549}
\end{quote}

Of most immediate interest to the Committee was the report’s identification of the key skills’ needs in Melbourne’s outer east:

\begin{quote}
... we have identified skill shortages in manufacturing, ICT, building and construction, hospitality, automotive and health and community services industries. Some of ... [the] ways to address this need is about drawing on underrepresented employee populations, creating family-friendly workplaces, increasing employers’ willingness to employ diverse or older workers, and increasing opportunities for education and training in the region ... It is interesting to note that industry businesses told us much the same thing.
\end{quote}

Some of the skills issues ... are that employers are no longer offering training opportunities. ... There is a lag between formal training and workplace needs, particularly in vocational education and training and what employers and
business want right now. Some of that is put down to rapid technological advances — that in fact education lags behind industry development.  

The report also probed the reasons for the skills shortage in the outer east and blamed:

... the declining birth rate, the ageing population and retiring baby boomers — and the tight labour market. ... In some occupations it is really hard to get the people because they are in demand. There is also the attractiveness of specific industries — the image of particular jobs and the lack of a career structure. An example is the occupational wastage when a mechanic becomes a truck driver because he will get paid better to do that. The seasonal nature of some jobs and security are certainly issues out here. We have a large demand and identified skill shortage in the agricultural area, but a lot of the work is seasonal.

Ian Ada, Agribusiness and Tourism Officer with Yarra Ranges Shire Council, told the Committee the Swinburne University report reflected ‘some severe socioeconomic disadvantage in parts of the shire, particularly the Upper Yarra’, and:

... because of this we need early intervention with children to increase their capacity to be successful at school, because along with this low socioeconomic index are low skills of parents in imparting these values and some of the skills to children before and during the early years of school. This leads on, later on in teenage years, to relatively low participation in both post-school training and the workforce by young people from these areas. This means we have a wasted resource that is not participating, and it puts increased problems on our social services as well.

To counter this generational problem, Mr Ida said he ‘would certainly like to see the government maintain a focus on early intervention programs in education, especially in some of our outlying areas, especially in literacy and numeracy’.  

The Swinburne report also confirmed Melbourne’s outer east suffered from a lack of skilled workers in specialised trades and administration; conversely, ‘a lot of the low-skilled people were churning through, especially in hospitality and retail employment’. To arrest that ‘churn through’, Ms Langworthy found most businesses wanted of their workers ‘some common, basic skills around literacy, numeracy, time and financial management simply because that is what the work requires these days’.  

To compensate for these shortfalls, Ms Langworthy said many businesses were ‘upskilling’ their current employees in preference to hiring apprentices. However, ‘a lot of the time businesses were saying things like ‘It is the unproductive time’. There was that sense of, ‘We need to be productive right now and we are not going to invest in the future’.  

The Committee commends the skills data collection and analysis undertaken by Chisholm Institute and Swinburne University and views such local ‘bottom up’ research as vital to helping policy-makers at all levels better plan for future LED challenges as they relate to vocational education and training in Melbourne’s outer suburbs.
However, the Committee was dismayed to learn that Swinburne University disbanded its Centre for Regional Development at Lilydale just after the release of its report, largely due to a reprioritisation in funding.

In summary, the Committee believes more professional research should be conducted across Melbourne’s outer suburbs examining the current and future skills training needs of residents and their relationship to LED. The existing TAFE and other tertiary educators in the interface are probably in the best position to conduct this research, in partnership with local councils.

RECOMMENDATION

The Victorian Government allocates funding for regular longitudinal surveys of current and future skills, training and education needs in Melbourne’s outer suburbs. This could be done as a partnership between the Victorian and Australian governments, outer suburban local councils, local TAFE/RTOs and other tertiary providers and stakeholders. The results should be cross-matched with annual On Track post-secondary student exit data and widely publicised to assist all stakeholders to better plan for their skills and training needs, in an overall effort to enhance LED in the outer suburbs.

Conclusion

Based on the evidence presented to this inquiry and its own research and deliberations, the Committee has identified a strong link between the availability of a well-skilled labour force and the LED potential of a particular municipality or region. This is certainly the case in Melbourne’s outer suburbs, and may apply to most LGAs across Victoria.

However, the Committee notes that many relevant ‘voices’ were missing from its deliberations over skills shortages, training and LED. For example, of the many TAFEs, private RTOs and higher education providers serving greater Melbourne, only Victoria University, Chisholm Institute and MatchWorks presented to this inquiry.

The absence of most stakeholders signals a need for a much broader and inclusive discussion about the future provision and funding of VET opportunities for all Victorians; in particular, those in the outer suburbs. Further, it spurs the Committee to make one concluding recommendation aimed at addressing this situation.
RECOMMENDATION

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The Victorian Government convenes a meeting of all major stakeholders to discuss and publicise Victoria’s skills shortages and future VET needs, with a focus on Melbourne’s outer growth areas and the implications for LED. This meeting would discuss and consider all issues raised in this section of this report, including: teacher shortages; industry partnerships; the need for more data; the provision of more technical education; the ‘global learning village’ model and its contribution to equipping ‘disadvantaged people’ with job skills; and innovative ways to fund additional training facilities in Melbourne’s growth areas.
Specific LED Sectors

During its public hearings the Committee received and considered evidence on a range of smaller but nevertheless important sectors of existing or potential LED in Melbourne’s interface. These sectors cover tourism, agriculture, logistics, resident health and general issues affecting the peri-urban region beyond Melbourne’s UGB.

Clearly, not all of these sectors are relevant to every outer suburban LGA; however, the Committee sees merit in sharing its findings in this section, with a view to encouraging and assisting some councils explore potentially undeveloped LED areas, such as tourism.

Tourism-related LED

Tourism Victoria’s latest reported data for 2003–04 estimates the Victorian tourism sector’s combined and indirect contribution to Gross State Product (GSP) was 5.3 per cent or $10.9 billion. That was a 49 per cent increase from 5.2 per cent and $7.3 billion in 1997–98.556

In that same 2003–04 period, tourism contributed more to Victoria’s GSP than many ‘traditional’ sectors including: agriculture; forestry and fishing; mining; electricity, gas and water supply services; government administration and defence; and cultural and recreational services. Further, tourism accounted for 159,000 jobs or 6.6 per cent of all employed Victorians: a 19 per cent increase from 6.2 per cent or 134,000 jobs in 1997–98.557

The Committee recognises these figures are not current enough to reflect the inevitable effects of record fuel costs and rising interest rates on the domestic tourism sector. Nevertheless, they demonstrate the significant economic value of tourism to Victoria, including the interface regions of Mornington Peninsula and the Yarra Ranges.

In his evidence to the Committee, Sam Steele, from DIIRD, outlined the Victorian Government’s plans to maintain tourism’s economic strength:

... the government ... has released its 10-year tourism and events industry strategy — a long-term blueprint for the growth of the industry in Victoria and for government support of this industry. A key focus of that strategy is around regional tourism development and a number of priority actions are identified under regional development, including awareness building of regional destinations, building skills and service standards in regional areas and investment attraction.

Tourism Victoria advises that its regional tourism action plan for 2008 to 2011 is near completion and that will further articulate the role for government in supporting regional tourism development. As far as this inquiry is concerned it is worth noting that a number of Tourism Victoria’s designated tourism campaign regions cover suburban areas. That includes the Yarra Valley, the Dandenong Ranges, Daylesford and Macedon Ranges and the Mornington Peninsula.558
The Committee notes its colleagues in the Rural and Regional Committee tabled their *Inquiry into Rural and Regional Tourism* in the Victorian Parliament in late-July 2008 and their findings highlight some of the tourism-related LED concerns raised by interface councils to this inquiry. The Committee also notes that in early-August 2008, Tourism Victoria released its draft *Regional Tourism Action Plan 2008–11* which similarly contains initiatives that may help address the issues presented to this inquiry.

The Committee commends both investigations and encourages stakeholders to read both reports; it also encourages the Victorian Government to act on the recommendations made by both Tourism Victoria and the Rural and Regional Committee, notably concerning:

- the impact of current planning laws on tourism development, especially in rural or green wedge zones;
- improving the assistance offered to local councils for the collection and analysis of local tourism-related LED data; and
- urgently addressing the skills shortages affecting the current and future tourism, accommodation and hospital sectors in some Victorian regions.

These and other concerns are discussed in the following section, as they affect tourism-related LED in Melbourne’s outer suburban LGAs.

**General Interface tourism issues**

The Committee gained an overall picture of tourism-related LED in Melbourne’s interface from Nicholas Hunt, CEO of Tourism Alliance Victoria (TAV). The TAV promotes itself as the ‘peak body advocating for and supporting the professional sustainable tourism industry across Victoria’, representing ‘a broad network of about 3,000 businesses’.

In TAV research conducted from 1998 to 2005, the association identified ‘six key areas that relate to local governments’ ability to manage tourism effectively going forward’:

1. *integration of tourism into other functions within council*: ‘Some councils put tourism in its own unit outside of it, not connected anywhere with sport, recreation, economic development or any of those other sorts of things. What we have found … is that integration of tourism within council is absolutely critical. It should not be seen as something that you stick on the side’;

2. *strategic planning for tourism by council*: ‘It is more than just having the word ‘tourism’ dropped into the municipal strategic statement because it is fashionable at the time. It is about actually understanding tourism going forward … tourism is more of a system than an industry … a system by which people actually move through, purchase and have experiences — they either purchase food and beverages, accommodation, petrol — that might be out there on public land’;
3. **planning implementation by council:** ‘Not only does council actually have a plan and a view about tourism but it actually does something with it and it does not sit on the shelf, it becomes active’;

4. **coordination by local government with external stakeholders:** ‘Because there are many different partners within local government, we need to make sure that that connectivity is there’;

5. **adequate resourcing:** ‘It is probably possible that some local councils are spending more actually defending council decisions in VCAT (Victorian Civil and Administrative Tribunal) in relation to tourism, than they are investing in resources in trying to actually establish what that tourism position should be more clearly to avoid that process in the beginning. … [We should] actually invest up-front rather than the reactive side of it’; and

6. **the level of involvement with industry by council** [needs to be increased].

In considering the above six-point plan, Mr Hunt suggested ‘tourism facilities need to be compatible with and build upon the assets and qualities of the surrounding area’, especially in sensitive green wedge zones:

> Often there is a related tension between tourism and the environment, particularly with the outer suburban areas. What we would suggest is that if you are looking at the viability of rural farms and some of the constraints in relation to the rural zones, there is the potential within tourism development to retain some of the amenity of the landscape, which I think that policy is endeavouring to do through tourism use, without necessarily compromising the integrity of the landscape. It should not necessarily all be about urban development.

However, without proper planning, Mr Hunt added that Victoria’s tourism sector would be ‘at risk because planning practices are making Victoria a less attractive place’. He added Australia’s mainstream tourism industry was still relatively new; consequently, many councils – especially in the outer suburbs – had problems with tourism planning and performed it in an ‘ad hoc’ manner.

One example of this came from Cr Tim Heenan, from Shire of Yarra Ranges, who told the Committee:

> I think we are still too busy trying to put the [tourism] mould together rather than complementing those businesses that go to vast extents to make sure that they can fit the mould that exists at the moment at the shire and to be able to go ahead with their businesses. Some of them have gone a long way and it has been a very hard journey for them. Certainly with the planning controls we have here at the shire at the moment we have not made it easy for them. I commend them for sticking in there with it.
Mr Hunt believed that unless Victoria addressed the tourism planning problems confronting most interface councils, the TAV argued Victoria’s tourism industry was ‘at risk of death by cottages’:

There is nothing wrong with bed and breakfasts and host farms but of themselves, they are not going to deliver the critical and catalytic infrastructure that is going to take the industry further. When you look at the investment that is going into wineries, into high-quality food and beverage services and those other sorts of things, you look at demand and the high yield capacity out of regional conferencing and Victoria’s absolute market strength and Australian standard in terms of the meeting and conference market around the Yarra Ranges, around Mornington, around Macedon, if we do not have and are restrained in relation to investment and all we end up with is bed and breakfasts and host farms, then we are just not going to be competitive in a national context ... the planning policy and the guideline itself is encouraging that micro end and local government is responding by saying, ‘We do not want this larger beast, we will have lots and lots of these little beasts’.  

The TAV’s views were confirmed by Andrew Port, from Nillumbik Shire Council. He told the Committee of a raft of plans to ‘facilitate the marketing and promotion of local business and events to maximise the benefits to Nillumbik as part of the Yarra Valley tourism region’. However, his council had to first overcome:

... some practical constraints in terms of accommodation in this area, where the way that the planning laws are written at the moment and the way that the market is working is tending to leave us only with the more romantic getaway type of bed and breakfast operators, rather than anything that is appealing to a wider demographic in terms of visitors to the area. We do not have anything that suits backpackers and the like ... We do not have the scale of activity here that would justify the sort of development that you might see in Yarra Ranges or in Mornington and I think it is fair to say that that would not correspond with what the community or council are looking for in our part of the green wedge, but we are looking for some small- to medium-scale tourism activity. We have some established wineries, and some very good ones amongst them, but we do not have the other sort of infrastructure that goes with that in terms of accommodation options. There are bed and breakfasts in the rural area but that is really it. We do not have hotels or other types of accommodation ... and we do not have developers knocking on our door seeking to do those sorts of things. Partly, that is because of the planning laws here and the market conditions.

Nillumbik’s Mayor, Cr Warwick Leeson also told the Committee:

In Nillumbik, we need to encourage appropriate small to medium-scale tourism development which is compatible with [the] ‘green wedge’. Preservation of this green wedge does not mean that we need to circle the wagons to prevent any development. What we need is evolutionary change that enables the wider community of Melbourne and beyond to enjoy the green wedge, particularly

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Nillumbik’s strengths, in terms of our natural environment and our great artistic and cultural heritage.  

Mr Leeson believed his council could achieve greater LED growth in tourism by securing ‘some greater planning controls and maybe even some planning reforms’, for:

Without the certainty of planning controls, we are left in a bind where we have people making applications for certain tourism opportunities, as they see them, that we deem would be detrimental to the integrity of the Green Wedge Shire. You cannot have situations where, down little dead-end dirt roads, you have got wineries that want to become convention centres. That is just not harmonious with the preservation of the green wedge. Where it is on main roads, then there ought to be greater opportunity. As long as the planning issues do not have that level of certainty and we have to rely on VCAT making decisions rather than us making what we would see as informed and understanding local decisions, then it is always going to be a bit of a problem.

Ian Ada, from the Yarra Ranges Shire Council, told the Committee of his council’s concerns over apparent conflicts between M2030 and tourism development in green wedges:

At the moment, you can only have a tourism development if it is run in conjunction with agricultural activity on the land and much of the tourism development that wants to take place is not in the towns, in the [Yarra] valley, it is where the better landscape values are and the views, but it is restricted to fitting in with some existing agricultural activity. We do have a lot of increasing events being run in the [Yarra] valley, sometimes by places like Healesville Sanctuary but also increasingly, by some of the wineries and we do suffer a lack of accommodation in these peak events periods. Certainly an accommodation study we have done shows that we do have a lack of 5-star accommodation, family accommodation and we have an oversupply of bed and breakfasts. ... We think some amendments are needed to planning policies for green wedges to support tourism development.

In response to a query from the Committee, Mr Hunt acknowledged the green wedges allowed for some sympathetic tourism development apart from small-scale bed and breakfast operations. Even so, he warned against being over-protective of ‘run-down farming activity or green areas which are trying to be preserved and trying to prevent that urban boundary creeping’. To help outer councils address that, he advocated: 

... an educative process with us [the TAV] working from our side with local government and economic development, looking at what they [interface LGAs] can get involved with and part of it is obviously looking and trying to encourage local government areas to take a bit of an infrastructure approach to what sorts of things they need. There are a couple of regions that do that well. Geelong Otway Tourism is one which is quite out there in terms of identifying and articulating for investors what is appropriate and what is not in terms of where we are going.
The Committee acknowledges the potential challenges of balancing tourism-related LED with necessarily tight planning requirements. During its inspection tour of the Yarra Ranges LGA, the Committee visited Yering Gorge Cottages and was impressed with its owners’ achievements in establishing a quality reception/accommodation in a sensitive green wedge area. Such an operation stands as a model for similarly sited operations.

The Committee also agrees with the TAV that there is unnecessary conflict between outer suburban councils and potential tourism operators over what constitutes appropriate development within ‘sensitive’ areas, typically the green wedge zones. This may not be the fault of either party; rather, it could reflect problems with the current guidelines imposed by state planning laws. Either way, the Committee believes this apparent conflict should be investigated and urgently resolved, in order to encourage tourism-related LED that is sympathetic to local needs and the green wedge environment.

**RECOMMENDATION**

The Victorian Government’s Department of Innovation, Industry and Regional Development and Department of Sustainability and Environment work with outer suburban councils, the Tourism Association of Victoria and other stakeholders to investigate, develop and implement planning guidelines to facilitate high quality tourism and accommodation developments that are environmentally sensitive to Melbourne’s green wedge zones. Once developed, these guidelines should be publicised amongst all relevant councils to encourage further appropriate tourism-related LED in the outer suburbs.

Planning issues aside, Mr Hunt said many TAV members had identified other common issues frustrating their sector’s economic growth:

> ... skill shortages, communication and energy black spots, key infrastructure gaps and public transport networks, are issues which do affect the tourism industry. As a service-based business, skill shortages are obviously critical because as an export-based industry we are actually delivering the service on-shore, you cannot take advantage of the labour market that is off-shore. For a business to be viable in today’s day and age in tourism, broadband and high-speed internet access is absolutely critical, as is mobile phone coverage, as people change their travel plans.²⁹³

As mentioned in the earlier section on Skills Shortages, the Committee recognises the potential for more training to satisfy local skills shortages in tourism, accommodation and hospitality. Other issues raised by Mr Hunt relating to broadband were also covered in an earlier section on ICT. A further concern for many interface tourism operators remained the ‘educative process’ required to develop tourism product. The TAV said some outer suburban
councils, such as Nillumbik, were already well advanced on this process, while others required further help:

For areas like Whittlesea and Melton, it is a different educative process to perhaps those that are in Castlemaine or Beechworth and around the place, because they are sort of saying, ‘What sort of role? What are we doing?’ There is a lot of day activity. There is more overnight activity, particularly with some of the accommodation winery experiences. There is that process there, but it is certainly an area which is quite active from a tourism point of view. Werribee is an example. There is quite a strength of tourism product within Werribee itself ... with 700,000 visitors a year going through that tourism precinct now. That is substantial. ... [There is] the [Werribee] mansion, the [Werribee Open Range] zoo, the Shadowfax winery — you have got the Sofitel [Hotel] there. Some of their challenge is about the brand, Werribee, and how it sits compared to say Yarra Ranges or Yarra Valley, which have got some differing views, particularly within some areas. They are really quite active and ... we are actually playing a lot with local governments in those interface areas as they see it as both a selling point and because they have a high level of visitation. They are interested in maximising the economic yield for their area.  

Committee Chair, Mr George Seitz MP, commented that Melbourne’s outer west could be better ‘packaged’ to attract more visitors to ‘Melton, Bulla, Gellibrand Hill, the Organ Pipes, the wineries right across there now to the Melton and Bulla area and Sunbury itself … [with its] historical sites’. Mr Hunt agreed the Yarra Ranges tended to overshadow all other visitor regions in outer Melbourne and that other areas should be further promoted:

... we have been working with the Werribee tourism precinct in relation to that issue in terms of development. But in the west, is there a reason for it? It is probably maturity of product and it is probably the capacity of that product to actually get together through some leadership. Leadership is one of those things that when you have got an industry that is dominated by small business, it is about finding the time to come out of those businesses and plan a bit further on. There is a group called Melbourne Surrounds which is looking to try and do more in that area. How much has been done in relation to the Sunbury and Melton areas I am not privy to at the moment.

Based on this evidence and its own observations and discussions, the Committee agrees more could be done to support new and emerging tourism-related LED opportunities in outer suburban LGAs not currently ‘showcased’ by the government’s lead agency, Tourism Victoria.
RECOMMENDATION 101
The Victorian Government reviews and, where appropriate, enhances its current support for new and emerging tourism-related local economic development opportunities across Melbourne’s entire interface region.

Specific Interface Tourism: the Outer North-east
The ‘green wedge’ Shire of Nillumbik has traditionally relied on tourism, viticulture, arts, crafts and markets to drive LED. Julie French, Tourism and Business Development Coordinator at Nillumbik Shire, also told the Committee the local tourism sector had developed over the past eight years but now needed more help to grow:

We have more wineries, more bed and breakfasts and our artists’ studios are supported through our Open Studios program but it has not developed to the point where it can really take off and it will not because we cannot have any bigger attractions come into the area. If we had more nature based tourism that would support those, then I think we could maintain at a sustainable level and by that I mean more recreational trails, more access to some of our reserves and so on that we do not have at the moment. I think that would bring more people into the area to support the smaller wineries and studios and so on.576

Ms French said Nillumbik was keen to develop suitable infrastructure to encourage more ecotourism-based LED:

We are working at the moment on a trail that extends from here [at Greensborough] along the old Maroondah aqueduct, which would be a fantastic attraction. It would bring people in on a day basis but it would also bring in serious nature lovers—walkers—who could take three or four days to walk and stop at bed and breakfasts and so on along the way.577

The adjacent municipality of Yarra Ranges was also keen to develop more nature-based tourism to generate LED, according to the Shire’s Ian Ada:

... we do have some, for example, potential iconic walks. Melbourne Water has just passed the O’Shannassy aqueduct trail over to Parks Victoria which, we think, has enormous potential to be an iconic walk for the 30 kilometres from the O’Shannassy aqueduct along the boundary of the Yarra Ranges National Park right down to the Woori Yallock-Healesville road and the mountain ash forest, we think, are undersold in some day and overnight walks as well.578

Since Mr Ada presented his evidence, the Committee notes that in December 2007, Tourism Victoria released its Victoria’s Nature-Based Tourism Strategy Draft Plan 2007–2011. This outlined a ‘vision’ to make ‘Victoria … recognised as the leading sustainable nature-based tourism destination in Australia’, achieved through five ‘directions’:
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1. Creating supportive frameworks and partnerships;
2. Planning and managing sustainable destinations;
3. Developing authentic, memorable experiences;
4. Facilitating viable and innovative businesses, and
5. Effective marketing.\textsuperscript{579}

The Committee believes if this draft plan is adequately funded and professionally implemented, it should assist Yarra Ranges and other similar green wedge outer suburban LGAs to expand their natural tourism offerings.

**RECOMMENDATION**

The Victorian Government, through Tourism Victoria, partners with all Melbourne outer suburban councils to identify, market and support existing or emerging eco-tourism opportunities, in line with Tourism Victoria’s *Victoria’s Nature-Based Tourism Strategy Draft Plan 2007-2011*.

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**Specific Interface Tourism: Mornington Peninsula**

During its visit to Mornington Peninsula Shire Council, the Committee heard of potential tourism-led LED at Stony Point on Western Port. Ralph Kenyon, CEO of the PoHC, explained that:

*Stony Point ...which has the port operations centre and so on at the moment, we see as being more suitable in the future as a tourism and recreational facility, something that the community can have access to and we would move operations away from that facility to allow more community uses. There is a boat ramp adjoining the jetty facility. The state—through the Port of Hastings Corporation—owns over a hectare of land there with the port headquarters and maintenance centre. Those facilities could be used in the future for some tourism, recreational-type activity reflecting the interest that Mornington Peninsula Shire has for the tourism industry and it is an ideal place for a car-ferry base between Stony Point and Cowes and it is something that we would support and our strategy certainly puts that on the agenda from our point of view.*\textsuperscript{580}

Ms Anita Buczkowsky, from the former South East Development (Melbourne) Area Consultative Committee, agreed that a new car ferry to Cowes may spur tourism-led LED:

*We believe it has the potential to create increased employment on the eastern side of the Peninsula and to create a tourism and commuter link to Phillip Island. Potentially, there are multipliers and generators there that could create a whole range of different things. If you look at the potential in Hastings at the Port of Hastings and then you look at the car ferry together, there is a really nice mix of*
a diversity of industry. Perhaps a response to that is some private and public partnerships to make it happen.\(^{581}\)

Just two days after Ms Buczkowsky’s testimony, the VECCI publicly endorsed a Hastings to Cowes car ferry ‘to provide the missing link for tourists travelling by car from Victoria’s Great Ocean Road in the west to Wilson’s Promontory in the east’.\(^{582}\) The Committee knows of no further publicly released cost-benefit analysis done into this proposal, spurring Committee member Don Nardella MP to comment to Ms Buczkowsky that:

*Everybody has been putting pressure on us to put to government that we do something, Triple P or a BOOT [‘Public-Private Partnership’ or a ‘Build-Own-Operate-Transfer’] scheme or a ‘Let’s sink a huge amount of money into this scheme’ scheme. What is the feasibility study? Is it a real goer? If it is, why isn’t the private sector doing it?’*\(^{583}\)

Ms Buczkowsky replied that ‘your guess is as good as mine at this point in time’.\(^{584}\)

From the scant evidence presented, the Committee believes a car ferry may have some value for LED in Melbourne’s south-east and right along Victoria’s southern coastal driving route. However, without a feasibility study that considers the effect of rising fuel costs on touring holidays, it is premature to draw firm conclusions on this proposal.

With or without a car ferry, the Committee agrees with the PoHC that Stony Point offers worthwhile potential for future LED, encompassing water-based tourism and accommodation ventures and associated marine support services for boating and other recreational pursuits.

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**RECOMMENDATION 103**

Mornington Peninsula Shire Council works with the Victorian Government and other stakeholders to investigate the future local economic development potential of the Stony Point area, especially as a revitalised hub for water-based tourism and accommodation ventures and associated marine support services.

**RECOMMENDATION 104**

The Victorian Government, in conjunction with local government, conducts a public feasibility study into a car-ferry operating between Stony Point/Hastings and Cowes, taking into account factors such as rising fuel costs and their effect on ‘motor holidays’. If the study indicates such infrastructure would significantly boost local economic development, the government should facilitate planning to encourage a new privately run venture.
Apart from the car ferry proposal, Ms Buczkowsky told the Committee of a general need across Mornington Peninsula for:

... providing assistance with greater accommodation choices ... because increasing quality conference facilities would be of benefit on the Peninsula. We see this has the potential to strengthen the tourism sector and provide full-time employment opportunities for local people, again diversifying the tourism sector.\(^{585}\)

The need for accommodation was endorsed by Mornington Peninsula Tourism Inc., which told the Committee it was the peak regional tourism body covering the Mornington Peninsula Shire, Frankston Shire and parts of Cranbourne. Its Deputy Chair, Fraser Bell, advocated several areas to improve LED growth in local tourism:

1. the urgent need for enough accommodation on the peninsula to cater for 300–500 people to attend a large conference facility, achieved within the current green wedge regulations governing development;

2. the need to address the ‘seasonality’ of local tourism employment, where there are ample jobs and not enough workers from September to April, then no employment and idle workers during the ‘off season’; in other words: ‘We have at one end of the scale no employment and the other end of the scale too much employment’; and

3. more funds to improve local tourism infrastructure such as new toilet blocks, BBQ areas, boat-ramps and other foreshore amenities.\(^{586}\)

On face value, the Committee agrees these three areas all deserve serious attention and would almost certainly benefit tourism-related LED along the peninsula.

A major conference centre and accommodation facilities seem long overdue on the peninsula. However, such a proposal assumes there is sufficient demand to ‘fill’ such venues all year round. The Committee was offered no proof to this effect; however, it could be a case of ‘build it and they will come’, given appropriate marketing.

The Committee appreciates such developments are generally best left to the private sector; however, the Victorian Government could partner with Mornington Peninsula Shire Council to ascertain and if warranted, generate commercial interest. Then once a private partner was on board, both governments could assist the project’s progress through the local planning process involving tourism development in the Mornington Peninsula Green Wedge.

If a steady usage could be generated for a new conference and accommodation facility, this would help provide more meaningful work for local residents during the winter ‘lay off’ along the peninsula. In the interim, the Committee believes that other initiatives discussed in the earlier sections on Skills Shortages and Transport may assist peninsula residents to access improved work and/or training opportunities.

The final request for improved tourism infrastructure in foreshore reserves and other presumably Crown Land areas is the easiest to address, either by Mornington Peninsula Shire
Council and/or Parks Victoria, assuming sufficient funds are available and there is a worthwhile LED return on investment.

**RECOMMENDATION 105**

The Victorian Government, in conjunction with Mornington Peninsula Shire Council, Mornington Peninsula Tourism Inc. and other stakeholders supports a further investigation into the commercial feasibility of developing a major conference centre and associated accommodation facilities on the peninsula. Further, arising from this feasibility study, the Victorian Government works with all stakeholders to facilitate this development, if warranted.

**RECOMMENDATION 106**

The Victorian Government, through Parks Victoria, works with Mornington Peninsula Shire Council to improve, expand and fund foreshore infrastructure works deemed as essential to environmentally sustainable tourism related local economic development.

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**Specific Interface Tourism: Outer Western Melbourne**

At its hearing in the City of Wyndham, the Committee took evidence from Western Melbourne Tourism: a body which claimed to represent tourism industry operators from across Melbourne’s west.

Its Executive Officer, Damien Ryan, noted that ‘tourism holds excellent potential to provide employment growth opportunities in the outer metropolitan areas’. However, he said the outer western area:

> ... requires government intervention with transport and road infrastructure for it to develop further. More could be done by the state government to market the outer metropolitan areas to visitors to Melbourne. The government has a key role as the manager of many of our tourism assets being in public land.\(^{587}\)

Mr Ryan said the tourism sector had:

> ... developed over the last couple of decades in the outer western metro region on the back of a couple of key visitor attractors, they being the Werribee Park precinct ... the wineries of the Melton-Sunbury area and also many of the major parks that we have in the region. These were the catalysts for tourism growth. ... Typically, the ancillary tourism services—cafes, restaurants, retail, accommodation—all ride the wave of these major attractors.\(^{588}\)
Western Melbourne Tourism believed ‘the potential of tourism as a driver of employment … [was] significant, largely because:

... tourism is an export business, it attracts dollars from outside our local economy into the local economy; the tourism precinct at Werribee Park is already attracting in excess of 700,000 visitors so it is already a key economic driver in this region; tourism is a labour-intensive industry, it is not an automated industry. Until the day they invent robots to serve coffees, it will always be I think a labour-intensive industry. From that point of view, it is a good employment generator. Also notably for outer metro areas is that tourism jobs, many of them, are suitable for young job seekers; those seeking part-time work; mothers returning to work; job seekers that may be on a low skill base etcetera. ... Also, with significant population growth forecast for the outer metro areas, tourism I think has a role to play in being a driver of future employment opportunities.\(^{589}\)

Mr Ryan believed the development of Wyndham Harbour would further boost local tourism and LED in general. Work on this $440 million coastal community and marina is due to commence in 2008 and is billed as ‘a world-class activity centre offering a unique style of bayside living and boating that won’t be available this close to the city again’. The precinct may also be home to a ‘proposed Ferry Transit Terminal to link the CBD and possibly other marinas located around Port Phillip Bay’.\(^{590}\)

*If that development proceeds, it will have an immediate, positive impact on tourism because it will induce new visitation into the region and it will target markets that this region does not yet cater for or have a market with. In that sense it will be an employment driver.*\(^{591}\)

Like the earlier Hastings to Cowes ferry link, the Committee believes the Wyndham Harbour ferry proposal similarly deserves further investigation and possible support from government.

These moves are timely, given the City of Wyndham’s new status in 2008 as Victoria’s fastest and largest growing LGA.\(^{592}\) Assuming this population trend continues, there may soon be sufficient local enthusiasm to justify offering regular daily passenger ferries between Wyndham Harbour and the Docklands Harbour/CBD precinct. Such services would supplement existing road and rail transport from Melbourne’s outer west to the city and help ease peak congestion on the already busy Princes/Westgate Freeway and Werribee rail lines.
RECOMMENDATION

The Victorian Government, together with Western Melbourne Tourism and Wyndham City Council, supports a public feasibility study into a car-ferry operating between Wyndham Harbour and the Docklands/CBD, taking into account factors such as rising fuel costs and their effect on ‘motoring holidays’. If the study indicates such infrastructure would significantly boost local economic development, the government should facilitate planning to encourage a new privately run venture.

To further encourage tourism across Melbourne’s west and cope with extra traffic flows generated by more visitors/tourists, Mr Ryan urged a greater investment in infrastructure:

[The] Werribee Park precinct and the proposed marina are both serviced by Duncans Road and the freeway interchange at Duncans Road. That interchange, whilst under normal traffic circumstances, is probably adequate; in times of major events, in times of concentrations of traffic, the interchange does not function. There is major congestion around those times, and at times traffic banks back onto the freeway and police will come and close the ramp until traffic eases. For visitors coming to a major event at Werribee Park, as you can imagine, that is quite an inconvenience.

I believe under the guidelines of VicRoads insofar as traffic volumes and at what point an interchange would be upgraded, that interchange does not meet their criteria but I believe there is a strong case for intervention by government, on the basis of the impact that it has on tourism major events and particularly the negativity. 593

The Ratepayers of Werribee South President, Nik Tsardakis, similarly argued for better connecting roads and other infrastructure improvements in the Werribee South area to encourage more tourism-related traffic:

... we are a major special-use tourist precinct of Point Cook and Werribee South. At the present time, we find it quite intriguing that council cannot take advantage or capture the spending of the 700,000 to 800,000 people that pass into that area per annum. We would certainly like to share in that but the total lack of facilities immediately outside the tourist precinct to capture this potential, we believe, is an indictment on the past elected representatives and the sort of land use zoning that has been put in place that prohibits activity there. The other thing in our area is the poor presentation of—again these are issues with council—the city's natural and built assets, particularly the Port Phillip foreshore and also the K Road cliffs. We believe, quite clearly, there is a lack of a tourist destination centre on the Maltby Bypass, given that there are one or two million traffic movements there, particularly to advertise the attractiveness of the City of Wyndham. Again, that is a lost opportunity for the council. 594
Greg Aplin, from the City of Wyndham, agreed that tourism presented an ideal and essential opportunity to improve infrastructure in partnership with the Victorian Government:

"Our priorities are so similar to many of the strengths of the Victorian Government and the Victorian community that it makes sense to enter a partnership, whether it is in tourism — and we have a tourism precinct that has visitation of around three-quarters of a million people annually and there are another quarter of a million that find their way to the beaches and other places like that in Werribee. Most of our tourism product is in public ownership and therefore it makes sense, I believe, to enter into a relationship."

Mr Ryan told the Committee that the Wyndham tourism precinct was also poorly served by public transport timetabling and scheduling ‘particularly on a Sunday where public buses for the most part do not operate’. As a consequence:

"For visitors wanting to get to Werribee Park, for example, on public transport, they can get as far as Werribee station and then they are stranded. That, of course, has a negative impact if people, as they typically do, go into places like the information centre at Federation Square seeking day trip activities, they can be directed to Werribee Park but on a Sunday just cannot get here. ... It also has an impact on staffing, young staff particularly who are reliant on public transport to get to work. ... I believe that public transport is probably the biggest barrier to tourism development in the outer metro area."

From its own inspection tour of the Werribee South tourism precinct, the Committee agrees that access to and from the Princes Highway/Maltby Bypass is barely adequate for normal, everyday traffic. Traffic congestion is further compounded during special event weekends, especially those held at Werribee Park. This hampers public access and visitor enjoyment of this unique state asset and the adjacent hotel and may hamper future tourism-related LED growth in the precinct.

In assessing possible remedies to this access problem, the Committee accepts that improved private car access may not be the sole criteria, especially given the related need to allocate valuable land for car-parking at the destination. Instead, current and future visitor growth and worker access may be better encouraged through more regular shuttle bus services linked to the Werribee train station, especially on weekends and during ‘big events’.

**RECOMMENDATION**

The Victorian Government, through VicRoads and the Department of Transport, works with the City of Wyndham, Western Melbourne Tourism and other stakeholders to investigate ways to improve public/visitor/staff transport and access to Werribee South, especially to facilitate the growth of tourism-related local economic development.
Infrastructure aside, Mr Ryan believes the Victorian Government could spend more on marketing the tourist attractions of outer Melbourne, particularly in the west and in doing so, generate more LED:

At present, the state government does not allocate any resources to tourism marketing for this region or for any of the metropolitan areas whatsoever. Tourism in metro areas is left to the resources of local government. In this particular region or in the western Melbourne region, local governments are collectively spending about $1.1 million this year on tourism development—that is both marketing and visitor servicing—and in fact, a large component to that is visitor servicing, the provision of visitor information centres, staffing, what have you. There are no matching funds whatsoever from the state government. ... Tourism development funds are largely targeted at regional areas, whether it be at a state funding program or a federal funding program. ... For the metro area, there is very limited access to state government funding or federal government funding. I believe there is a strong case to revise that policy and look at the role that tourism will play in the metropolitan area in the coming decades and how that is resourced in terms of infrastructure and then marketing. Tourism Victoria, of course, is the state agency responsible for marketing. At the moment, the way their strategy is structured, there is no provision for any resources for the metro area and it is becoming a growing issue.  

Wyndham was not the only LGA to allege inadequate local tourism promotion by Tourism Victoria; David Keenan, from Hume City Council, told the Committee of similar circumstances in Melbourne’s outer north:

We would also like to see better promotion of the interface councils come through. We are the destination for major employment, investment and residential development in the future, so in a similar way to the Provincial Victoria campaign, it would be beneficial for us to be involved in better promotion of the interface areas as well.

Without further specific evidence, the Committee agrees much of metropolitan Melbourne’s tourism promotion appears to focus on the ‘icon’ areas of the Yarra Valley and Mornington Peninsula.

It could be argued those regions deserve this focus, given the undoubted quality and popularity of their tourism products. A counter-argument is that tourism operators in the Yarra Valley and Mornington Peninsula are by now sufficiently established that they do not require the same level of state assistance as a decade ago; consequently, it was now time for them to shoulder more of their own tourism marketing.

Tourism Victoria could then re-direct its funds to begin ‘seeding’ worthwhile existing or emerging tourism-related LED in other interface regions, for without similar marketing assistance, those regions may never reach the same status as the Yarra Valley and Mornington Peninsula.
RECOMMENDATION 109

The Victorian Government, through Tourism Victoria, partners with the economic development units of all outer suburban councils to identify existing and emerging tourism products deserving of greater marketing and other professional assistance, with a long-term view of boosting tourism-related local economic development across Melbourne’s entire interface.

Damien Ryan concluded his evidence to the Committee by listing five criteria he believed should be addressed in order to attract LED investment to Melbourne’s outer suburban areas, most of which have been addressed in earlier recommendations throughout this section:

1. ‘the availability of cost effective, serviced land with access to transport; [for] you would be crazy to invest in a piece of tourism infrastructure if it did not have access to public transport;

2. ‘planning provisions that allow for and encourage such development, particularly … where green wedge planning provisions apply;

3. ‘… [that] any planning provisions make allowance for tourism uses or tourism land uses and that such developments can proceed unhindered;

4. ‘the availability of project finance; and

5. ‘the willingness of government to support and facilitate such investments’. 600

Western Melbourne Tourism believed the final point was particularly important because ‘many of the tourism attractors [in Wyndham] are in fact government owned’ 601 – notably Werribee Park and the Werribee Open Range Zoo – and that ‘the rest of the tourism industry feeds off’ these main attractors:

From a policy point of view, it is important that there is a sustaining of those attractions, if not further investment in and building on those to encourage further tourism development. Certainly, the one thing perhaps to take away from today is that the government as a landowner and an asset owner is the biggest player in tourism in this region. When it comes to policy and budgetary considerations and what have you, it is important that those assets are presented in the best possible light to visitors so that the rest of the industry can then invest around and feed off that. 602

The Committee understands Western Melbourne Tourism’s view that it is ‘important’ to ‘sustain’ iconic state tourism assets, notably the Werribee Open Range Zoo and Werribee Park. The Committee further appreciates that operating and maintaining such assets is an increasingly onerous and expensive responsibility. Further, to remain popular and ideally financially viable, such venues may require periodic ‘commercialisation’, often best done in partnership with the private sector.
Since Mr Ryan presented his evidence, the Victorian Government received but eventually rejected a $220 million proposal by Village Roads how to construct a new African safari park at the Werribee Open Range Zoo. Tourism Minister Hon. Tim Holding MP, said the government had conducted a cost-benefit analysis of the proposal but this ‘would remain secret because of commercial confidentiality’.603

The Committee supports the maximisation of state tourism assets to promote LED in the outer suburbs and concludes that any future move toward further commercialisation of those assets in the interface should be undertaken in a timely, informed and transparent manner with extensive stakeholder and public consultation.

RECOMMENDATION

The Victorian Government, through Parks Victoria and Tourism Victoria, in conjunction with the City of Wyndham and other stakeholders, develops comprehensive master plans for the ongoing enhancement of the Werribee Open Range Zoo and the Werribee Park precinct, in order to advance their tourism-related local economic development potential to Melbourne’s outer west.

Agriculture and LED

Given that 79 per cent of the land within Melbourne’s interface is zoned ‘green wedge’ and that most of the activity permitted within that zone involves some form of agriculture, it was appropriate for the Committee to consider agriculture’s contribution to LED.604 In her evidence to the Committee, Victorian Farmers’ Meg Parkinson, highlighted that:

Most of the members in those areas tend to fall into dairy, grains, a few livestock, horticulture, eggs and chicken meat ... and flowers as part of horticulture. That is effectively a large number of people within the VFF.605

Ian Ada, the Agribusiness and Tourism Officer with Yarra Ranges Shire Council, told the Committee his LGA probably had ‘the highest value of agriculture of any of the interface councils, including Mornington Peninsula’. This was not unexpected, given that Yarra Ranges is not only the largest interface LGA but more than 96 per cent of the municipality is zoned as green wedge.606 However, Mr Ada said the current methods used to determine the economic value of agriculture within that zone and the number of seasonal workers employed did not paint an accurate picture:

One of the reasons why I do not think the statistics truly show the value of agriculture is that winemaking is shown by ABS as a manufacturing industry, whereas agriculture would always regard winemaking as agriculture because it occurs on farms in the rural areas and certainly agriculture is a very high percentage of our economy. One of the attractions of keeping agriculture close to the city is the low food miles that are involved. With increasing greenhouse gases
with transport, we have got relatively low distances to travel to our major markets. [Further] ... our employment in agriculture is really more than 100 per cent more than the statistics, because we have over 3,000 full-time equivalents of casual workers working in picking and packing the crops in our area. August, when the Census has been held on the last two or three occasions, is the lowest point of the casual picking season and almost no-one will show they were working in Yarra Ranges on Census night amongst our seasonal workers. But we have 5,000 workers a day for six months of the year.\textsuperscript{607}

The Committee agrees that in order to gain a more accurate ‘picture’ of agriculture and its contribution to interface LED, the current classification of activities such as winemaking should be reconsidered and altered by the ABS. Further, it needs an additional mechanism to accurately record the numbers of seasonal workers involved in this sector who may not necessarily be in the region on Census night.

\begin{center}
\textbf{RECOMMENDATION}
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The Victorian Government consults with all interface councils and the Victorian Farmers Federation to draft a submission to the Australian Bureau of Statistics seeking an expansion/update to its statistical classification of ‘Agriculture’ to include other related activities, such as winemaking. This submission should also request a more accurate method of tracking seasonal workers employed in Agriculture. Both requests are aimed at improving the assessment of agriculture-related local economic development in Melbourne’s outer suburban LGAs.

The next challenge for agriculture-related LED in the Yarra Ranges was ‘the pressures from lifestylers’ who, according to Mr Ada, made ‘it difficult to remain competitive’:

\begin{quote}
I will give one simple example. The state government requires councils to administer some sections of the Health Act ... [such as the] nuisance provisions ... We think that these should be made less stringent in rural areas than they currently are at the moment. For example, at the moment, compliance with noise is based on urban noise restriction levels and we think that is totally unreasonable if people are carrying out what are effectively, I suppose, industrial practices. It virtually is a rural industry but people are trying to live nearby.
\end{quote}

The Committee acknowledges that in some green wedge areas of the interface, there is a potential for conflict between established farmers engaged in full-time agriculture or horticulture and nearby non-farming rural residents. These ‘lifestylers’ may expect the same controls over noise, dust, over-spray, visual amenity and odour control as they would have in a residential precinct, even though agriculture is the primary activity within these areas.

The Committee agrees such expectations may be unfair, unrealistic and ultimately restrictive to nearby agriculture or horticulture producers and that local councils may need additional
discretionary powers to effectively and confidently deal with these issues, in conjunction with relevant environmental protection laws enforced by Victoria’s Environment Protection Authority (EPA).

**RECOMMENDATION 112**

The Victorian Government consults with all interface councils, the Victorian Farmers Federation, the EPA and other stakeholders, to identify problem regulations governing the relationship between non-farming rural residents and farmers clearly involved in agriculture as a full-time business. Once identified, the same parties should work together to develop practical solutions that allow local councils to make discretionary directions on noise, dust, over-spray, visual amenity and odour conflicts, especially where these affect agriculture-related local economic development.

The next concern raised on agriculture was the perceived disadvantage of the Yarra Ranges LGA not being considered ‘part of rural or regional Victoria’. Mr Ada said this meant:

> ... we cannot access Department of Agriculture, Forestry and Fisheries Regional Food Processing Program grants. Almost all our postcodes are ineligible for overseas workers to gain a second working holiday visa, which means that the backpackers do not want to come to our area as much as other areas, so it means we are not attracting these workers to pick the crops. The agribusiness forum that we have in the Yarra Valley is the only forum in Victoria that cannot gain funds from RDV’s [Regional Development Victoria’s] Network To Success Program. It is specifically for collaboration in the food, wine and tourism industry, in which we have probably the greatest potential in this State because we are not within rural and regional Victoria.

The VFF’s Meg Parkinson agreed that ‘to some extent, agriculture gets a bit left out of these [funding and policy] issues’, and that:

> A lot of those [LED] programs are very good in themselves but they do not actually address the issue for agriculture. That in itself is a concern to us. For example — this is not quite local economic development but it sort of breaches it — regarding the money for drought for shires in drought-declared EC [exceptional circumstance] areas, in those shires that are on the borderline there, whether they can access that economic development money that is available is dependent on whether they are considered rural or not rural. That in itself is a concern. Often that money has been spent on things that really do not benefit farmers and this is drought money which we would like to see spent on things to deal with issues from the drought.
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The Committee agrees that drought-funding is an important issue and critical to survival for some genuine farmers in Melbourne’s interface. However, the Committee does agree that interface farmers may be disadvantaged in other funding areas, for no other reason than the classification of their rural environment or municipality as ‘urban’ or ‘green wedge’.

**RECOMMENDATION 113**

The Victorian Government consults with all interface councils, the Victorian Farmers Federation, the Australian Government and other stakeholders to review the appropriateness of the present classification of Melbourne’s interface with regards to accessing those state and federal funds and grants currently available to farmers beyond Melbourne’s urban growth boundary. If the classification is shown to be inequitable and a hindrance to agriculture-related local economic development, government’s at all levels should take the necessary remedial action.

The VFF cited the issue of ‘working holiday visas’ as a further barrier to LED, especially for those horticulturalists reliant on ample seasonal picking labour:

> Although these are federal visas, the state actually makes the decisions on where they can apply. At the moment, they can apply according to postcode areas which the state has chosen. You then run into this same barrier of whether you are in an urban or rural area. If the issue was that the areas in which these working holiday visas could apply were simply all those who are considered farmers under the ATO [Australian Tax Office] rules, then that would deal with the issue without complicating it too much because that is one of the problems that we have. That is a definite barrier to local economic development, because if you are in horticulture and cannot get people to pick the crop, why are you bothering?

After its own inspection tour of the Yarra Ranges – including a visit to one of the largest orchards, YV Fruits near Launching Place – the Committee noted the high reliance on casual employees to pick fruit each harvest and agreed more should be done to assist growers obtain the seasonal labour they needed to remain economically viable. In turn, this would help ensure the availability of short-term work for those who relied on such arrangements, such as students on summer break and other casual workers.

The Committee notes that in August 2008 the Australian Government announced a new three-year pilot ‘seasonal worker scheme for the horticulture industry’, where ‘up to 2,500 visas will be available over three years for workers from Kiribati, Tonga, Vanuatu and Papua New Guinea to work in Australia for up to seven months in any 12 month period’. The Committee agrees this may eventually help address the seasonal labour shortages in Melbourne’s interface. In the interim, the Committee urges further immediate steps to improve the availability and administration of seasonal labour for Victoria’s
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horticultural/agricultural sector, notably to enhance LED in Melbourne’s outer suburban areas.

RECOMMENDATION 114

The Victorian Government consults with Melbourne’s interface councils, the Victorian Farmers Federation, unions and other stakeholders, including NGOs, to draft and forward a submission to the Australian Government on further adjustments to relevant immigration and taxation regulations/processes to improve part-time/seasonal employment opportunities for those seeking work in the interface agriculture/horticulture sectors.

Ms Parkinson also argued that the apparently simple requirement of a permit to move farm machinery around on local roads had also become a barrier to LED in some outer suburban LGAs:

We have got no problem with having a permit but there needs to be a mechanism whereby you can get it, say, for 12 months at a time, rather than having to apply on a regular basis — and it takes quite a long time to get it — because if you need to move machinery, you need to move machinery. And this should be at a very minimum cost if not at no cost, simply to allow people to move their machinery. The whole idea of having a permit is so that you know when it is going on the road so VicRoads can be notified and so on, which is part of what you have to do when you get a permit. We have no problem with that but there just needs to be a quick and easy way.611

The VFF indicated its members had had particular problems with Hume City Council around Sunbury and with dairy members moving larger silage wagons in Cardinia Shire. The VFF added it was working with these councils and VicRoads to try and deliver a more workable solution for all concerned.

RECOMMENDATION 115

The Victorian Government, through VicRoads, consults with all Melbourne interface councils, the Victorian Farmers Federation and other stakeholders to improve the administration and cost of the permit system for moving farm machinery on public roads and minimise any current hindrances to agriculture-related local economic development.
A further concern for agriculture-based LED in the interface, raised by the VFF, related to the operation of ‘farm shops’:

At the moment, the rules say that you can only sell what you produce on your property. We are in the farcical situation where, if you produce strawberries and you want to do jam, you either do it yourself, which is not always the appropriate food safety way of doing things, or you send it out to someone to manufacture and then you cannot sell it on your property. It gets very difficult and it seems to me there is no reason why you should not be able to sell fruit and vegetables if you have got a farm shop, whether you grow it on your property or not. As long as the product relates back to agriculture, there does not seem to be any reason why you should not be allowed to do this. ... It is purely a planning issue. The local government in this case is enforcing the planning law. One of the other issues that has come up if you do have a farm shop is the requirement to have a large number of parking spaces when you have got people coming and going all the time and not being there all the time. That is actually not such a big problem because usually, you can get to some point on that but if you are going to do this and you are going to be open seven days a week, you need to be able to sell enough volume to be able to make it worth your doing.612

The Committee notes The Food Act 1984 (‘The Act’) – which is currently subject to a major review – largely ‘regulates the sale of food in Victoria to ensure that food is safe and is suitable for human consumption’.613 The Committee believes any vendor of foodstuffs for human consumption, including informal ‘farm shops’, should be similarly regulated under ‘The Act’ to ensure minimum standards for the safety sale of their product. The Committee further acknowledges the financial and environmental benefits of limiting the unnecessary transport of food products from one district to another.

However, the Committee also recognises that ‘farm shops’ offer farmers and their families a chance to ‘value-add’ to their business by generating additional income without unnecessary transport and retail outlet overheads. Further, ‘farm shops’, cellar doors and other agricultural outlets dotted along country roads generally add to the ‘colour’ and ‘visitor experience’ of travelling through Melbourne’s green wedge zones, which in turn enhances potential tourism-related LED in these same areas.

For these reasons, the Committee is keen to encourage the concept of ‘farm shops’ providing they are operated in a responsible, legal and safe manner.
RECOMMENDATION

The Victorian Government consults with all interface councils, the Victorian Farmers Federation and other stakeholders, to develop updated planning regulations and guidelines to expand the approved operation of ‘farm shops’ in the interface/green wedge zones. Once this occurs, the Victorian Government and relevant authorities should embark on an education process to better inform farmers of their legal rights and obligations.

Logistics and LED

During its deliberations, the Committee received evidence advocating the potential LED benefits of developing further logistics and freight capacity across Melbourne, including the outer west and north.

The chief advocate of ‘a logistics city for Melbourne’ was Professor Pieter Nagel, from Victoria University’s Institute for Logistics and Supply Chain Management. In his evidence to the Committee, he explained that:

... logistics in the broader sense are traditionally seen as the trucks and the trains and planes of what is happening. It is the visible part of logistics. But there is a significant layer of less visible elements like the technology and the integration and the whole issue of building the interfaces between the various stages of the supply chain. For example, you may have an activity in the west of Melbourne. It goes through the port and there is another port in Asia somewhere, there are other carriers. There is a whole process and that is the level of skill that we really think ... [should] be developed. 614

Earlier, in his written submission to the Committee, then in a presentation to the 2007 Hume Research Conference attended by the Committee’s secretariat, Prof. Nagel estimated ‘a logistics city for Melbourne’ would return around $2.4b per annum, with tens of thousands of ‘new’ jobs, perhaps including a complementary ‘hi-tech manufacturing zone’. However, he said this would depend on co-operation among all involved councils:

The west currently ... constitutes six different city councils but the traffic goes all over the place. The traffic there does not have council boundaries. The import-export activities between the port and what happens in the west does not have city council boundaries. ... this is not a matter of looking at individual city councils, this is looking at the western region and its context in the national interest. ... We are talking about state government planning regulations that need to accommodate the fact that this goes beyond the boundaries of a traditional city council. 615

This cross-council approach has been welcomed by two outer suburban municipalities in their evidence to the Committee. Greg Aplin from the City of Wyndham noted:
Intermodal transport hubs are something that has been raised by the Victorian Freight and Logistics Council and the Victorian Transport Association and are mentioned in almost every discussion on how we are going to get the modal change — off roads and onto trains. It is important that, again, government partners with the region, with the subregion, with Wyndham, to ensure that this opportunity is realised while there is still land available to realise it upon.\textsuperscript{616}

In his evidence to the Committee, David Keenan from the City of Hume added:

\textit{The other thing we would like to see is the development of some freight plans — how to deal with the freight coming out on some of these highway investments and how to better utilise some of the rail and port.}\textsuperscript{617}

Apart from council involvement, Prof. Nagel believes a successful ‘logistics city’ would also rely on some massive medium-term investment, notably a new east–west road tunnel and the allocation and establishment of a major ‘port’ site (possibly in Laverton or Altona) complemented by feeder hubs/nodes. He stressed the so-called ‘inland port’ promoted by Hume City Council was little more than a feeder hub for freight and not an ‘inland port’ as defined in international terms, such as Dubai’s Logistics City.

To advance the ‘logistics city’ concept for Melbourne, Prof. Nagel wanted funding to conduct further research and get key stakeholders such as the Victorian Government and local governments involved, enthusiastic and committed.\textsuperscript{618}

Since presenting that evidence, Victoria University received a $150,000 study grant from Premier John Brumby in June 2008 to ‘examine areas for improving Victoria’s strong export record and creating jobs for the freight and logistics industry’. Premier Brumby added that ‘Melbourne’s west was already a strong generator of jobs and economic growth and was located at the centre of Victoria’s air, sea, rail and road links … [so this new] feasibility study will help Government plan future industrial zones and manufacturing hubs’.\textsuperscript{619}

Prof. Nagel acknowledged that although his ‘logistics city’ may promise great economic benefits for Melbourne’s west, it would come at a cost, particularly in terms of additional freight transport moving through inner areas such as Footscray. Further afield, although logistics ‘hubs’ and ‘inland ports’ look impressive, many are so mechanised that they actually employ very few people for the usually expansive tracts of land they occupy.

\textit{... you have a different profile in a logistics city or in logistics activity ... than, for example, in manufacturing. You may have an enormous warehouse — one of the very well-known Australian companies, which for the sake of confidentiality I will just refer to as ‘That company’, has just opened a warehouse in Asia of 72,000 square metres. There are 12 people working in it because it is all technology driven and so on. So the density of that ratio of labour versus this type of infrastructure is different. These are the issues that we really think are of strategic importance for the development of the outer region.}\textsuperscript{620}

Prof. Nagel and his team at VU put a detailed submission to the Eddington Inquiry, which the Victorian Government is due to respond to before the end of 2008. Also, at the time of
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completing this report, Prof. Nagel and his team were engaged on their latest study (as mentioned previously) for the Victorian Government and were due to report before the end of 2008.

The Committee awaits both responses with a great interest because based on the evidence presented, there is great potential in the ‘logistics city’ concept for driving LED across Melbourne’s west, including the outer suburbs. To do this properly, the Committee agrees with Prof. Nagel’s proposals that:

- all affected councils must be equally involved as stakeholders;
- new logistics training and education facilities and programs must be developed;
- suitable physical sites must be identified and developed for ‘ports’ and ‘hubs’; and
- all major commercial partners must be included in the overall planning and development processes.

However, the Committee is aware a ‘logistics city’ will bring major new road and rail freight traffic challenges for inner west Melbourne and, to a lesser extent, the middle and outer suburbs. These challenges will be further compounded with the predicted growth in road and rail freight through the Port of Melbourne, following the completion of the current Bay Deepening Project.

Given these unresolved challenges, the Committee endorses further serious study into the proposal of a ‘logistics city’ for Melbourne, focusing on its potential LED benefits for the outer suburbs through additional employment opportunities and infrastructure development. Further, from the Committee’s observations, Victoria University has become a credible and professional centre of logistics expertise from which to conduct such inquiries and should be supported in its endeavours.

**RECOMMENDATION**

The Victorian Government continues to support Victoria University’s investigations into the feasibility of a ‘logistics city’ for Melbourne. If VU’s current study, due by the end of 2008, demonstrates overwhelming benefits for local economic development, particularly in the outer suburbs, then the Victorian Government should convene a summit of all affected local governments, national freight industry representatives and other stakeholders to draft a long-term strategy aimed at realising a ‘logistics city’.

**Community Health and LED**

During this inquiry, the Committee received one submission arguing a potential link between the physical and mental health of a community and that community’s economic health. The
case was put by Djerriwarrh Health Services, which operates largely across the interface municipality of Melton and the adjoining peri-urban municipality of Moorabool Shire.

David Grace, the Executive Officer/Executive Director of Nursing at Djerriwarrh, told the Committee of the 2001 study by DHS, *Burden of Disease*, which provided ‘a comprehensive assessment of the amount of ill health in Victoria, measured in disability-adjusted life years arising from most diseases and injuries’. From this report, Mr Grace noted the major diseases ‘in order of priority … [were] cancer, cardiovascular disease, suicide, road traffic accidents, diabetes and mental illness’. He then argued:

*The health of the community is very important to the health of the workforce … [for] the various conditions that I previously mentioned come in at ages that are well and truly ages that the workforce would be. For example, cancer risk increases at the age of 40 and over; cardiovascular disease increases after the age of 50; suicide, the risk increases between the age of 15 and 30; road traffic accidents, the risk increases between the ages of 17 and 25; diabetes, there are two groups, the group under 30 years and there is a group over 55 years; mental illness manifests itself quite frequently after the age of 19. You can see that many of these illnesses … have a direct impact on the workforce of a community.*

*There was research undertaken in the European Union about the economy and what fuels the economy in relation to health … [which found] factors such as lifestyle, education, health care, wealth, socioeconomic factors and the environment all impact on a person's health. The person's health impacts on their productivity, labour supply, education, capital formation and the economic outcomes – then refuel the lifestyle or social lifestyle issues of the community. We have this circular approach to fuelling the economy. It is quite clear that a healthy community equals a healthy workforce which, at the end of the day, equals a healthy economy.*

The Committee commends Djerriwarrh Health Services for its submission and notes it was the only organisation to raise the possible link between community health, ready access to quality medical facilities and a region’s economic prospects.

The Committee cannot justify making recommendations based on a single submission, even though Djerriwarrh Health Services presented a strong argument in support of its claims. Further, the Committee has not had sufficient time or resources to investigate this issue to the depth it deserves, especially across all other interface and peri-urban municipalities.

Instead, the Committee believes this should form the basis of a separate future inquiry into health services in Melbourne’s outer suburban area, when resources allow. This would complement the Victorian Government’s announcement in March 2008 that it will spend $600 million over the next five years on a ‘major world first initiative’ called WorkHealth, aimed at screening Victoria’s 2.6 million workers for preventable diseases, such as Type 2 diabetes.
RECOMMENDATION

The Victorian Government considers the development of a new Parliamentary inquiry reference to the Outer Suburban/Interface Services and Development Committee to inquire into and report on community health and access to suitable medical facilities/services in Melbourne’s interface, including their effect on local economic development across these regions.

Peri-urban LED Issues

This Committee took a number of submissions from community representatives at Kinglake, in the peri-urban Murrindindi Shire adjacent to Melbourne’s northern interface region, beyond the UGB. The Committee also heard from Moorabool Shire Council during its hearing at Melton in 2007. Whilst these LGAs are not strictly included in the scope of the Committee’s functions, as interpreted by the Committee, the evidence presented by the Kinglake Action Network and Development Organisation (KANDO) nevertheless helped the Committee understand the issues confronting Victoria’s peri-urban communities, especially with regard to LED.

Though much smaller in scale, Kinglake’s issues appeared similar to those highlighted within Melbourne’s nine outer suburban councils. Similarly, these issues all had some bearing on the area’s ability to pursue successful LED activities, namely:

- a lack of local educational opportunities, especially at the post-compulsory level;
- a lack of skilled workers in some current sectors and a projected shortfall in skilled workers to satisfy future requirements;
- inadequate public transport for travelling to work, primary and secondary schools, and post-secondary training or educational facilities;
- rising land prices, as ‘urban refugees’ make a ‘tree change’ to the peri-urban areas;
- inadequate affordable local housing and commercial office space to attract and accommodate much needed managerial and professional workers;
- inadequate healthcare and medical facilities, to again attract much needed managerial and professional workers;
- rising energy costs, especially the ‘disproportionate effects’ of rising petrol prices on peri-urban commuters with few options but to use private cars;
- a rapid decline in traditional farming pursuits, as land is re-zoned and subdivided for ‘other’ purposes, such as hobby farming;
- concerns over alleged council planning anomalies or conflicts and delays in processing applications;
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- heightened concerns over environmental issues and how LED might encroach on the local landscape;
- the enormous custodial role played by communities adjacent to national parks, with little or no financial return or recognition from those ‘outsiders’ who use such public amenities;
- a perceived need for improved local infrastructure – including power supplies, roads, broadband ICT services, reticulated sewerage and potable/recycled water – frustrated by a small council rate base which is unable to fund these growing demands; and
- a perceived ‘threat’ to rural amenity/lifestyle by encroaching urbanisation, largely due to metropolitan population growth and the ‘tree change’ phenomenon, mirroring concerns held by most outer Melbourne suburban councils over urban encroachment into the green wedges.  

Kinglake’s overall economic, social and welfare concerns were eloquently summarised by Sharon McCulloch, proprietor of the National Park Hotel/Motel, who told the Committee:

Some good things have been achieved in Kinglake. We have three good primary schools, one having had a renovation and the other being rebuilt as we speak. We have a good child-care centre and kindergarten, we have a police station and shire office and a good community centre and neighbourhood house. The football club is going from strength to strength this year and we have had some businesses, such as Flying Tarts Bakery and Ranges Country start up, as well as many others and they are making a good go of it. We are lucky to have many community groups that are committed to bettering things at Kinglake and some of the things I have mentioned have come about from these groups.

However, in order for us to become a really successful peri-urban town, we need help in areas of road maintenance, transport and, in my opinion, an urban design framework that encompasses a great streetscape that will benefit all businesses in town and grow the community economically. We need a town where the main street looks inviting with great trees, flowers and parking. The town should be filled with great-looking and prospering shops. Local kids can then have employment and an opportunity to stay on the mountain if they wish, as prospering businesses can afford to pay more people.

Council nature strips on the sides of the roads need to be mown, clean and tidy with no debris evident. Our smaller roads need to be safe and free from potholes and our national parks maintained full of visitors and our amenities clean. We need to have parks for kids and all businesses will then have prosperity, whether that be from extra visitors or flow-on effects from extra revenue from businesses.

As a community I believe most of us are doing everything we possibly can to improve our businesses, our town and ultimately, our lifestyle here in Kinglake. We are a community on the cusp of great things. Most businesses are having a go as are the community groups. In my opinion, we need to continue with this sense
of urgency, maintain momentum and look at the big picture in order for our community to continue to grow and prosper. 927

As mentioned, it is not within the scope of this inquiry to address these myriad issues to the depth they deserve. Rather, the Committee believes the Victorian Government should investigate the special needs of Melbourne’s peri-urban areas, including their future economic development and take appropriate supportive action as soon as practicable, in conjunction with the local councils and their communities.

RECOMMENDATION

The Victorian Government consider the development a new Parliamentary inquiry reference to the Rural and Regional Committee, to inquire into and report on the long-term needs of communities within Victoria’s peri-urban area, including ways to economically strengthen their viability. The terms of reference would include adequate and timely actions to mitigate the inevitable effects of future urban encroachment and population growth beyond the Urban Growth Boundary.

Conclusion

The evidence in this section has highlighted several disparate areas of additional concern over LED in Melbourne’s outer suburbs relating to tourism, agriculture, logistics, community health and peri-urban LED.

Some of these areas offer great opportunities for the Victorian Government to take further immediate steps to help improve LED, notably in tourism and agriculture. Other equally important areas will require a greater investment of time and funds, especially in community health and the broader challenges of improving LED in Melbourne’s vast but sparsely-populated peri-urban regions.
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EndNotes:

2 ibid.
6 ibid
7 ibid., p. 25.
9 Peter Williams, in Thompson, Susan (ed).2007, ‘Planning Australia – An overview of urban and regional planning’, Cambridge University Press, Melbourne, Victoria, p. 34.
10 ibid, p. 46.
11 ibid., p. 36.
12 ibid., p. 97.
13 ibid.
18 ibid., p. 99.
19 ibid., p. 98.
20 Mr B. Welch, Transcript of Evidence, 21 May 2007, p. 66.
22 ibid
23 ibid
24 Ms Paula Giles, Transcript of Evidence, 21 May 2007, p. 60.
27 ibid.
28 Mr Mike Ellis, Transcript of Evidence, 8 October 2007, p. 251.
29 Cr K. Lemriere, Transcript of Evidence, 8 October 2007, p. 293.
31 ibid., p. 3.
32 ibid.
33 ibid., p. 4.
34 ibid., p. 27.
35 ibid., p. 43.
38 ibid.
39 ibid., p. 6.
40 ibid., p. 7.
41 ibid.
43 ibid.
44 ibid., p. 92.
46 ibid.
47 ibid., p. 42.
48 ibid.
49 ibid.
50 ibid.
51 ibid.
52 ibid., p. 51.
53 ibid.
54 Mr M. Toh, Transcript of Evidence, 30 April 2007, p. 12.
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56 Mr N Smith, Transcript of Evidence, 30 April 2007, p. 13.
57 Mr A. Port, Transcript of Evidence, 29 October 2007, p. 353.
58 Mr. G. Aplin, Transcript of Evidence, 30 April 2007, p. 18.
64 ibid, p.6.
66 ibid, p. ii. ‘Planning for all of Melbourne’ includes a detailed description of the Victorian Government’s proposed initiatives under these four key areas (for more information see the full report: http://www.dse.vic.gov.au/CA256F310024B628/0/C27DCBB1CFF4FF1CA25745000198AD9/$File/Planning+for+all+of+Melbourne+-+Whole+Report+FINAL.pdf).
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74 Mr I. Ada, Transcript of Evidence, 30 April 2007, p. 46.
75 ibid, p.47.
76 Mr D. Young, Transcript of Evidence, 8 October 2007, pp. 263–264.
77 Mr P. Fitchett, Transcript of Evidence, 7 November 2007, p. 390.
79 Mr. G. Aplin, Transcript of Evidence, 30 April 2007, p. 18.
80 ibid., p. 21.
82 ibid.
83 ibid.
84 ibid.
86 ibid.
88 ibid.
89 Mr P. Walton, Transcript of Evidence, 8 October 2007, pp. 256–57.
90 Ms M. Parkinson, Transcript of Evidence, 16 October 2007, pp. 307–08.
91 Mr D. Young, Transcript of Evidence, 8 October 2007, p. 266.
92 Ms C. Fyffe MP, Transcript of Evidence, 23 October 2007, p. 345.
93 Mr J. Ower, Transcript of Briefing, 6 August 2007, p. 2.
94 Mr N. Tsardakis, Transcript of Evidence, 17 September 2007, p. 239.
98 ibid, pp. 326–29.
99 Mr P. Fitchett, Transcript of Evidence, 7 November 2007, p. 401.
100 Mr Graeme Ford, Transcript of Evidence, 16 October 2007, pp. 310–12.
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102. See: <http://www.dse.vic.gov.au/CA256F310024B628/0/6A63C6501C6F7737CA2570BF007AAD7D/$File/StatementFinal-sg-20051116.rtf>. ‘A Plan for Melbourne’s Growth Areas’ was announced by the Premier and Minister for Planning in November 2005 and outlines how growth in Casey-Cardinia, Hume, Melton-Caroline Springs, Whittlesea and Wyndham, will be managed over the next 25 years, especially in relation to the provision of new infrastructure and services in these growing communities.
107. Mr P. Fitchett, Transcript of Evidence, 7 November 2007, p. 396.
111. Mr C. Papas, Transcript of Evidence, 20 August 2007, p. 181.
113. Mr C DeSilva, Transcript of Evidence, 30 April 2007, p. 52.
116. Associate Professor G. Naughton, Brotherhood of St. Laurence, Public Hearing, 18 June 2007, Transcript of Evidence, p.91.
118. ibid, p. 95-96.
126. Cr K. Lempriere, Transcript of Evidence, 8 October 2007, p. 293.
130. ibid. p. 2.
132. ibid.
133. ibid.
134. For a discussion on some of these issues, see for example: Graham Currie and Zed Senbergs, Identifying Spatial Gaps in Public Transport Provision for Socially Disadvantaged Australians – The Melbourne ‘Needs Gap’ Study, Melbourne, ITS, Monash University, 2007, passim.
140. Graham Currie and Zed Senbergs 2007, Exploring Forced Car Ownership in Metropolitan Melbourne, Melbourne, ITS, Monash University, p. 11.
141. ibid. p. 9.
144. Mr P. Walton, Transcript of Evidence, 8 October 2007, pp.255-56.
146. Mr I. Robins, Transcript of Evidence, 30 April 2007, p.12.
147. ibid.
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197 Mr B. Harvey, Transcript of Evidence, 17 September 2007, p. 220.
200 Mr I Robbins, Transcript of Evidence, 30 April 2007, p. 13.
202 Mr B. Harvey, Transcript of Evidence, 17 September 2007, p. 220.
206 ibid.
207 ibid.
208 Mr Mike Ellis, Transcript of Evidence, 8 October 2007, p. 252.
209 Email update from Frances Grigoriou, Business Development Officer, Cardinia Shire Council, received by Secretariat on 20 August 2008.
210 Mr M. Ellis, Transcript of Evidence, 8 October 2007, p. 287.
211 ibid. pp. 282–84; note that since this evidence was presented, Cardinia Shire Council provided the following update to the Committee on the Koo-Wee-Rup By-pass: VicRoads had completed interim and long term (freeway) plans as part of an overall corridor study but there has been no allocation of state funding; Cardinia Shire was also unsuccessful in its application for AusLink funding from the Australian Government; email to the Committee Secretariat from Ms F. Grigoriou, Business Development Officer, Cardinia Shire Council, dated 28 July 2008.
212 Mr M. Ellis, Transcript of Evidence, 8 October 2007, pp. 282–84.
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214 Mr M. Ellis, Transcript of Evidence, 8 October 2007, p. 285.
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218 Email update from Frances Grigoriou, Business Development Officer, Cardinia Shire Council, received by Secretariat on 20 August 2008.
219 N.b.: ‘grade separation’ refers to the practice of separating crossing transport routes by either raising or lowering one of the routes, generally by building an overpass; Mr M. Ellis, Transcript of Evidence, 8 October 2007, pp. 285–86.
220 Mr M. Ellis, Transcript of Evidence, 8 October 2007, pp. 286–87.
222 Mr M. Ellis, Transcript of Evidence, 8 October 2007, p. 395.
223 ibid. p. 397.
224 ibid. pp. 397–400.
225 Mr D. Keenan, Transcript of Evidence, 30 April 2007, p. 35.
226 ibid.
228 Ms S. Gordon, Transcript of Briefing, 6 August 2007, pp. 3–4.
229 ibid.
231 Mr P. Fitchett, Transcript of Evidence, 7 November 2007, p. 395.
232 ibid. p. 397.
234 Mr D. Keenan, Transcript of Evidence, 30 April 2007, p. 35.
235 ibid.
238 ibid.
240 Mr P. Curtis, Transcript of Briefing, 6 August 2007, p. 4.
241 ibid. p. 2.
242 Mr C. DeSilva, Transcript of Evidence, 30 April 2007, p. 54.
244 Transport Minister Hon. Lynne Kosky MP 2008, Victoria’s public transport network boosted, media release, Melbourne, Victorian Government, 6 May.
246 Mr F. Bell, Transcript of Evidence, 19 November 2007, pp. 466–67.
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249 For further details on the expansion of the Port of Hastings by the Port of Hastings Corporation, see Mr R. Kenyon, Transcript of Evidence, 19 November 2007, pp. 449–564.
252 Mr I. Ada, Transcript of Evidence, 30 April 2007, p. 46.
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204 Cr W. Leeson, Transcript of Evidence, 29 October 2007, p. 347.

205 Mr N. Williams, Transcript of Evidence, 29 October 2007, p. 368.

206 ibid. p. 370.

207 ibid. p. 368.


209 Mr C. Chapple, Transcript of Evidence, 29 October 2007, p. 368.


211 Mr M. Butera, Transcript of Evidence, 18 June 2007, p. 109.

212 Mr L. Shannon, Transcript of Evidence, 20 August 2007, p. 151.


216 ibid. p. 27.

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220 ibid.

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222 HiTrans is ‘an international project, which aims to facilitate the development of high quality public transport in medium sized European cities (pop. 100,000–500,000)’, viewed 7 July 2008, <www.hitrans.org>.


224 Outer Suburban/Interface Services and Development Committee (OSISDC) 2004, Inquiry into Sustainable Urban Design for New Communities in Outer Suburban Areas, Final Report, Joint Committees of the Parliament of Victoria, Melbourne, passim.

225 Peter Hobbs 2007, Regional Victoria – Improved Rail Services: Electrification to Sunbury and Bacchus Marsh or Melton, Final Report, Interfleet Technology, Melbourne.


227 ibid.

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229 ibid.

230 ibid.

231 ibid.

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233 ibid.

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236 Sinclair Knight Merz (SKM) 2008, The Economic Impact of Melbourne Airport, SKM, Melbourne, p. 5.

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249 For background information on the Public Transport Users Group (PTUG)’s aims, refer to the introductory paragraph of Mr T. Petersen, Transcript of Evidence, 7 November 2007, p. 411.

250 Mr T. Petersen, Transcript of Evidence, 7 November 2007, pp. 411–15.

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Mr P. Walton, Transcript of Evidence, 8 October 2007, pp. 256.

Mr D. Keenan, Transcript of Briefing, 6 August 2007, p. 2.


Mr N. Tsardakis, Transcript of Evidence, 17 September 2007, pp. 237-238.


ibid.

Ms M. Parkinson, Transcript of Evidence, 16 October 2007, pp. 313.

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Imperial College London, viewed 2 September 2008, <www3.imperial.ac.uk>.


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One definition, which is used by the New Zealand Government, viewed 2 September 2008, http://www.digitalstrategy.govt.nz/Resources/Glossary-of-Key-Terms, of Next Generation Networks (NGNs) is the ’… term used by governments, corporations and educators to describe the future network and the work underway to develop it. The future Internet will be so pervasive, reliable and transparent that it will be taken for granted. It will be a seamless part of life...
much like electricity or plumbing. However, getting to this will involve exploring technologies and network capacities that are in advance of offerings from commercial providers in terms of bandwidths, communications protocols and services.’

Another definition used by the Australian Government’s Department of Broadband, Communications and the Digital Economy (see: www.dbcde.gov.au), is that NGNs ‘are new communication networks that are emerging through the deployment of new technologies, particularly Internet Protocol, on existing networks. NGNs are likely to seamlessly offer voice, video and data transmission at increasingly high speeds’.


307 ibid.

308 ibid.

309 Combines phone, iPod and the internet in one device. The Australian Communications and Media Authority (ACMA) states in its ACMA Communications Report 2006-07 (p.10) that ‘as at 30 June 2007, there were 4.56 million 3G mobile phones services in operation in Australia, a 192 per cent increase since 2005-06’.

307 In relation to the development of VoIP. ACMA’s Communications Report 2006-07, states that, as at 30 June 2007: ‘VoIP remains an emerging technology and is yet to experience comparable levels of migration of consumers and usage. While awareness of VoIP services is high (63 per cent), take-up is still relatively low (6 per cent)’, p.11.


323 ibid, p. 5.


328 ibid.

329 ibid.

330 ibid.

331 ibid.

332 ibid.


334 ibid. Prof. Given summarises the reports findings in the OECD information as follows: there were errors and misinterpretations of source data; there were discrepancies in the definitions of ‘broadband’: the ranking of ‘broadband subscribers per 100 inhabitants was controversial as it aggregated the number of business and residential broadband services, whereas some commentators have argued that household penetration is a more useful measure, while others have noted it fails to recognise WiFi ‘hotspots’ across university campuses or broadband users working in large corporations; and there were timing inconsistencies, with the measure of users per country being based on different dates.

335 ibid., p. 8.


338 ibid., p.9. Mobile services are provided to Australian consumers using GSM, CDMA and W-CDMA (3G) networks.


340 ibid.

341 ibid.

342 ibid., p. 34.

343 ibid., p. 51.

344 ibid.

345 ibid.


348 ibid.

349 ibid., p. 78.

350 ibid., p. 12.


355 ibid.

356 ibid.

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309 ibid.
310 ACMA 2008, Top Six Trends in Communications and Media Technologies, Applications and Services -Possible Implications, ACMA, Canberra, p. 4.
311 ibid.
315 ibid.
316 ibid., p. 8.
317 ibid.
320 ibid.
323 ibid.
324 ibid.
325 Community Development Minister Hon. Peter Batchelor MP 2008, Media Release: $600,000 to increase internet access for all Victorians, Victorian Government, Melbourne, issued 16 May.
328 ibid.
331 ibid.
332 ibid.
333 ibid.
334 ibid.
336 ibid.
337 ibid.
338 ACMA 2008, Top Six Trends in Communications and Media Technologies, Applications and Services -Possible Implications, ACMA, Canberra, p. 4.
341 Australian Research Council (ARC) Centre of Excellence for Creative Industries and Innovation 2008, CCi Digital Futures Report: the Internet in Australia, Swinburne University of Technology, Melbourne, Introduction.
342 ibid.
349 ibid., p. 3.
350 ibid.
351 ibid.
353 Of particular relevance and applicability to this Inquiry, are the following recommendations to the Victorian Government by the Rural and Regional Services and Development Committee, as part of their ‘Inquiry on Regional Telecommunications Infrastructure for Business’, tabled in the Parliament in June 2006:
Recommendation 26: ‘That the State Government work closely with local government to ensure the development of appropriate telecommunications infrastructure in new property developments’

Recommendation 29: ‘That the State Government introduce modifications to the whole-of-state planning framework to encourage co-location of telecommunications cabling’.

Recommendation 35: ‘That the State Government develops, in conjunction with key stakeholders, a set of regularly updated training and education tools aimed to increased [sic] business awareness of the range and capabilities of different broadband service offerings relevant to improving business productivity and effectiveness in a range of media forms’.

Recommendation 36: ‘That the State Government support accredited programs directed to small to medium enterprises to promote the application of computer and information technologies, including Internet technologies, to business applications’.

Recommendation 44: ‘That the State Government work with peak organisations for local government to develop a model of best practice telecommunications management and advocacy for local government.’

Recommendation 45: ‘That the State Government work with peak organisations for local government in Victoria to review the performance of municipal wireless networking initiatives, such as those in the United States, to assess the value of these initiatives in the economic and social life of local communities’.

Recommendation 46: ‘That the State Government support, through appropriate funding mechanisms, local initiatives that seek to improve the quality and coverage or local Internet services’.

Recommendation 47: ‘That the State Government encourage the Commonwealth to provide funding to support the role of local government in disseminating information about communications to local communities, aggregating demand in those communities and determining community infrastructure and service needs’.

Prof. G. Johanson, Transcript of Evidence, 21 May 2007, p. 89.


Mr P. Fitchett, Transcript of Evidence, 7 November 2007, p. 397.

Mr I. Ada, Transcript of Evidence, 30 April 2007, pp. 46.

Mr D. Keenan, Transcript of Evidence, 30 April 2007, p. 35.

ibid. p. 2.

ibid. p. 39.


Mr S. O’Callaghan, Transcript of Evidence, 23 October 2007, p. 333.


Mr P. Fitchett, Transcript of Evidence, 7 November 2007, p. 402.

Prof. G. Johanson, Transcript of Evidence, 21 May 2007, pp. 94–95.

ibid. pp. 94–95.

ibid.

ibid.


ibid.

ibid. p. 323.

Mr D. Wilson, Transcript of Evidence, 16 October 2007, pp. 300–301.

ibid.


VicUrban’s 2007 Annual Report notes that Aurora has a total area of 630 hectares, has 8,000 dwellings, a population projection of 25,000 and an expected completion date of 2027. In addition, it has the following ‘community infrastructure’: one retail/community hub; two mixed use town centres; five schools; three community activity centres; various sporting facilities; and 135 ha of open space. VicUrban also states that Aurora contains the following ‘sustainability features’: 6-star energy efficient homes; third pipe water recycling; WSUD stormwater management; rehabilitation of the natural environment, including Edgar’s Creek; eco selector; construction waste management; fibre to the home; green powered street lighting; and a learning centre at Creeds Farm. See: VicUrban., A Strategic Framework for Creating Liveable New Communities: The Framework at a glance, Victorian Government, Melbourne, 2008, pp. 94–95.

Mr S. Steele, Transcript of Evidence, 23 April 2008, p. 550.


ibid.

Mr D. Turnbull, Transcript of Evidence, 16 July 2007, pp. 131.


Sue Richardson and Richard Teese 2008, A well-skilled future: Tailoring VET to the emerging labour market, Adelaide, National Centre for Vocational Education Research.

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Mr P. Harrison, Transcript of Briefing, 6 August 2007, p. 2.

Mr J. Francis, Transcript of Evidence, 30 April 2007, p. 53.

Ms S. Gordon, Transcript of Briefing, 6 August 2007, p. 4.

Ibid., p. 5–6.

Mr B. Coppinger, Transcript of Evidence, 18 March 2007, p. 484.

Ms V. Simmons, Transcript of Evidence, 21 May 2007, p. 77.


Mr T. Coppola, Transcript of Evidence, 18 June 2007, p. 107.

Mr J. Francis, Transcript of Evidence, 30 April 2007, p. 53.

Ms S. Gordon, Transcript of Briefing, 6 August 2007, p. 4.

Ibid., p. 269.

Ibid.


Ibid., p. 22.

Ibid., p. 21.


Ms V. Simmons, Transcript of Evidence, 7 November 2007, p. 427.

Mr R. Oakden, Transcript of Evidence, 21 May 2007, p. 77.


Mr T. Murphy, Transcript of Evidence, 21 May 2007, p. 85.


Committee’s briefing tour of the Australian Synchrotron, Clayton, Victoria, 6 March 2008.


Mr N. Hunt, Transcript of Evidence, 18 June 2007, pp. 120–121.

Ibid.

Ibid.

Rural and Regional Committee, Inquiry into Rural and Regional Tourism: Final Report, Melbourne, Parliament of Victoria, Melbourne, 2008, passim.

Mr J. Francis, Transcript of Evidence, 30 April 2007, p. 55.

Anne Langworthy, Alexis Esposto and Rebecca Feldman 2007, Current Skills and Knowledge in the Outer East – Signposts for the Future, Llydale, Centre for Regional Development, Swinburne University of Technology.

Ms A. Langworthy, Transcript of Evidence, 23 October 2007, p. 341.

Ms V. Simmons, Transcript of Evidence, 7 November 2007, p. 426; the pathway in question is detailed in the Casey Technology Precinct Structure Plan, prepared for Casey City Council by Rob McGauran.


Ms S. Murphy, Transcript of Evidence, 19 November 2007, p. 441.

Ibid., pp. 441–42.


Prof. B. Cherednichenko, Transcript of Evidence, 20 August 2007, pp. 189–90.

Mr D. Keenan, Transcript of Evidence, 30 April 2007, p. 35.

For details, see Metlink Media release, New bus route from North Melbourne Station - via Royal Melbourne Hospital - to the University of Melbourne: from Monday, 3 March 2008, Melbourne, Metlink, 25 February 2008.

Ms V. Simmons, Transcript of Evidence, 7 November 2007, pp. 426–27.


Ibid.

Mr S. Steele, Transcript of Evidence, 23 April 2008, p. 549.

Ibid.


Ibid., pp. 13–17.

Mr P. Harrison, Transcript of Briefing, 6 August 2007, p. 2.

466

N.b.; Skills Victoria was called the Victorian Government’s Office of Tertiary and Technical Education (OTTE) when Mr Harrison gave his evidence; Mr P. Harrison, Transcript of Briefing, 6 August 2007, pp. 4–5.

Mr P. Harrison, Transcript of Briefing, 6 August 2007, pp. 3–4.

Cr G. Jungwirth, Transcript of Briefing, 6 August 2007, p. 2.

ibid.

Mr P. Harrison, Transcript of Briefing, 6 August 2007, pp. 4–5.

ibid, pp. 5–6.

ibid.

ESL stands for ‘English as a second language’; Ms S. Gordon, Transcript of Briefing, 6 August 2007, p. 4.

Ms S. Gordon, Transcript of Briefing, 6 August 2007, p. 4.

ibid.

Mr B. Luxford, Transcript of Evidence, 30 April 2007, pp. 35–36.

Ms S. Gordon, Transcript of Briefing, 6 August 2007, p. 6.

Mr P. Harrison, Transcript of Briefing, 6 August 2007, p. 3.

Notes taken by Secretariat at 2007 Hume Research Conference, 27 July 2007

Ms A. Buzzkowsky, Transcript of Evidence, 19 November 2007, p. 477.

Mr S. Murphy, Transcript of Evidence, 19 November 2007, pp. 441–42.


Ms F. Hodges, Transcript of Evidence, 8 October 2007, p. 271.

ibid.

Mr J. Francis, Transcript of Evidence, 30 April 2007, p. 53.

Mr D. Keenan, Transcript of Briefing, 6 August 2007, p. 3.


Mr M. Butera, Transcript of Evidence, 18 June 2007, pp. 107–08.

ibid.

Mr P. Curtis, Transcript of Briefing, 6 August 2007, p. 3.


Ms V. Simmons, Transcript of Evidence, 7 November 2007, p. 424.


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Prof. B. Cherednichenko, Transcript of Evidence, 20 August 2007, pp. 187–89.

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Ms V. Simmons, Transcript of Evidence, 7 November 2007, pp. 423–25.

Mr P. Fitchett, Transcript of Evidence, 7 November 2007, p. 399.

Ms F. Hodges, Transcript of Evidence, 8 October 2007, p. 272.


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Rural and Regional Committee, Inquiry into Rural and Regional Tourism, Parliament of Victoria, Melbourne, July 2008.


ibid; Rural and Regional Committee, Inquiry into Rural and Regional Tourism, Parliament of Victoria, Melbourne, July 2008.

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565 ibid.
567 ibid.
570 ibid.
572 ibid. pp. 349.
579 ibid.
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586 ibid.
587 ibid. p. 473.
589 ibid.
591 ibid.
592 ibid.
597 ibid.
598 Mr N. Tsardakis, *Transcript of Evidence*, 17 September 2007, p. 239.
599 ibid.
601 ibid.
603 ibid.
605 ibid.
607 ibid.
609 ibid.
610 ibid.
614 ibid.
617 ibid. p. 74.
623 ibid. p. 74.
626 ibid.
627 ibid.
628 ibid. p. 198.
629 ibid.
631 ibid.
634 ibid. p. 74.
635 ibid.
637 ibid.
641 ibid.

625 The Committee spoke informally with representatives of Moorabool Shire Council, during a break in its formal public hearing at Melton Shire Council, 20 August 2007.

626 For further details on the issues canvassed at Kinglake, refer to this Committee’s Transcript of Evidence, 18 March 2007, pp. 479–538.

627 Ms S. McCulloch, Transcript of Evidence, 18 March 2007, p. 481.
CHAPTER 6: ENCOURAGING LED

From Left to Right, David Hodgett MLA and Chair, George Seitz MLA, Committee Site visit to YV fruits, 23 October 2007. Photograph courtesy of Don Nardella MLA

‘The difficulty lies, not in new ideas, but in escaping the old ones’

John Maynard Keynes

Home Based Businesses (HBB)

During its inquiry, the Committee heard from several outer suburban councils and other stakeholders regarding the current and future contribution to LED of those businesses primarily operating from a home-based office, a spare bedroom, the garage or even from the kitchen table at night.

As with its examination of business parks and clusters, this review of so-called Home Based Businesses (HBBs) – sometimes referred to as ‘microbusinesses’ – was not exhaustive; however, it did provide the Committee with sufficient insights and evidence to warrant some worthwhile findings and recommendations.
Profiling HBBs

The most authoritative profile of HBBs across Melbourne’s interface is drawn from the ABS’s analysis of national small business trends, though this data is not comprehensive. In 2001, the ABS identified ‘the average small business in Australia is home based, operated by a male and making good use of IT facilities’. ¹ Specifically, HBBs:

... made up over two-thirds (67%) of the total small business picture in Australia. More than three-quarters of a million (778,400) either operated from home (with no other premises other than the home(s) of the operators), or at home (where most of the work of the business was carried out at the homes of the operators). These home based businesses involved close to a million (998,800) operators, representing the majority (63%) of all small business operators.²

These findings are echoed by the Council of Small Business of Australia (COSBOA), a Canberra-based small business sector peak body that notes:

- ‘67% of small businesses are operated from home;
- ‘the number of women operating home based small businesses grew by 17% between November 1999 and June 2001, compared to 13% for male home based businesses; and
- ‘approximately 69% [of HBBs] are operated by males’.³

This view is further endorsed by commercial entities, such as Home Based Business Australia, which claims that ‘with 67.5 per cent of all small businesses in Australia being run from a home base, the importance of this sector to the economy cannot be underestimated’.⁴

The latest figures from the ABS show that of Australia’s 2,011,770 businesses operating as of 30 June 2006, ‘the vast majority … are classified as small business based on either their employment or turnover’, determined as follows:

- ‘1.93 million businesses (96% of the total) employed less than 20 people (including 1.2 million businesses who did not employ any staff); and/or
- ‘1.89 million businesses (94% of the total) with an annual turnover of less then $2 million’.⁵

In releasing the above statistics from its Characteristics of Small Business Survey, the ABS decided to discontinue its detailed reporting on HBBs within the small business sector, making it difficult to know the true picture of HBB operations across specific areas – such as Melbourne’s outer suburban LGAs.⁶

However, the 2006 Census provides a crude indication of how many eligible residents worked from home across Melbourne’s interface on Census night. According to that data, as outlined in Chapter Two and reiterated in the table below, the numbers ranged from 1.9 per cent in Whittlesea to 6.5 per cent in Cardinia, compared to Greater Melbourne’s average of 3.6 per cent.

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Table 6.1: Home Based Workers, Outer Suburban LGAs – 30 June 2006

<table>
<thead>
<tr>
<th>Local Government Area</th>
<th>Worked at home</th>
<th>Percentage of Home Workers</th>
<th>Total persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardinia (S)</td>
<td>1,771</td>
<td>6.5%</td>
<td>27,198</td>
</tr>
<tr>
<td>Casey (C)</td>
<td>2,915</td>
<td>2.9%</td>
<td>100,679</td>
</tr>
<tr>
<td>Hume (C)</td>
<td>1,293</td>
<td>2.1%</td>
<td>61,385</td>
</tr>
<tr>
<td>Melton (S)</td>
<td>853</td>
<td>2.3%</td>
<td>37,097</td>
</tr>
<tr>
<td>Mornington Peninsula (S)</td>
<td>3,391</td>
<td>5.9%</td>
<td>57,800</td>
</tr>
<tr>
<td>Nillumbik (S)</td>
<td>1,693</td>
<td>5.2%</td>
<td>32,385</td>
</tr>
<tr>
<td>Whittlesea (C)</td>
<td>1,071</td>
<td>1.9%</td>
<td>55,267</td>
</tr>
<tr>
<td>Wyndham (C)</td>
<td>1,242</td>
<td>2.3%</td>
<td>53,524</td>
</tr>
<tr>
<td>Yarra Ranges (S)</td>
<td>3,623</td>
<td>5.2%</td>
<td>69,711</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>61,667</td>
<td>3.6%</td>
<td>1.685 m</td>
</tr>
</tbody>
</table>


The former DOI observed ‘there was only a small increase between 2001 and 2006 in the number of Melburnians working at home’

seven, though neither it nor the ABS could definitively explain whether these residents:

- worked at home on a regular full-time basis or whether they just happened to work at home on Census Day;
- derived their sole income from working at home or gained a supplementary income by also working off-site; or
- whether they used their home as a registered address for their business but mainly worked off-site (e.g. a self-employed plumber).

Further, the data does not quantify those residents who may be reluctant to declare they are running a HBB.

These shortcomings in current, authoritative data on HBBs in Melbourne’s outer suburbs have been confirmed by Shameem Ali, a business management lecturer at VU Sunbury. He told the 2007 Hume Research Conference at Broadmeadows that more research was needed...
Local Economic Development in Outer Suburban Melbourne

to help the HBBs in Melbourne’s outer west grow into successful SMEs, employing more people and generating more LED.\(^8\)

MrAli’s view was independently endorsed by Assoc. Prof. Graeme Johanson from Monash University’s Centre for Community Networking Research. He told the Committee that, based on his research, there ‘seemed to be very many’ HBBs in Melbourne’s interface; further, ‘it is almost impossible to identify specifically how many there are but they are very important engines of economic development and local development’.\(^9\)

The Nillumbik HomeBiz Network’s Chair, Daryl Brooke, also agreed the ‘microbusiness’ sector in Melbourne’s interface required more research, to better service its needs:

\>| It is a sector that I think everyone believes is very important to the Australian economy as well as to the local economy but that we do not actually know a lot about. If we look at [an] analysis of what I call microbusinesses, there is perhaps statistical data about how many there are and perhaps, how many they employ but I do not think we know a lot about the nuts and bolts of how they live or do not live within the economy. I think that information about them needs to be articulated and understood and needs to be addressed better than it has been in the past.

…

\>| I would [also] like to see the development of statistics on what is financial viability, in order to be able to benchmark what is a financially viable microbusiness. I do not think there is enough information about these business models that microbusinesses should be operating under and, if there were, perhaps that is something that could be administered through council better. They could gain some information about microbusiness and say, 'Well, here is what is financially sustainable in businesses of your size,' and give them some benchmarks.\(^10\)

The Committee agrees that the potential of HBBs and other microbusinesses to generate further sustainable LED in Melbourne’s outer suburban LGAs would benefit from more research, done at the ‘grassroots’ level with assistance from all levels of government.

**RECOMMENDATION 120**

The Victorian Government funds research on the needs of Home Based Businesses in Melbourne’s outer suburbs, to identify what they need in order to grow, where they are best located and the ideal methods for government at all levels to assist them. This information should be distributed to all outer suburban councils and relevant government agencies for further action.
Encouraging HBBs

Much of the evidence presented to the Committee on HBBs and other microbusinesses outlined the initiatives and programs developed by various interface councils to encourage LED within that sector.

Many of these initiatives were indirectly based on ‘economic gardening’: a term coined in the late-1970s by then MIT business lecturer, David Birch. His research into neighbourhood and community development led him to conclude that ‘New and small businesses create the lion’s share of new jobs’. This approach soon became the foundation across the US for federal, state and local government initiatives to support growing high-growth small firms – what Birch called ‘gazelles’. The alternative to this initiative was ‘economic hunting’: risking the same usually limited resources trying to attract often ambivalent ‘foot-loose companies’ to establish in a particular region.¹¹

Birch’s concept was trialled in 1987 in the US City of Littleton, Colorado, where Christian Gibbons, Littleton’s Director of Business/Industry Affairs, noted:

> ... the great majority of all new jobs in any local economy were produced by the small, local businesses of the community. The recruiting coups [of attracting large, one-off firms] drew major newspaper headlines but they were a minor part (often less than five per cent) of job creation in most local economies.¹²

In her evidence to the Committee, Anita Buczkwosky, Executive Officer of the former South East Development (Melbourne) ACC, expressed similar views to supporting leading local businesses and entrepreneurs:

> Business retention and expansion, as an overall economic development strategy, has been extremely powerful in a number of rural and regional areas. You may well be aware that probably 70 per cent of employment opportunities are generated by local businesses, not by businesses that come in from anywhere else. The concept of retaining and supporting your local businesses is a really important one.¹³

The Committee received no further evidence specifically identifying ‘economic gardening’ as the motivation for current LED practice across Melbourne’s interface, though most council EDUs offered examples of practices that drew heavily on Birch’s ideas.

However, at the EDA’s National Economic Development Conference in 2007, the Committee’s Secretariat learnt of three interstate municipalities openly applying ‘economic gardening’ principles to successfully encourage LED, namely Shellharbour City Council on the NSW Illawarra Coast, Newcastle City Council in NSW and the Noosa Council in Queensland.¹⁴

The Committee believes it would be beneficial for both the Victorian Government and Melbourne’s outer suburban LGAs to similarly examine or re-examine ‘economic gardening’ as a further stimulus tool for LED amongst the interface’s ‘gazelles’.
RECOMMENDATION 121

The Victorian Government, through Small Business Victoria, works with Melbourne’s outer suburban councils to investigate the merits of adopting and applying ‘economic gardening’ practices to HBBs and other small businesses across the interface. If ‘economic gardening’ proves of some use to LED, then Small Business Victoria should organise, fund and run regular workshops for outer suburban council EDU officers and municipal councillors on this practice, featuring successful case studies and proponents from other municipalities, including examples from interstate.

Neville Smith, CEO of Melton Shire, told the Committee his council was ‘trying everything we can do to generate jobs locally but they are predominantly at a micro level’.

_We are developing home-based business groups, support groups because we [are] finding, particularly in the new areas of the eastern corridor of our municipality, there is a high trend of people wanting to work at home and so we are fostering an environment and are actually helping them establish those associations which they feed off themselves to give themselves confidence and learn from each other, so at a local level we are doing it pretty well, we think, based around the principle of ‘keep what business we have, grow what businesses and support wherever we can’._

One example of Melton Shire’s support for local small business/HBB sector has been its _LEAP – Inspiring Success_ ‘business networking facility’ which began in early 2006 and had ‘approximately 180 members’ by August 2007. Luke Shannon from the council added that _LEAP_ provided:

... _a forum which, in a practical sense, evolved often a dinner with a guest speaker who might have a particular knowledge in a certain field. It just brings together a wide range of different small businesses, people from industry to network, have dinner, listen to an inspirational speaker. It has proved particularly successful and it has continued to grow over the last 12 months particularly to the point that, in essence, it is becoming self-sufficient which was always our objective in starting it. We provided financial support. It is certainly becoming so successful, it can run independently._

Another Melton Shire initiative to support local small business / HBB sector is the _Making of the Connection_ program, where:

... _council provides a lead role in linking businesses with students, particularly those students that are at risk of being disengaged from the community. We have held nine seminars in relation to that program over the last 12 months and they have been particularly well attended and we are programming for further initiatives to occur over the forthcoming year._
Melton Shire had also organised numerous training and development workshops aimed at improving the knowledge and skills of its local HBB / small business operators:

... specifically focusing on issues, such as finance, OH&S, business development, networking and so forth. There have been 16 of those courses held over the last 12 months. Invitations [have been] extended to small business owners particularly, which again has provided the impetus for them to build their knowledge base to establish more successful businesses. Earlier this year, council also held its inaugural business awards which proved very successful. There were some 160 attendees. There were 13 category awards and a significant number of businesses were nominated for those awards ... [boosting] the profile of some of our successful businesses within the municipality.18

Finally, Luke Shannon said the Caroline Springs Community Market allowed local home businesses to sell their wares and network with other HBB operators:

That has been held over the last 12 months or so and there have been 12 specific markets held. There has been an average visitation of some 6,000 people to those markets with the highest number attending any event being 10,000 people. This market has provided the opportunity to showcase local products from the Melton region; has provided significant opportunities for growth within that business sector. That market is currently held in the Caroline Springs town centre.19

Brett Luxford told the Committee that Hume City Council supported its HBBs and existing small business sector through:

... a number of different programs which we run, like small business courses. I commend the state government in relation to some of the programs like the Under New Management program and the Growing Your Business program that come out of the Department of Innovation, Industry and Regional Development, because we tap into a lot of those projects as well to assist businesses.20

To encourage the growth of HBBs and other SMEs in Melbourne’s outer west, Barrie Sutton, a CPA based near Woodend, suggested in his written submission to the Committee that:

... a database should be built with access via the internet that lists Consultants working with SMEs, providing a list of skills, districts where the consultant will work, fee structure and contact point.21

As noted earlier in Chapter Five, the Shire of Yarra Ranges already offers its Tell Us Your Skills website that has proved valuable for local residents and businesses seeking to contact appropriate services and tradespeople.22 In its recommendation on the site, the Committee agreed the concept should be extended across all other outer suburban LGAs.23

Ian Ada, the Agribusiness and Tourism Officer at Yarra Ranges Shire, told the Committee that the potential growth areas in his local economy centred on:
New enterprise and home-based business — like the other interface council areas, people for lifestyle reasons find it attractive to have home-based business in our shire and we have done a recent study on this ... [which found] some major advantages people see in being home-based businesses in an area like ours, including the landscape values, environmental values, larger blocks of land that they can live on and less stressful lifestyle.\textsuperscript{24}

In Melbourne’s outer north-east, Nillumbik Shire’s Manager of Projects and Business Services, Andrew Port, told the Committee:

> The second objective of the economic development strategy is capacity building for small business training programs and business networks ... [through] a home business network which conducts regular network events and now has 100 or so active members. An expo was held in Diamond Creek two weeks ago and that provided the opportunity for those businesses to showcase their wares and for people to find out a bit more about the network and also what the individual home based businesses in the area have to offer.

> In this regard, Nillumbik has been involved with the World Class Service project that the state government has been rolling out for online delivery and availability of information for small business about state government services and also trying to integrate that with federal government and local government services and, in that regard, we have also been a partner in the EasyBiz.\textsuperscript{25}

Anne Jolic, Delfin’s Economic Development Manager, told the Committee her company was well-placed to assist small businesses and HBBs get established in new development areas, such as Caroline Springs. However, making contact was usually the first big hurdle to overcome:

> We have found it quite difficult to engage with home based business and SMEs and it is essentially the fact that they are time-poor, so busy operating their own businesses, often also working a full-time job, that it has been quite difficult to make some of these connections. I think Delfin, because we are at the coalface and dealing with these people every day, as is local government, are probably best placed to make these connections.\textsuperscript{26}

In her evidence to the Committee, Cardinia Shire’s Fiona Hodges, General Manager of Community Wellbeing, reported:

> At this point in time, I think that home based business is our most significant employment area. Now, I am not sure of the percentage of that, but in sheer numbers of businesses, that is the most significant. ... Everything from ... accountants, IT, the whole gamut of what you would expect to see in home based businesses. What we are probably anticipating is that with the growth in the region, a lot of those will move on to becoming larger businesses. At the moment, it is almost a business incubator, the home based business here.\textsuperscript{27}
Hume City Council’s David Keenan also highlighted opportunities for HBBs, especially linked to business incubators within Hume:

...we would like to see in some of these new ... growth areas, a better investigation into how business incubators can be set up, whether those be the old factoriettes of the types used in the past or new, serviced offices for some of those home-based businesses graduating out of their home and into a serviced office environment. It is certainly something that we [Hume City Council] may be pursuing with developers in the longer term as part of a contribution to how they develop their areas. ... there is a real opportunity to look at how incubators, fully wired up with the appropriate telecommunications and everything else, can actually operate in a growth area and how it can encourage those opportunities for those businesses to then graduate from an incubator and grow into those areas.\(^{28}\)

The peak body for Business Innovation and Incubation Australia (BIIA) recommends a feasibility study be undertaken to determine the market demand for business incubators (BIs) in any given area.\(^ {29}\) Meanwhile, Paula Giles from the MAV, promoted a coordinated approach to supporting new businesses by:

... trying to ensure that support can be gained over the internet and face to face. I think it is not just one or the other; it is a coordinated approach. The degree to which support is provided post-establishment through to the first two or three years are the most fragile areas of a new business, so that is the key.\(^ {30}\)

The Committee acknowledges the underdeveloped role that BIs could play is assisting more HBBs make a successful transition from their ‘kitchen tables’ to mainstream business operation. To further assist the growth of BIs across Melbourne’s interface, the next section of this chapter considers BIs in some detail before making a number of important recommendations to advance their further acceptance and development.

The Committee invited respected small business coach, David Wilson from the Melton-based Racole Buying Agency, to provide it with a ‘first-hand’ view of the problems faced by many HBBs in attempting to grow and further contribute to LED. He argued governments should continue to lead development in the sector, for ‘the home-based business segment will certainly be the biggest segment of small business in outer suburban areas in the not-too-distant future’.\(^ {31}\)

However, Mr Wilson identified three main barriers to that potential growth, beginning with the need for HBBs and other small businesses to diversify because:

... there is an emerging trend in local businesses to specialise in their skill sets — e.g. the trades, the home-based businesses, retail shops. By specialisation, I mean carrying on a business in their traditional ways using their skill sets and trades and using this as a marketing tool where they should be using this, plus a marketing strategy, to identify their point of difference in the marketplace, which
I believe they are not doing. They need to diversify their offerings to create value for their customers to create a point of difference in the market.\textsuperscript{32}

\ldots

People who have a business have to increase their business skills, not their technical skills, but they have not been able to understand the transition: that to be a successful business person you do not necessarily have to be technical. You have to understand the technical requirements and have the qualifications but you need much more business acumen. The smarter ones who don’t know what they don’t know, outsource to very good people like accountants, professional associations and industry committees. But really, it is a case of ‘If I work harder, I make more money’. That really does not happen.\textsuperscript{33}

The Committee believes the need for greater ‘business diversification’ was largely a matter for individual small business and HBB operators to initiate, guided by appropriate business education, training or advice.

Mr Wilson’s second ‘barrier’ to HBB growth related to a problem probably common across Melbourne’s entire interface: the poor use and uptake of modern communication technology and practices:

\begin{quote}
The customer today has a greater awareness of products and, as the value of products increases to the buyer, the more research they will do on the internet, prior to purchase. Therefore, the business must be more aware of this and have a plan to maximise this process in the selling phase of the process.\textsuperscript{34}
\end{quote}

The Committee agrees most businesses involved in selling goods or services, regardless of size, could make better use of modern ICT to enhance their growth. For example, despite their micro size, HBBs can present the same ‘shop-front’ to the world as any larger organisation purely via a very professional web presence. This assumes the necessary ICT infrastructure is available to use; however, as highlighted in Chapter Five, some outer suburban LGAs remain poorly-served by high-speed broadband.

Shane Murphy, Manager of Economic Development with Mornington Peninsula Shire Council, told the Committee that fast broadband access was essential for enticing more outer suburban residents to generate LED from home because:

\begin{quote}
\ldots simply, our telecom infrastructure is poor here. It does need to improve, the broadband speeds. We do have a lot of managerial-type people in our workforce travelling. We do believe that we can get people working more from home for those travelling, two days a week or whatever. Martha Cove [a new residential development] has certainly made that one of their sales pitches. They have an 8 Gb capacity into that estate with the fibre-optic. If that is to happen, I think we will certainly benefit. We are looking at the home based industry, how we can support it. I think a number of areas are, but the nature of those people, they seem to be very independent and not necessarily coordinated. We are looking at
\end{quote}
how we can address that. In Mount Eliza, we have several hundred financial personal services people working from home but no formal network.  

Ian Robins, former CEO of Wyndham City Council, told the Committee that with modern communications there was a declining need for many white-collar workers to physically travel to a central workplace each day:

... some employers probably are engaging people in locations which are not necessary for the purposes of their work and I am thinking particularly of a lot of the clerical people in insurance and all that. With modern communications and electronics, the actual work location is not so significant. So it seems to me that there are real opportunities to have those people working closer to their home environment for a lot of their work. Obviously, they still need linkages to head office and I understand those companies would want head office facilities but, it seems to me that having to have everybody in central Melbourne does not make a lot of sense from that point of view.

However, in order to legally ‘sell’ goods from a HBB using e-commerce, Andrew Port, from Nillumbik Shire, highlighted the need to change Victoria’s planning laws in order to better encourage all HBBs:

There is a technical matter that I would also like to draw to the committee's attention, about the definition of ‘home based business’ in the planning scheme—and this is not just Nillumbik; this is in Victoria—where the retail sale of goods is not allowed other than goods that are manufactured or serviced on the premises. In this day and age of a lot of e-commerce, the way that that phrasing is written is not really keeping track of the way that a lot of those businesses operate. It is not a case of retail where people are coming to their door and creating traffic, parking and amenity issues. It is a case where a lot of these activities are happening online and I think there is some scope for the provisions in the planning scheme to reflect that modern trend.

The Committee agrees the use of improved ICT practices and tools by businesses of all sizes can encourage LED and reduce the travel time and cost of those who might occasionally work away from home. However, governments cannot mandate such practices; instead, the cost-effective use of ICT remains largely a responsibility for individual businesses, employees and HBB operators to act on, guided by appropriate business advice.

Moving on from ICT issues, Mr Wilson’s third identified ‘barrier’ to the LED potential of HBBs and other small businesses was what he termed the ‘perceived value’ of ‘free business programs’ funded by governments:

I have delivered business programs in all sectors of the market, from shires, interest groups, associations, individuals, local government and federal government. In today’s environment, the local business owner has an expectation that all of this is provided free to the businesses by government as a matter of course and that additional free stuff will be given to those who attend who wish to
gain further skills. We are not only talking about business programs, we are also talking about websites, organisations and others providing services free. We are now at the stage where the perceived value of these programs has diminished as they are free and, as being free has a message of non-commitment by the attendees — at many workshops that I run, just as an anecdotal note, very few turn up of those that have booked that are free but nearly everybody who pays turns up — compared to the attendees paying for the program.\textsuperscript{38}

The greatest returns for the community, government and business are those programs where the attendee contributes to the cost ... as many government grant programs already do, as in the Grow Program, which has a very successful 75 per cent contribution for strategic planning and business diagnostic ... and the smaller version, business planning program, where 75 per cent of the $2,000 is contributed by the members.\textsuperscript{39}

The Committee acknowledges Mr Wilson’s observations regarding the poor ‘perceived value’ of many so-called ‘free’ programs. As a consequence, many HBBs and other small business operators may choose not to attend such events, regardless of their value in assisting LED. Simon O’Callaghan, the Economic Development Officer with Yarra Ranges Shire, told the Committee of similar problems with government-funded ‘free training’ run in Melbourne’s outer north:

... because the state is providing a number of business support programs and I think they have variable success. They do not get full houses. I still do not believe that businesses are fully aware that government has a large support program. They probably see support money given to big business to relocate and see the big handshake photos in the paper when a new business may relocate somewhere but they do not understand that a lot of the support is given through training grants and that the nature of those can be very beneficial.

For the smaller businesses, we find the biggest thing that we talk to them about is trying to help them to understand that if you want to grow and you want to keep up with your competitors, it is more about working on the business and not in the business. I suppose there are a lot of additional regulatory requirements for a lot of them now and they are finding it hard to get out of that working-in-the-business rut, to step away. But certainly, all of those businesses that attend our training across the gamut of different areas from e-business to e-marketing to growing their business to skilling-up their staff, appreciate that that is something that was well overdue for them. It is just an ongoing challenge.\textsuperscript{40}

Based on this evidence, the Committee believes the funding, delivery and pitch of government-funded small business training events would benefit from further investigation as to its value and effectiveness, especially before considering the introduction of fees, even on a nominal basis, to attend training events currently offered as ‘free’.
RECOMMENDATION

The Victorian Government, through Small Business Victoria, works with outer suburban councils and representative interface-based businesses to survey the ‘perceived value’ and effectiveness to LED of federal, state and local government-funded ‘free’ small business education programs, to determine if there is a need to charge for these events in order to improve their credibility and attendance with the target market. If a charge is warranted, the survey should further determine appropriate pricing and these charges should then be introduced as soon as practicable.

Mr Wilson said he saw great potential for growth in the HBB area, especially as increasing numbers of families moved to the outer suburbs chasing affordable housing but were then reluctant to spend time and money commuting back toward the city centre for work. Instead, a HBB offered a viable and affordable alternative, with new growth coming from female business operators:

Over the past three years, I can state that over 80 per cent of all home-based business programs and seminars that I have facilitated are attended by females, with nearly 100 per cent of these businesses carrying on their business in the local suburb in which they live. This is backed up by government statistics which say that women in business is an emerging sector. I have the view that this is correct but that it is caused by two factors. Firstly, once the family has children, the woman of the house has to stay at home and care for the children. Trends are emerging where men are sharing the workload but they are in the minority. Today, the women of the house are intelligent and qualified and professional and want to care for their child but they need more in their day to satisfy their needs, both mentally and to contribute to the financial needs of the family. As single-income families find it difficult to manage the daily budgets, so there is an opportunity to start a local home-based business that will allow them to deliver the above in their own time and operate a business to contribute income to the family.41

However, in order to successfully run a HBB, Mr Wilson argued young families needed better and more cost-effective child-care, for:

... the constant feedback I get is that, ‘If child care was a tax deduction, I would start a local business and be able to spend much more time in the business’. At present, there is a conflict with the family budget between working either in a job or being self employed and paying child care versus staying at home and looking after the child. Many clients I coach are women with children and this is always an issue when arranging meetings and attending workshops. As an aside, my small business and home-based business programs start at 9.30 a.m. and finish at 2.30 p.m. to allow for school drop-off and pick-up. If I start at 9.00 a.m. and finish at 5.00 p.m., attendance numbers are terrible. Evening seminars are a
non-event because traditionally women have to make meals. One example is of a client who has a home-based business selling online products using the web 24/7. She has a virtual shopfront and this is the only way she can run a business as she is a stay-at-home mum. 42

The Committee agrees that the provision of affordable, accessible child care remains a challenge for many families and workplaces, particularly in Melbourne’s outer growth area corridors where pre-school child numbers are very high. The Committee can also see the sense of staging business education events at times to suit particular clients, i.e. work-at-home parents who must juggle school drop-offs and collections with their ‘normal’ work routines.

**RECOMMENDATION 123**

To encourage the development of HBBs, the Victorian Government requests the Australian Government consider the feasibility of compensating for child care expenses incurred by families with one parent working from home. Any such rebate or tax deductibility would be determined using a sliding scale linked to a family’s total income, similar to existing child endowment payments.

**RECOMMENDATION 124**

To encourage HBB and small business operators to access relevant training, all Victorian Government funded providers of such programs should tailor these events to better cater for ‘work-at-home’ parents with young children, particularly in Melbourne’s outer suburban growth areas, by observing appropriate start and finish times, school-term holiday breaks, etc.

**Building Business Networks**

A common theme in much of the evidence taken by the Committee across Melbourne’s interface, related to the perceived importance to LED of establishing viable formal and informal networks to support HBBs and other small business operators. In turn, successful networks seemed to depend on the enthusiasm of individual council EDUs.

For example, Simon O’Callaghan, from the Shire of Yarra Ranges, told the Committee that much of his work related to building local business confidence by ‘getting strong messages out there to business’:

Some of the simple initiatives we have taken are just rewarding businesses that are winning awards in their different industry sectors through simple letters from the mayor and other key staff as appropriate. They have gone a long way. We go
out and visit businesses and often, up on the wall, will be a framed letter that we
have sent them. It is amazing that those small tokens are really helping to build
the way businesses feel about their prosperity.\footnote{43}

Peter Fitchett, Director of Planning and Development at the City of Casey, told the
Committee of his belief in establishing more formal networks:

\begin{quote}
We believe there is a greater need to connect up businesses: the B2B networks —
the business-to-business networks — and the industry clusters ... We need to do
some work on that and work in partnership with government-funded programs
with people through DIIRD. We believe those partnerships with the state
government could really enhance this sort of prerequisite to employment growth.
We believe there can be improved marketing of local assets to investors and in
that regard, a governmental investment prospectus, again working hand in hand
with DIIRD, to come up with a profile and an investment prospectus that
encourage people to invest with confidence in the south-east suburbs of
Melbourne.\footnote{44}
\end{quote}

The Committee agrees the above suggestions would apply equally well across all interface
councils and commends this action to the relevant Victorian Government departments.

\begin{center}
\textbf{RECOMMENDATION 125}
\end{center}

The Victorian Government, through Small Business Victoria, investigates further
ways to improve networking opportunities for businesses of all sizes operating
across Melbourne’s outer suburban LGAs – including seminars and policy launches
that help facilitate potential business with relevant government departments.

The Committee found Nillumbik Shire Council had one of the strongest models for
encouraging local HBBs in particular, largely due to its formation of the Nillumbik HomeBiz
Network in 2005. However, Nillumbik’s Tourism and Business Development Coordinator,
Julie French, told the Committee she still had problems reaching every small business
operator, mainly because:

\begin{quote}
... we cannot find them. We have made an assessment based on ABS stats that
there are well over 2,000 home based businesses and, based on other research
that has been done, probably well over half of those are serious businesses
operating 35 hours or more a week. We started working with the sector about
four years ago by running some seminars that covered topics that we thought
may be of interest and a lot of people came out of the woodwork, so to speak. We
surveyed them and there was an expression of interest in an ongoing network
and, with some assistance from the state government, we ran a business expo [the
Nillumbik HomeBiz Expo], which really raised the profile and from that, we
\end{quote}
Local Economic Development in Outer Suburban Melbourne

started to develop a network. I think they have well over 80 financial members but a database of 350 to 400 people who attend from time to time.\textsuperscript{45}

The HomeBiz Expo has been held annually in Eltham since October 2005, sponsored by Bendigo Bank.\textsuperscript{46} Nillumbik’s Mayor, Warwick Leeson, agreed the event was an ideal opportunity for council to try and reach the municipality’s small business and HBB operators:

\begin{quote}
We had one [an expo] about two weeks ago, where we circulate information throughout the shire about home based businesses and encourage people to become members and show them the benefits of that membership. It highlights the fact that they do not stand alone, that they are part of an umbrella organisation and they have support from council ... But because of this 22 per cent figure [of local residents working beyond Nillumbik each day], we do need to have people that do not necessarily have to go outside in order to gain employment: they can work from home and that cuts down on travel time and all the side effects of that, and keeps people at home where they are able to look after their families and their kids to a far greater extent and have that sort of home bonding experience.\textsuperscript{47}
\end{quote}

Ms French added the council-backed Nillumbik HomeBiz Network now encouraged many local small businesses to grow:

\begin{quote}
Every month, they run a networking night and they get 40 to 50 people attending, which is very good in this area in terms of small business participation. They also run fortnightly breakfast clubs. They have a website ... [with] an online forum which is starting to be used. There are a lot of partnerships that have been created out of the network, so we are seeing a lot of people coming together to work on projects and forming strategic alliances ... but it is very difficult to get out to the broader sector itself. \textsuperscript{48}
\end{quote}

The Nillumbik HomeBiz Network enjoys sponsorship not only from Nillumbik Shire but also Bendigo Bank and the Australian Government’s Regional Partnerships Program.\textsuperscript{49} Network Chair, Daryl Brooke, told the Committee he was a business consultant, New Enterprise Incentive Scheme (NEIS) program mentor, business coach and facilitator running a small to medium sized enterprise. From this experience, Mr Brooke said most small businesses underwent a cycle that began with a ‘start-up phase’, where:

\begin{quote}
... they are driven by passion and dreams and sometimes, necessity where they just do not have a job so they have to. But I think the ones that survive are the ones that are driven by passion and dreams. Quickly though, within this first year they learn the realities of being in their own business and that first year filters out the people that probably should not be in business, who cannot get through the hard times as well as the good times, perhaps, or just do not have enough ability.\textsuperscript{50}
\end{quote}

For those microbusinesses who survived their first year, Mr Brooke said the next two years generally saw the ‘solidifying’ of their business model:
... and this business model should have compliance and there are lots of things to comply with. It should also be a business model that is sustainable. Over time, the owner will be confident that this business can sustain them and their employees and so forth. It should have a clear competitive advantage and a clear target market. It should have a clear development strategy and an implementation plan. They may be all in the owner's head but they need to be clear.

...

In years two and three, they will face many barriers to their business and they will face them mostly without any professional assessment or guidance, as there just are not programs that provide that. They face the barriers limited by their own ability to assess and articulate and act upon them and so, what you have in this two or three-year period is businesses that are probably employing people and are profitable and, as they come across a barrier, they talk to other small business people but they never really have the opportunity to get professional advice on how to overcome those barriers professionally and well, and so there is this limitation on what they know, how they are able to articulate it to their friends and other small businesses and then get advice and act upon it.

Many of the businesses in this two or three-year period give-up and it is not because of a lack of cash flow. It is because of a lack of ability to see a pathway through these barriers because they hit them relatively frequently and once they have been knocked back a few times, eventually perhaps one of these barriers just becomes too big and they go out and get a job somewhere else; and so a business that in my view ... has potential to survive and the owner has great ability, stops because of a lack of ability to get advice at a critical time and I think it is mostly in year two or three.\[^{51}\]

Mr Brooke said those businesses still operating after four or five years were generally run by owners who had:

... built up a level of confidence in their business to be financially sustainable, so you will get a business that is prepared to spend more money on advice and probably has more money to spend, as well, but I think this does not come until year 4 or 5. But most businesses in years 4 and 5 ... still have inappropriate business models and practices.\[^{52}\]

Based on his observations of the ‘business cycle’, Mr Brooke made the following recommendations to improve the LED contribution made by ‘microbusinesses’, including HBBS:

[We] ... need to build some state-funded microbusiness-focused resources and I think it is best that they reside inside councils. The reason for that is that it needs to be local. Microbusinesses will tend to go as far as council but they do not tend to want to go as far as, say, central Melbourne or a suburb that is three-quarters of an hour's drive away, so there needs to be this local catchment area focus.
Learning from the Home-Biz Network, I think this funding should establish local microbusiness networks that provide to owners a safe and supportive collegiate relationship and a voice ... where a business can safely say, 'I have a problem with my cash flow,' to other people within that business and they are not going to get referrals from five accountants afterwards. What they are going to get is other businesses that have been through similar issues and have had success and failures and they will get advice from colleagues that are supportive and safe.

There is also an opportunity to coordinate local microbusiness-focused assessment and guidance services ... based on the fact that I have been providing some of these and the biggest difficulty people like me have is that microbusinesses just cannot afford it. ... when they, I think, really need it the most is in years 2 and 3 or in this period when they are immature and they just cannot afford to do it, so people like me spend our time more at the larger end of small and medium sized businesses. You just cannot afford to operate at this tiny business end but as I say, I believe we have already missed the mark on these businesses establishing bad practices and bad business models and it becomes far more expensive and difficult to rectify. I am happy that the bigger businesses need to spend more money, if you like, for my own business but I think it is far more effective to catch them when they are much smaller businesses.

I think this local, funded help should also establish local microbusiness measures that are based upon the business financials, but that are also based upon microbusinesses being able to manage and achieve strategic milestones and targets. My experience is that for little businesses, because there are only two, three, four people working in them, one of the biggest parts missing is this ability to strategically plan and then to achieve strategic actions and to prioritise what those actions really should be. They tend to have too many things to do. They tend to be working inside their business and not on their business as much and waste a fair bit of time on far more tangible outcome activities as opposed to more strategic outcome activities.

... 

If there was a program developing microbusinesses, I would like to see a way of collecting evidence that it is actually working, measuring accelerated business confidence—and this is owner confidence in the business—so that we see they have got to this point that I am saying is about four or five years. I would like to see that happen earlier, that the owner has become confident in the sustainability of the business and that they are confident to invest, to contribute to the local community, to the local economy and to the local environment. I believe that a program like this could be developed through a trial in somewhere like Nillumbik and I say Nillumbik because I think the council here is very supportive of microbusiness, especially home business.

...
I would like to believe that we could encourage what I have called ‘hive type synergy’ between microbusinesses. I think microbusinesses are very flexible and efficient and what I have seen is that they can collectively behave like large business and, encouraged to do so, encouraged to work together more, we are going to see microbusinesses with an ability to make a greater contribution than they can as individuals.53

After carefully considering Mr Brooke’s suggestions, the Committee has arrived at the following recommendations:

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<th>RECOMMENDATION</th>
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<td>The Victorian Government partners with the Australian Government and all outer suburban councils to help establish and market locally run small business networks – similar to Nillumbik’s HomeBiz Network – offering a strong online presence and regular local events to encourage the networking opportunities and service the information needs of HBBs, microbusinesses and SMEs.</td>
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<th>RECOMMENDATION</th>
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<td>The Victorian Government, through Small Business Victoria and with assistance from the Australian Government, establish, offer and promote locally-based one-on-one assessment and guidance services specifically to assist outer suburban HBBs and microbusinesses. This subsidised service would be offered to eligible businesses in the ‘start up phase’ (years one to three), with nominal fees levied on a sliding scale according to a business’s demonstrated ability to pay, after which time they would pay market rates for continued consultancies. The scheme would also establish criteria to allow regular measuring and reporting on the health, growth and LED contribution of the HBB and microbusiness sector.</td>
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<th>RECOMMENDATION</th>
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<td>The Victorian Government partners with outer suburban councils to investigate ways of encouraging a ‘hive-type synergy’ between local microbusinesses – achieved through better networking and improved communications – aimed at helping individual microbusinesses work more collaboratively where necessary to secure larger contracts, tenders and business.</td>
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Further to the above recommendations, Committee member Don Nardella MP made mention of business consultant David Wilson’s evidence regarding paying for government-funded programs, such as the Small Business Mentoring Service. Mr Wilson had earlier said:

*I think you have got to charge people for it [the mentoring services] or they perceive no value and you might even want to make it a requirement of going into business that there is a degree of training, which opens another can of worms again but it is mandatory that you do something before you start a business.54*

Mr Brooke agreed with these views.55 Then, in response to a related question from Committee member, David Hodgett MP, on the availability of funds from Small Business Victoria to provide more one-on-one assistance to microbusinesses, Mr Brooke reported:

*I have spoken to them, yes, but I just do not think there is funding available unless it is going through, say, a network like Home-Biz. I do not think there is funding available for microbusinesses. Most of the funding that I have seen is available to businesses that are employing more people and turning over larger amounts ... [so] if I am talking to a small business owner that has not got the money, what I would usually do is refer them to the government business website, to the local council and to the local TAFEs and say, 'Go and see what's available to you that suits you,' but ... many of them do not do that.56*

Mr Brooke’s views on the value and need for additional business skills training were endorsed by Tony Coppola from the former Northern Melbourne ACC, who told the Committee:

*They might be running a business quite successfully and making a profit but when you actually go in and have a look at their operations, they have got major weaknesses — whether it be in marketing, financial management, lean manufacturing et cetera. The sorts of programs that NORTHLink/NIETL have run consistently have identified major weaknesses and that is limiting their growth and the ability to grow business development, which in turn will create more employment growth. But there is no use putting things on a website and saying, ‘This is how you should run your business’ or sending out pamphlets or whatever. They need someone to actually go [to] out there. NORTHLink/NIETL run group programs where they get 15 or 20 working as a group and you have one person who really knows what they are doing, who goes in and works with them as a group and then individually and sorts out how they need to grow their business. It is not overly expensive as an overall program but in terms of the benefits that it can generate — those people talk to their colleagues and you start getting a momentum. There is an assumption that a lot of businesses do not need help but the reality is quite often tradesmen, for instance, might have started up their own business and they have had no business training at all.57*
offering a formal qualification – did not often suit the more immediate needs of a microbusiness operator, for:

... most of the microbusinesses that I deal with, if they have done a TAFE course, they did it before they started the business. Once they are in the business, the TAFE courses tend to run too long ... [so] when I suggest that they go and look at TAFE courses, not many seem to take them up. I suspect that it is because they go over too long a period and they want something that is quicker. When they are asking, 'Where can I learn about marketing?', it is because they want to do something now.⁵⁸

David Wilson agreed with Mr Brooke’s views on the importance of sound business training. However, in his evidence to the Committee, Mr Wilson said this exposure to small business should start much earlier in peoples’ lives:

*In the secondary school system when you have career nights, small business is not invited. Coming from the point of view of a person in small business, they are not career nights, they are university transition nights. ... We are not educating our children to recognise opportunity in small business — unless they are trades — because there is so much dependency on VCE pass rates to get into university, whereas you can be quite successful by not going to university.*⁵⁹

Mr Wilson noted most TAFEs now ran various small business management courses but said these courses would be more beneficial if they were delivered by practitioners:

... the people who are delivering the programs are not in business. There are two issues that affect people in business and the [TAFE] programs do not address those. The first one is business structure. They [the teachers] talk about registering an ABN [Australian Business Number], starting a business and going out and trading. They do not talk about the issues of sole traders, partnerships, companies or trusts. The second issue, which everybody stays clear of, is cash-flow management. We talk about profit and loss and we talk about learning to do QuickBooks or MYOB. If you can have the correct business structure to protect your asset base and you can manage cash flow, you have got a real chance. Personally, I believe it [business courses] needs to be delivered by someone who is in business, who can talk from the coalface about their issues.⁶⁰

Through mentoring and formal TAFE courses, Mr Wilson believed more emphasis should be placed on explaining the fundamentals of running a small business:

[On one program over] ... the last two years, I have seen over 150 businesses ... where I asked five questions and I did not get [correct] answers to even one of them. What are your current debtors and creditors? They do not know. What is your cash flow position? They think that is bank balance. How is your customer database? They do not have one or it is very inefficient. How is your staff policy? They do not have one. What is your business plan? They have not got one. ... a lot of it is to do with mindset, that they believe they are a small business, where
they do not realise that they are probably running the biggest business they will ever run in their life, which is themselves. They need to understand the three phases of business: the entrepreneur, the manager and the employee.\textsuperscript{61}

Andrew Port, from Nillumbik Shire, agreed with the need for more mentoring programs:

\textit{With the home business sector in terms of other emerging sectors, we think that there is a definite need for some mentoring programs to be offered and for the government to continue to offer small business development programs.}\textsuperscript{62}

The Committee heard that some TAFE providers already offered courses catering for small and microbusinesses in Melbourne’s outer suburbs. For example, Virginia Simmons from Chisholm Institute of TAFE, told the Committee her:

\textit{... Berwick and Cranbourne campuses offer general programs in IT and a wide range of business programs but they are not just face-to-face classroom delivery programs. We offer a quite successful online training program to support small businesses and home-based businesses, which was developed in conjunction with the City of Casey about three years ago. We have had a very good uptake of that program and it is good to see that it is continuing and constantly being updated. We also offer the New Enterprise Incentive Scheme [NEIS] at both campuses and likewise, that program is very well attended.}\textsuperscript{63}

The Committee also heard evidence from several outer suburban councils on the value of business training programs funded by the Victorian Government through Small Business Victoria. For example, Andrew Port told the Committee:

\textit{The Under New Management Program we have found to be very good and we are continuing to offer certain elements of that through our living and learning centres. We ran successfully the Strategic Planning for Home Based Business program but it was not available the next year and we could successfully run that type of program again. It was well received by some of our home based businesses. ... [However, there is a] need for some continuity in the way that some of these business training programs are delivered, rather than a stop-start sort of approach.}\textsuperscript{64}

Mr Port also argued for ‘a continued effort to closely align what state, federal and local governments are doing in regard to business improvement programs’, for example:

\textit{... the World Class Service and EasyBiz project ... which is about online service delivery of government services to small business; the opportunity to take a good look at how those sorts of programs are evolving and to structure them so that they are integrated early in the piece. One of those projects was initiated at state level and the other was initiated at federal level and well after they had been initiated and announced and started work on, they got bolted together. I think there is a lot of value in those programs, at the very initiation and conceptualisation stage, being lined up together. That will not always be easy to do but I think there is a benefit in trying to do that wherever possible because it}
will deliver a better product to the small business customer at the end of the day.\textsuperscript{65}

Peter Fitchett, from the City of Casey, agreed that more business training programs were essential, but:

... we believe there needs to be longer-term tenure of funding for programs required. These are things like business support programs that are run by Casey with support from both the federal and state governments. We need some greater certainty about funding so that we can plan and can shape up some of our positions internally so that they are focused on delivering very effective programs. Those programs grow and develop as we learn from the effectiveness of those.\textsuperscript{66}

As a result of this evidence and its own observations and research, the Committee makes the following recommendations:

\begin{center}
\begin{tabular}{|l|}
\hline
\textbf{RECOMMENDATION} \hspace{1cm} 129 \\
\textbf{RECOMMENDATION} \hspace{1cm} 130 \\
\hline
The Victorian Government, through Skills Victoria, encourages TAFEs and other RTOs offering Business Management courses to consider running Business Management courses with modules/content specifically addressing the identified needs of HBBs and other microbusinesses. Course modules should be designed for flexible delivery as stand-alone short courses or on-line, self-paced modules, to satisfy those clients not wanting to enrol in longer-term courses.

The Victorian Government encourages TAFEs and other RTOs offering Business Management courses to, where practicable, actively seek qualified teachers with practical expertise in small business to teach in those courses, even on a part-time or sessional basis, to improve the credibility of the training on offer. Alternately, teachers without sufficient or current experience should be subsidised to attend professional development placements with local small businesses to ‘enhance’ their knowledge of the sector.
\hline
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\end{center}
RECOMMENDATION 131

The Victorian Government, through the Department of Education and Early Childhood Development, encourages secondary schools to ensure credible local small business operators are invited to participate in student career nights and expos, to present independent information on establishing a HBB or SME, beyond the school environment.

RECOMMENDATION 132

The Victorian Government, through Small Business Victoria, expands its business mentoring programs to better service the specific needs of HBBs and other microbusinesses in Melbourne’s interface.

RECOMMENDATION 133

The Victorian Government, through Small Business Victoria, continues to fund, support and expand successful business development programs across Melbourne’s interface LGAs, including the Under New Management program, the Strategic Planning for Home Business program, the EasyBiz program and mentoring programs specifically addressing the needs of HBBs and other microbusinesses.

As mentioned earlier, the Committee believed the Nillumbik HomeBiz Network was one of the more successful operations of its type serving an outer suburban area. However, Nillumbik Shire’s Julie French admitted the HBB sector was only ‘slowly growing’, possibly because some local operators were reluctant to reveal their work-at-home status:

There is still some notion that you are not allowed to run a business from home and that coming to council and making an inquiry might identify you and have council come down on you with fines and so on. I think, because of the nature of the internet and communication systems these days, that a lot of them are actually tapped into broader networks anyway and are probably not as isolated as we think they are and a lot of them, at the early stages, often do not see themselves as a business, so they tend to stay operating at a hobby level until the business kind of gets out of hand and then they come for help.67

Andrew Port agreed there were some misconceptions about the running of a business from private premises:

... with the delivery of services and so forth online, there could also be an issue with the restrictions on the number of people that a home based business is able to employ because they may well not be employed at the premises; they may be
employed in their own home but technically be employed by a business that is based in a particular location. Again, a fresh look at how those definitions and restrictions take account of the online delivery of service and the conduct of business might be something that is worthwhile. 68

Mr Port also highlighted a ‘technical issue’ that required further examination:

... about the definition of 'home based business' in the planning scheme—and this is not just Nillumbik; this is in Victoria—where the retail sale of goods is not allowed other than goods that are manufactured or serviced on the premises. In this day and age of a lot of e-commerce, the way that that phrasing is written is not really keeping track of the way that a lot of those businesses operate. It is not a case of retail where people are coming to their door and creating traffic, parking and amenity issues. It is a case where a lot of these activities are happening online and I think there is some scope for the provisions in the planning scheme to reflect that modern trend. 69

RECOMMENDATION 134

The Victorian Government, through Small Business Victoria, partners with all outer suburban councils to streamline, explain and promote the various laws regulating the operation of HBBs and other microbusinesses, operated from private home dwellings. Councils should be encouraged to work cooperatively with HBBs. This program should be conducted in a positive manner to dispel any fears or misconceptions about what can and cannot be legally done within a home business environment. Further, HBB operators should be encouraged to seek solutions to any ‘grey’ areas of their operations.

RECOMMENDATIONS 135

The Victorian Government, in consultation with Melbourne’s outer suburban councils, reviews, standardises and streamlines the planning schemes currently defining and regulating HBBs to ensure they are relevant, fair and appropriate for contemporary small business practices and expectations.

When local HBB operators in the Shire of Nillumbik did approach their council for help, Julie French said a typically common request was for suitable extra space:

... one of the issues we have found is that those that do want to grow outside of the home base often want to grow into office space or need storage space and will often need to leave the shire. One of the reasons for supporting home based businesses here and creating an environment for them to flourish, providing links
and networks—because they are very isolated—is to keep people working in the shire, which also spreads the money around because they shop and use other services in the area.\textsuperscript{70}

Daryl Brooke, from the Nillumbik HomeBiz Network, told the Committee many microbusinesses including HBBs, were stifled because they could not find suitable accommodation with broadband access:

\begin{quote}
I have had clients that are tiny businesses that have grown and need to get premises and all of them have had to leave Nillumbik because they just cannot get a location. They have plenty of colleagues in microbusiness who they cannot send larger files to because they do not get broadband, so that is an impediment specifically to Nillumbik.\textsuperscript{71}
\end{quote}

The lack of suitable local office space also concerned Chris Chapple, President of the Eltham Chamber of Commerce and Industry. He told the Committee:

\begin{quote}
One thing at which we excel is the ... lack of office space. That is fairly well brought out in the [Shire of Nillumbik’s] Eltham Town [Centre] Strategy document. Compared to similar municipalities, there is a very low level of office space here and that obviously has a great impact on our ability to employ people locally. A more proactive approach to finding opportunities to develop offices and to find suitable businesses that could work from Eltham might mean that we reduce that leakage of population fairly significantly, which would have a lot of advantages both in terms of putting pressure on the roads, pressure on the transport system in terms of keeping money in our local economies rather than it leaking. That is something which could be looked at much more aggressively than has been done before.\textsuperscript{72}
\end{quote}

Norm Williams, Vice-President of the Eltham Chamber of Commerce and Industry, added that Nillumbik had recently lost an opportunity to include more office space within a new Bunnings’ development:

\begin{quote}
If there had been a more proactive plan in place, early discussions with the developers [of Bunnings] might have encouraged that to have gone to another level. Things like that may come up in the future but possibly not on that scale. Also, there is probably [an] opportunity to look at redeveloping some of our light industrial areas and some of that might be suitable for office buildings. I am not sure how much Bureau of Statistics information is currently available, but if we had a better understanding of what our local skill base is and what sorts of businesses it would be sensible to attract which would employ those skills, perhaps we could have a look at those businesses and make some invitations or look at what they need and make some plans for the future which might accommodate them.\textsuperscript{73}
\end{quote}

From its investigative tours of the interface and similar evidence detailed elsewhere in this chapter, the Committee acknowledges the shortage of affordable serviced accommodation for
microbusinesses, HBBs and other small business operators to graduate into. This problem was also highlighted in the 2007 report commissioned by NORTHLink/NIETL, called *Northern Exposure – an analysis of office and commercial accommodation issues in Melbourne’s North*, that found the office sector in Melbourne’s north ‘needs to grow by 20 per cent a year during the next 15 years to meet rising demand’.

**RECOMMENDATIONS**

The Victorian Government works with local councils to address the shortage of office accommodation, including identification of all barriers and planning issues, particularly in Activity Centres.

**RECOMMENDATIONS**

The Victorian Government works with outer suburban councils in developing their precinct structure plans to ensure the inclusion of adequate office accommodation.

To help alleviate this problem, the Committee offers some recommendations in later sections of this chapter dealing with Business Incubators (BIs) and the establishment of business parks and clusters.

**Community Banking and HBBs**

In considering further ways to encourage the LED potential of HBBs and other small businesses across the interface, the Committee heard evidence on ‘community banking’. This concept had grown in popularity over the past two decades in suburbs or regions that had lost their ‘traditional’ banking services, largely due to restructuring in the national finance sector.

Chris DeAraugo, Manager of National Community Enterprise with Bendigo Bank, began his evidence with an overview of the community bank model pioneered by his organisation:

… it is a partnership between Bendigo Bank and a local community. It is effectively a franchise. What happens is a group of local people will form a steering committee, evolving into a board of directors, which will look after the business at community level and Bendigo Bank provides the banking services and the product behind it. It started as a solution to return banking services particularly to rural and regional communities. Very quickly, however, it was embraced by inner and outer suburban communities for the same need — a solution to return banking services. An important part of the model is that local profits are returned to their local community through dividends but more
importantly, I believe, through further local investment such as sponsorships and
grants into the community.\textsuperscript{76}

Today, Bendigo Bank operates 46 community banks across metropolitan Melbourne, the first
being in Elwood, with each bank employing an average of five staff:

\textit{Of the 46 enterprises — and we see them more as a community enterprise than a
community bank now — 21 are considered by the [Bendigo] bank to be in outer
metropolitan locations and there are various clusters. One major cluster is the
Yarra Valley area, where there is a cluster of five community banks operating.}\textsuperscript{77}

Mr DeAraugo explained that to start a community bank, a local community needed around
$600,000 in pledged investment. However, as each branch matured, they returned funds back
to their local areas:

\textit{... between 2000 and 2007, the total metropolitan-based community banks have
contributed over $7 million into their local communities in addition to the wages
and dividends that they have paid out. As these banks continue to mature ... this
figure will steadily increase and make them an even more significant partner for
all levels of government and their communities ... [who are now realising] this is
more than a single solution; it is more than about banking; it is a community
enterprise that they are building.}\textsuperscript{78}

Apart from the financial boost, Mr DeAraugo said community banks greatly enhanced the
‘human capacity’ of local participating communities:

\textit{... for example, there are more than 450 directors of community banks operating
in the greater metropolitan area. That means people have developed new skills,
new knowledge and new capacity to contribute to their community as well as new
networks and so on.}\textsuperscript{79}

Many of those people brought skills from other walks of life and gained an opportunity to
‘reinvest’ their expertise into the economic and social growth of their communities:

\textit{I like the fact that you will get people who are still active in business. But I think
one of the significant things from a human capacity that I have seen is that there
are many people who have reached perhaps retirement age and thought that their
best years might have been behind them. What I see is those people with this
fantastic skill and knowledge being able to implement or utilise those skills again.
You get people with significant professional backgrounds — from law, banking, a
variety of the professional careers — and you get a heavy mix of good old mums
and dads who just care about their community. I think it is that balance which
makes it unique. If it was swayed one way or the other too far, something about
the model would not be as effective.}\textsuperscript{80}

The community bank model had also provided a new model for communities to productively
interact with all levels of government:
We have seen evidence of work with local, state and commonwealth departments where the broader community bank has sat with representatives of these agencies to look at future or immediate needs for their community; so it has become, if you like, an additional reference point for government agencies beyond the traditional view which is seen to be, ‘Just go and talk to local government’. The community bank can therefore invest in partnership with government agencies and play a proactive role, which is probably different to the old model of the community going cap-in-hand to the government. These communities are now going cash-in-hand to government and saying, ‘We can work with you’. 81

The Committee heard evidence from Delfin Lend-Lease on its recognition of the community bank model as an important contributor to sustainable community building and LED within new subdivisions, such as Caroline Springs in the Shire of Melton. Delfin’s Marshall Kelaher, Development Manager of Sustainability Initiatives, said:

At Caroline Springs, we entered into a partnership [in 2005] where we opened a branch of the Bendigo Bank to be ultimately converted to community ownership in keeping with other Bendigo Bank community-owned models which is really about community enterprise and about financially sustainable communities. That then means a community bank, in this case, those profits can be funnelled through the Caroline Springs Community Development Association—CSCDA for short ... —for community activities and ... a range of things, it is not just about supporting the footy club and the cricket club but also about supporting business growth and also about being a link between business development and our community and actually about the football club and the cricket club and to build those businesses, build those community groups; also develop a recognition of a need for community groups to do community work and not look for the next insurance payment, worry about all the incorporation issues that they may have to go through but do real grassroots community work. It was recognised that in our 37 years of development experience, it is one of the toughest things that we face, that transition between our presence on a project and our leaving a project—Delfin leaving a project—as that project is completed. 82

During its tour of Yarra Ranges Shire, the Committee had the opportunity to visit the Wandin Seville Bendigo Bank Community Branch at Wandin. From its informal discussions with branch staff, the Committee gained insights into the value of such an enterprise in supporting local businesses and community initiatives: a point later reinforced by Mr DeAraugo:

... the five branches in the Yarra Valley cluster ... have banded together to work with local service clubs and local councils around some environmental strategies starting with a very simple thing called, ‘Ban the bulb’. They have worked with the local service clubs and local government and providers of the new environmentally friendly bulbs to replace bulbs in households that have the old light bulbs with new light bulbs. I know that sounds nice and simple on the surface but it is a way for the community to feel like they are doing something. The community banks are funding the exercise; the service clubs are being paid
so they are earning a dollar to go and change over the light bulbs. What we like about it is that it is a collaborative approach.  

Bendigo Bank believes ‘the level of investment will increase as the profits of these community banks mature’. Further, ‘as the boards themselves mature, they also start to play an increasing community leadership role’. Mr DeAraugo added there may be benefits for ‘new levels of partnership’ with the three tiers of government:

Already, the Bendigo Bank in Victoria has brought together all of its regional managers to meet with all of the regional managers of the Victorian Department of Planning and Community Development. That was an important meeting. For the first time, we had state government and a business sitting down and saying, ‘How can we partner and how can we work together?’ I can report the meeting was successful. Some good relationships and opportunities have commenced as a result of it. They looked at ways of sharing funding between state government departments and revenue from the community banks to achieve a more significant outcome.

We also anticipate that new levels of community partnerships will develop between the three tiers of government. We have already seen it with local, state and federal governments as almost pilot-type opportunities. We see that happening more and more in a collaborative way. We know local government is embracing this new partner as a contributor. As I said, it is a hand up rather than a hand-out approach which is working and we are confident we can see the state government being willing to embrace these communities because they see them as a new partner.

Mr DeAraugo believes there is more room to expand the community bank model and its attendant LED benefits into more locations around the interface, bringing with that the prospect of more employment:

... there is already more work under way in these regions. There is certainly an emphasis on the under serviced outer suburban communities, and the four or five who work with us come from outer suburban regions where they are saying, ‘We need more facilities’. Employment will increase. Of those 46 branches, now there is an average of five people employed per branch which adds significant employment. It is also significant capacity and skill growth. All the directors and staff undertake training. They develop and we think the human capacity for growth is one of the key things that this model has generated for outer suburban regions.

In response to the Committee’s questioning, Mr DeAraugo added that Bendigo Bank offered what he called ‘a very responsible lending program’ to assist small or start-up businesses and business incubators:

Therefore, if someone is looking for finance to establish, the bank will make sure it works carefully with the business for both parties — the bank and for the
Chapter 6: Encouraging Local Economic Development

aspiring business. If we were too quick to lend money to a venture that was not well thought out, we would both lose in the end and part of our responsible lending program is to send our business experts and consult with and work through with the business with the aim of helping as much as we possibly can. Sometimes that help might suggest they need to go back to the drawing board. That is a common practice, that we enthusiastically chase the right business and support the right business. Sometimes — even though it can be a hard pill to swallow for some people, because I have seen this happen — to be told, ‘No, it is not a good deal’, is good advice. I think the responsible lending practice is important there. 87

Finally, Mr DeAraugo told the Committee that Victorian Government departments, local government authorities and other stakeholders in LED in Melbourne’s outer suburbs could be made more aware of ‘the potential partnership opportunities of working with a community bank’:

If there is a [Victorian Government] department somewhere that has an interest in one of the communities we are looking at here, the committee could certainly make sure the people in those departments are aware of whether there is a community bank and whether we have spoken to the community. It is one thing to go and talk to the Bendigo bankers because they are key players too but, it is important to make sure they drill down and talk to the chairman of the local board or find out what is happening there. If we can encourage as many state government departments to go and look for those collaborative opportunities, we would be successful. 88

The Committee sees great merit and potential in the LED opportunities offered by the community banking model and believes these deserve wide promotion to prospective communities in Melbourne’s outer suburbs, notably through their inclusion in this report. However, rather than make a recommendation to government, the Committee believes any further such promotion remains the prime responsibility of private sector organisations such as Bendigo Bank.

**Conclusion**

Many of the issues raised in this section are summarised by the findings of VU’s Shameem Ali. He told the 2007 Hume Research Conference at Broadmeadows that LED in the HBB and other microbusiness sectors would greatly benefit from improvements to several government services, namely:

- more tailored training and education solutions, especially covering small business growth phases from ‘idea’ to ‘business’;
- staged training, including more emphasis on mentoring and coaching of new business operators as they transition from their start-up phase;
• a ‘re-framing’ of the existing small business support structure, to make it more accessible and relevant to today’s needs;

• an identification of the best ways to help HBBs move to the next stage of growth, beyond the kitchen table or home study;

• better showcasing and promotion of small business/HBB success stories; and

• improved access in Melbourne’s outer suburbs to faster broadband and other ICT infrastructure, especially to support and encourage e-businesses.89

The Committee believes its recommendations listed in this section, together with those in the rest of this chapter, should go a long way to encouraging further growth of HBBs and other microbusinesses.
Chapter 6: Encouraging Local Economic Development

Business Incubators (BI)

During the course of the inquiry, members of the Committee took a particular interest in Business Incubators (BIs), with site visits to a variety of locations within Melbourne and its outer suburbs, Adelaide, Western Australia and New Zealand. An awareness of the important social impact BIs can have upon a community’s long-term future, in addition to a BIs ability to regenerate an area, encouraged the Committee to look in some depth at the variables which create sustainable BIs in their broad and diverse contexts.

The concept of the ‘business incubator’ formed in 1958 in New York State when a building previously used to incubate chickens was converted into a space for start-up firms. BIs quickly spread throughout the United States (USA) from 26 in 1984 to 550 in 1998. There are now over 6,000 BIs worldwide. Of the 70 BIs that have been federally funded in Australia, 20 are in Victoria and two of those are in the outer Melbourne LGAs of Mornington Peninsula and Yarra Ranges.

In general, BIs offer a supportive environment from which to strengthen local and national economic development through the promotion of innovation and competitiveness. BIs commit to three core principles:

- they focus on nurturing and growing successful businesses;
- they are themselves run as self-sustaining businesses; and
- they offer services designed to meet the needs of their client businesses.

BI definitions and functions

Business Innovation and Incubation Australia (BIIA), the peak body for BIs in Australia, defines business incubators as:

"... a new hybrid type of economic development facility that combines features of entrepreneurship, business facilitation and real estate development. They have proven to be the most effective technique yet devised for creating employment, commercialising new technologies and developing local economies."

In considering the value of BIs to LED in Melbourne’s outer suburban LGAs, this inquiry has adopted the definition of BIs endorsed at the 2004 International Summit of Business Incubation Associations, which notes:

- the business incubation environment is the wider context, which should be conducive to the sustainable nurturing of growth potential and the development of enterprises;
- business incubation is a public and/or private, entrepreneurial, economic and social development process designed to nurture business ideas and start-up companies and through a comprehensive business support programme, help them establish and accelerate their growth and success; and
the business incubator is a physical space or facility that accommodates a business incubation process.\textsuperscript{95}

A BIs value rests in its ability to create employment, commercialise new technologies and develop local economies by assisting new businesses to keep their start-up costs down and by providing shared support services. Four key areas that further help BI tenant businesses\textsuperscript{96} succeed are:

- the availability of entrepreneur training;
- the provision of business advice;
- the offer of financial support; and
- access to technology support.\textsuperscript{97}

To this end, most BIs offer office and/or workshop accommodation with affordable leases and flexible spaces that grow with the tenant businesses. These facilities are usually available for between 1.5 to 3 years, depending on the type of BI and the tenant businesses’ needs.

In more detail, the range of support services that are typically provided include\textsuperscript{98}:

- a staffed reception and general office facilities that offer administrative services such as: telephone answering; secretarial support; translations; video-conferencing; photocopier; fax; mailroom and distribution advice; computer servers and internet access; business reference library; and the use of conference and meeting rooms;
- business and management services, such as: business, tax and financial planning; legal services; intellectual property advice; mentoring and recruitment; accounting services; and training courses in bookkeeping, loan packaging, marketing and advertising; and
- networking functions, such as: venture forums and fairs, enabling businesses to learn from others and bring together potential investors and service providers. External specialist advisors may also be made available under lower, BI negotiated, rates.

**BI Key Performance Indicators**

The following table is a summary of the 2002 European Commission Key Incubator Performance Statistics and Suggested Benchmarks. It identifies BIs operating in areas as small as 90 m\textsuperscript{2}; however, a benchmark minimum of 2,000 m\textsuperscript{2} of floor space has been suggested to accommodate between 20–30 operators to achieve workable economies of scale.\textsuperscript{99} The study found the average European BI floor size was 3,000 m\textsuperscript{2} and in 2004 in America, the average size was approximately 3,500 m\textsuperscript{2}, with incubators in both regions seeking to maintain an 85 per cent occupancy rate.\textsuperscript{100} Australian averages show 65 per cent of BIs are smaller than 1,000 m\textsuperscript{2} and a further 17 per cent are larger than 1,500 m\textsuperscript{2}, with an average for all BIs in 2005 of approximately 13 tenants.\textsuperscript{101}
In comparing staff-to-tenant business ratios, 1999 Australian figures show an average of 1:7, whereas Europe’s benchmark in 2002 stands between 1:10-20. Julian Webb, an independent consultant to BIIA, proposes a benchmark minimum of 30 tenants is required to establish the critical mass for a mixed-use BI and suggests this is feasible for an area with a population of 80,000 to 100,000.\textsuperscript{102}
Table 6.2: Summary of European Commission Key Incubator Performance Statistics and Suggested Benchmarks and Australian Business Incubator Averages

<table>
<thead>
<tr>
<th>Setting Up and Operating</th>
<th>European Average</th>
<th>European Range</th>
<th>European Benchmark</th>
<th>Australian Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Capital Investment Costs</td>
<td>€3.7 million</td>
<td>€1.5m–€22m</td>
<td>n/a</td>
<td>$unknow</td>
</tr>
<tr>
<td>Average Operating Costs</td>
<td>€480,000 p.a.</td>
<td>€50,000–€1.8m p.a.</td>
<td>n/a</td>
<td>$unknow</td>
</tr>
<tr>
<td>% of revenue from public subsidies</td>
<td>37%</td>
<td>0%-100%</td>
<td>25%</td>
<td>48% (PWC, 1999)</td>
</tr>
<tr>
<td>Incubator space</td>
<td>3,000 m²</td>
<td>90m²–41,000 m²</td>
<td>2,000m²–4,000m²</td>
<td>65% &lt;1,000 m²</td>
</tr>
<tr>
<td>Number of incubator tenants</td>
<td>27 firms</td>
<td>1–120 firms</td>
<td>20 - 30</td>
<td>13 firms (BIIA, 2005)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Incubator Functions</th>
<th>Average</th>
<th>Range</th>
<th>Benchmark</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incubator occupancy rates</td>
<td>85%</td>
<td>9%-100%</td>
<td>85%</td>
<td>73% (BIIA, 2005)</td>
</tr>
<tr>
<td>Length of tenancy of incubator tenants</td>
<td>35 months</td>
<td>6 months–no max.</td>
<td>36 months</td>
<td>19 months        (BIIA, 2005)</td>
</tr>
<tr>
<td>Number of management staff</td>
<td>2.3 managers</td>
<td>1–9 managers</td>
<td>2 mgs min</td>
<td>3 mgs/admin       (PWC, 1999)</td>
</tr>
<tr>
<td>Ratio of incubator staff to tenants</td>
<td>1:14</td>
<td>1:2–1:64</td>
<td>1:10–1:20</td>
<td>1:7 (PWC, 1999)</td>
</tr>
<tr>
<td>% of managers’ time advising incubator clients</td>
<td>39%</td>
<td>5%–80%</td>
<td>50%</td>
<td>25% (PWC, 1999)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Evaluating Services and Impacts</th>
<th>Average</th>
<th>Range</th>
<th>Benchmark</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Survival rates of tenant firms</td>
<td>85%</td>
<td>65%–100%</td>
<td>85%</td>
<td>70% - 75%        (FWI, 1998)</td>
</tr>
<tr>
<td>Average growth of client turnover</td>
<td>20% p.a. (2001)</td>
<td>5%–100% p.a.</td>
<td>25%</td>
<td>96%Unknown</td>
</tr>
<tr>
<td>Average jobs per tenant company</td>
<td>6.2 jobs per firm</td>
<td>1–120</td>
<td>n/a</td>
<td>2.3 jobs per firm (PWC, 1999)</td>
</tr>
<tr>
<td>New graduate jobs per incubator p.a.</td>
<td>41 jobs</td>
<td>7–197</td>
<td>n/a</td>
<td>53 jobs (PWC, 1999)</td>
</tr>
<tr>
<td>Cost per job (gross)</td>
<td>€4,400 ($7,181)</td>
<td>€124–€29,600</td>
<td>€4,000–€8,000</td>
<td>$13,000          (BIIA 2007)</td>
</tr>
</tbody>
</table>


**BIs in Victoria**

Many BIs have a local community focus, receiving financial support through a variety of agencies including federal, state and local governments; universities; and in some cases private enterprise. Promoting BIs is time intensive, with direct approaches to clients, word of mouth, networking, public speaking and referrals by related agencies identified as the most prominent sources of new businesses. Businesses using a local BI regard a favourable location, image, quality, price and flexibility of BI units as their most important consideration. BIs support small businesses, which include non-employing, micro and small businesses, defined as:
• non-employing businesses, usually partnerships and sole proprietorships without employees;

• micro businesses employing less than five people, which includes non-employing businesses; and

• small businesses, employing five or more people but less than 20.\textsuperscript{112}

As the following table shows from June 2003 to June 2007, these non-employing micro and small businesses represented over 95 per cent of all businesses in Victoria. Where only 48 per cent of the non-employing businesses survived the four year time span, the survival prospects increased to 82 per cent for the micro and small business categories which employed between one and 19 persons.\textsuperscript{113}


<table>
<thead>
<tr>
<th>Business Size</th>
<th>Operating in June 2003</th>
<th>Percentage of Total Businesses</th>
<th>Survived to June 2007</th>
<th>Percentage Survived to June 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-employing</td>
<td>305,091</td>
<td>65.56%</td>
<td>147,009</td>
<td>48.18%</td>
</tr>
<tr>
<td>1-19</td>
<td>141,846</td>
<td>30.48%</td>
<td>116,484</td>
<td>82.12%</td>
</tr>
<tr>
<td>20-199</td>
<td>16,959</td>
<td>3.65%</td>
<td>14,655</td>
<td>86.41%</td>
</tr>
<tr>
<td>200+</td>
<td>1,431</td>
<td>0.31%</td>
<td>1,086</td>
<td>75.89%</td>
</tr>
</tbody>
</table>

Source: OSISDC Secretariat compilation from ABS 8165.0, Counts of Australian Businesses, including Entries and Exits, June 2003 to June 2007 (percentages rounded).

The BIIA believes a typical and fully operational BI covering 1,500m\textsuperscript{2} in area would, over a 10 year period “hatch” over 150 new businesses, employing a total of 600-900 people and turning over around $200m per year.\textsuperscript{114}

The following table compares survival rates through annual turnover. Victorian businesses with a turnover up to $50,000, representing 21 per cent of businesses, had a survival rate of just 58 per cent. Survival rates of 55 per cent have been observed for businesses in Victoria that achieved a turnover between $50,000 and $200,000. The survival rates improve slightly for businesses with annual turnovers of $200,000 or more.\textsuperscript{115}
### Table 6.4: Survival of Business by Annual Turnover June 2003 – June 2007 in Victoria

<table>
<thead>
<tr>
<th>Annual Turnover</th>
<th>Operating in June 2003</th>
<th>Percentage of Total Businesses</th>
<th>Survived to June 2007</th>
<th>Percentage Survived to June 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 to $50,000</td>
<td>101,502</td>
<td>21.84%</td>
<td>59,172</td>
<td>58.30%</td>
</tr>
<tr>
<td>$50,000 to less than $200,000</td>
<td>180,342</td>
<td>38.80%</td>
<td>100,932</td>
<td>55.97%</td>
</tr>
<tr>
<td>$200,000 to less than $2 million</td>
<td>151,342</td>
<td>32.55%</td>
<td>97,893</td>
<td>64.68%</td>
</tr>
<tr>
<td>$2 million plus</td>
<td>31,653</td>
<td>06.81%</td>
<td>21,237</td>
<td>67.09%</td>
</tr>
</tbody>
</table>

*Source: OSISDC Secretariat compilation from ABS 8165.0, Counts of Australian Businesses, including Entries and Exits, June 2003 to June 2007 (percentages rounded).*

### Evolution of the Business Incubator Model

By the mid-1980s, the multi-purpose or mixed-use incubator model had evolved, followed by specialist and technology BIs in the 1990s. BIs today operate under several descriptors and environments such as Innovation Centres, Science Parks and Technology Centres, with many Australian BIs established in the not-for-profit sector.

Incubator models have evolved in response to different incubate requirements and target markets. The evolution of incubators is illustrated in the following diagram. Some BI models involve universities who develop BI type arms that offer free or highly subsidised office or lab space to those with promising research ideas. Others are established as ‘for-profit’ BIs and source sponsorship, for example from venture capital or multinational information and communications technology (ICT) companies, who may exchange their support for equity in an entrepreneur’s business.\(^\text{116}\)
Historically, the drivers for BIs have been the need for local economic regeneration and the development of a broader economic base within a region. When identifying the most suitable BI model, the differences may partly reflect the local regional culture, local council and government policies relative to any given area. BIIA notes ‘Real estate developments or facilities that do not encourage graduation are not incubators’ and summarises the current incubator models operating in Australia as follows:  

- **standard independent model**: 1,500–2,000m² of usable space (more if mainly industrial but less if mainly office based businesses);  

- **embedded model**: smaller incubators dependent on another organisation for some of its operations;  

- **without walls model**: (or virtual incubator) which uses electronic and visiting services;  

- **special purpose model**: industry specific, e.g: high tech, food production or aquaculture; and  

- **networked Incubators**: incubators at geographically different sites that are either owned or operated by the same organisation, share business advisory staff or share business administration staff.

The Australian Government is the most significant supporter of BIs in Australia, providing 48 per cent of all support: financial and in-kind. State governments account for around 21 per cent of overall support, which is mostly narrowly focussed on a small number of
incubators. Local governments also show consistent support for BIs to similar levels as the state governments.

A 2002 report from the Centre for Strategy & Evaluation Services (CSES), argues that federal, state and local government support is accepted ‘as a cost-effective way of helping to achieve policy objectives’.

A 2004 survey of 20 BI managers across Australia found the common objectives were:

- job creation;
- reducing small business failure;
- promotion of small business and entrepreneurship;
- networking; and
- localised economic development or revitalisation.

A sound business idea or plan, enthusiasm and commitment were listed as some of the most important criteria for selecting businesses to enter a BI. Although 90 per cent of the BI managers surveyed believed job creation was being achieved, only 60 per cent believed their incubators achieved LED or revitalisation. Sixty per cent of managers listed commercialisation of research, export development and technology transfer as important higher order objectives; however, only 30 per cent of the BIs had undertaken any commercialisation and just 20 per cent had been involved in technology transfer or exporting.

Forty-nine per cent of all BIs in Australia are co-located with a Business Enterprise Centre (BEC) as an on site anchor tenant, where management responsibility may be shared or combined, relative to both the BEC and BI. BECs provide advice and a broad range of accredited training programs on how to set up a business, including GST bookkeeping, public liability insurance and sales promotion. Services also include function rooms, networking, mentoring and counselling opportunities, as well as referrals to BIs.

The advantage of the anchor tenant arrangement is the sharing of BEC facilities, which offer practical support and encouragement to a wider variety of new and existing businesses by providing services such as training, short courses, workshops and seminars, networking opportunities, mentoring, counselling, referrals and business incubation. There are five BECs co-located within Victorian BIs. However, the only BEC in Melbourne’s outer suburban LGAs is in the Yarra Range’s town of Lilydale but it is not located with a BI.

The following examples of BIs in the USA, European Union (EU) and the United Kingdom (UK) offer a framework from which to assess BIs operating in Australia, Victoria and Melbourne’s outer suburbs.
Chapter 6: Encouraging Local Economic Development

**Incubators in USA, Europe, the UK and NZ**

With over 900 incubators in the USA and many programs identifying job creation as a top priority, the supporters of the incubator model highlighted that in 2001, these BIs and their tenant firms employed 80,000 people and earned $7 billion. Across the EU, USA, NZ and Australia the definitions of ‘small companies’ vary widely, highlighting some of the difficulties when making BI comparisons. Businesses are mostly defined by size but some are also defined by quantifying a business’ monetary value through its balance-sheet.

**Table 6.5:** Definition of Business Size Comparisons

<table>
<thead>
<tr>
<th>Business Size Definition</th>
<th>No. of Employees USA</th>
<th>No. of Employees Australia</th>
<th>No. of Employees New Zealand</th>
<th>No. of Employees European Union</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>&lt;5</td>
<td>&lt;20</td>
<td>&lt;10</td>
<td>&lt;25 in manufacturing</td>
</tr>
<tr>
<td>Small</td>
<td>&gt;5 – &lt;20</td>
<td>&gt;6 – &lt;19.5</td>
<td>&lt;50</td>
<td>&lt;100 in wholesale trade industries</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>&lt;500 in manufacturing and mining industries</td>
</tr>
<tr>
<td>Medium</td>
<td>&gt;20 – &lt;200</td>
<td>&gt;20 – &lt;49.5</td>
<td>&lt;250</td>
<td>&lt;500</td>
</tr>
</tbody>
</table>

Source: Table compiled by OSISDC from: Australian definitions ABS 1321.0; New Zealand definitions; European Union definitions; American definitions – Micro, Small, Medium.

In an analysis of the type of businesses entering BIs in the USA, Professor Jim McMaster of the University of the South Pacific found the BI model had been adapted to foster the commercialisation of technologies, increase employment and serve as an investment vehicle. McMaster identified 90 per cent of North American BIs were non-profit organisations and 10 per cent were for-profit entities. As described in the following figure, 47 per cent of incubators in the USA were ‘mixed use’, assisting early-stage companies; 37 per cent focused on technology business; 7 per cent served manufacturing firms; 6 per cent concentrated on service businesses; and 3 per cent on revitalisation projects or serving niche markets. Of these BIs, 44 per cent drew their clients from urban areas, 31 per cent from rural and 16 per cent from suburban areas.
**Figures 6.2: US Incubators: Type of Businesses**

![US Incubators: Type of Businesses](image)

Source: McMaster, 2006 paper for Regional Conference on Institutions, Globalisation and their Impacts on Labour Markets in Pacific Island Countries

The next figure identifies the sponsors for BIs in the USA came from several sources, namely 25 per cent from academic institutions, 16 per cent from government entities, 15 per cent from economic development organisations, 10 per cent from for-profit entities and 10 per cent from ‘others’. About 5 per cent of business incubators had more than one sponsor, while 19 per cent had no sponsor or host organisation. 136
**Figure 6.3:** Sponsorship for BIs in USA

![Sponsorship for Business Incubators in USA](image)

Source: McMaster, 2006 paper for Regional Conference on Institutions, Globalisation and their Impacts on Labour Markets in Pacific Island Countries

**Geographical Clustering**

The US experience has shown that specialised BIs, such as a biomedical incubator, are more likely to be successful when surrounded by a critical mass of hospitals and other bio-medical research facilities.\(^{137}\) Such examples could provide a valuable model for developing similar precincts in Melbourne’s outer suburbs, notably for development around the Australian Synchrotron at Clayton, as discussed in the next section of this chapter.

One U.S. example of this ‘clustering success’ is in Chicago’s Illinois Bioscience Incubator, a 5,295m\(^2\) research centre at Chicago Tech Park. The Tech Park comprises several academic medical centres and hospitals spread over 23 hectares, within a 227 hectare Illinois Medical District. The district has a range of incubation facilities, graduation spaces and single-tenant facilities.\(^{138}\) The University of Illinois, through its Centre for Entrepreneurial Development, is responsible for MBA student projects undertaken within incubator companies. The geographical clustering of connected enterprises has also been highlighted as a European BI’s key regional or country strength.\(^{139}\)
Incubators in Europe

According to the 2006 European survey on clusters, 27 per cent of BI developments within cluster regions were supported by public authorities, whereas 57 per cent of managers working in a cluster environment agreed that public authorities had an important, if not fundamental role in supporting incubator development within a cluster environment.\textsuperscript{140}

The European Union hosts around 950 business incubators, with the majority located in Sweden, Finland, Germany and the UK.\textsuperscript{141} In 2006, CSES found the trends in European incubators included an expansion in capacity and staffing with operating costs increasing by an average of 44 per cent. An increase in public subsidy was also observed with an 11 per cent increase over the benchmark period of 2002–06. High occupancy rates were commonplace and although the average number of jobs per incubator tenant had decreased overall, business survival rates had improved.\textsuperscript{142}

**Figure 6.4:** Funding of Business Incubator Set Up Costs in Europe

![Funding of Business Incubator Set Up Costs in Europe](chart)


As Figure 6.4 indicates, European BIs have a high initial dependency of around 69 per cent on public finances, to which the CSES comments is in line with expectations:

*Given that one of the functions of business incubators is to address market failure and to facilitate accelerated SME growth to new businesses which, by their very nature, have little in the way of collateral or revenue until they have reached the mature stage of their development, this is perhaps not surprising. The challenge remains to move towards financial self-sustainability over the longer-term by*
building credibility in the marketplace and developing a comprehensive range of business support services.\textsuperscript{143}

Although the European and USA reporting on BIs is not directly comparable due to differences in definitions and categorisation, both appear to support similar types of tenants. The USA’s support for tenants in the technology sector reached 37 per cent and as can be seen in figure 6.5, in Europe tenants in the technology sector accounted for 35 per cent, while support in the manufacturing sector totalled 7 per cent in both the USA and in Europe.

**Figure 6.5: Type of Business Incubator Tenants – Europe**

![Type of Business Incubator Tenants - Europe](image)


Germany offers a good example of the scale of European regional regeneration involving the BI model. In 1990, the German Technologie Centrum Chemnitz (TCC) was established on a site not far from the centre of Chemnitz, in the state of Saxony in the east of Germany, during a major restructure of the regional economy following German reunification in 1990. Largely financed by city authorities and with set-up costs totalling €25 million (just under AUS41 million\textsuperscript{144}), the 10,000m\textsuperscript{2} building was leased from the city and shared with Saxony Textiles R&D Centre. Today, it comprises a combination of office and workshop premises for start-up companies focusing on production technologies and offers regular BI administrative functions.\textsuperscript{145}

The TCC currently has 50 tenants, representing a 92 per cent occupancy rate, but aims to lower this to 80 per cent to allow flexibility for existing tenants, who are entitled to remain in the incubator for five years with a possible extension of a further three. Sixty per cent of tenants are doctoral or post-doctoral students from the local technical university, the
Local Economic Development in Outer Suburban Melbourne

Chemnitz University of Technology, employing an average of seven workers and the largest employing 30 persons. TCC has graduated 33 firms, of which most remain ‘associates’ of the incubator.

The TCC forms part of a network of 21 technology centres within the Free State of Saxony, each with a focus such as production technology, microelectronics or biotechnology. The overall structure is provided by a combination of universities, technology centres, regional authorities and high-tech companies named ‘Arbeitskreis Technologie Transfer’, roughly translated as Technology Working Group. Importantly, the TCC highlighted the need to avoid crowding out private sector providers and to provide services in-house only if commercial alternatives were not available. The Committee believes Victoria could benefit from further investigation of BIs in Germany.

**Incubators in the United Kingdom**

Over 300 BIs in the UK support over 20,000 businesses and 60 per cent of those offer ‘outreach’ services to an average of 150 additional businesses. UK Business Incubation (UKBI) research indicates an average of 30 tenant businesses provide an average of 167 full-time equivalent jobs. A 98 per cent tenant business success rate is further impressive through the 87 per cent survival rate of tenant businesses five years after starting, compared favourably to the three-year survival rate to 2002 of 71 per cents of new UK enterprises. UKBI’s vision is for a ‘future where substantial and high quality business incubation brings wealth, opportunity, employment and regeneration to local, regional and national economies’.

The Northumbrian based Project North East (PNE) Group is one example of UKBI’s vision. Comprising several independent companies, PNE is a not-for-profit organisation funded by various charitable, public and private sources. It is recognised by the UK Government as a Local Economic Development Agency, with ‘corporate social responsibility’ underlining its agenda. It houses 117 small businesses, employing over 600 people in a development covering 11,613m². Subsidiary businesses, such as North East Workspace Ltd, provide and manage incubator workspaces as well as Pink Lane’s ‘Silicon Alley’, which was established to manage the area’s broadband connectivity and provide high-speed internet to tenants.

Pink Lane, previously a notorious ‘red light district’, is the main incubator unit from a network of workspaces in the Newcastle area and has effectively become part of a broader strategy, improving district property values by raising the area’s profile. PNE bought the buildings from receivers at below market rates in 1989 and developed the site to now accommodate 100 hi-tech start-up firms employing over 300 people. Those establishing themselves through Pink Lane are mostly young people aged under 29, engaged in the creative industries and who value Pink Lane’s central location and access to broadband.

PNE’s website includes information on current incubator space vacancies, youth enterprise discussion pages, voluntary sector support training and specialist consultancy information on a wide variety of economic development areas. These include development strategies, evaluations and establishing overseas business support. In describing PNE’s award for
self-sustainability, Richard Clerk, Director of PNE’s North East Workspace, said ‘Sustainability is linked to regeneration. If you succeed, property prices will increase and you will have a long term future’. ¹⁵³

The Pink Lane BI is credited with driving the regeneration of an otherwise run-down area of Newcastle. The Committee believes the Pink Lane case study could make a worthy model for investigation, with a view to introducing similar BIs to outer suburban Melbourne, such as older ‘brownfields’ areas in the LGAs of Hume (Broadmeadows), Whittlesea (Epping) and Wyndham (Laverton North).

**RECOMMENDATION**

The Victorian Government through DIIRD, research best practice Business Incubators in the UK and Europe, such as Technologie Centrum Chemnitz in Germany and Pink Lane in the UK. The study should investigate the applicability of these models to urban renewal projects in outer suburban Melbourne, with the study results made publicly available.

**Australian Incubators**

BIs are a relatively young concept in Australia compared to their EU and US counterparts. The early Australian BIs of the 1980s were initially supported by state and territory governments, with the Australian Government funding general purpose BIs since 1991. ¹⁵⁴ In the 1996–97 financial year, the then Commonwealth Department of Employment, Education, Training and Youth Affairs launched a program to provide funding over four years for 46 BIs across Australia. ¹⁵⁵

Today there are 70 BIs operating nationally which have been federally funded, while many more BIs have been established through other sources, (though centralised data is unavailable for these). ¹⁵⁶ Most state and local governments encourage BIs to establish within their areas as the majority of start-up businesses are thought to remain in the geographical area in which they commence. ¹⁵⁷

BIIA notes that at the federal level, for a one-off cost of less than $1,000 per job created by a BI, there is a savings in unemployment benefit and contribution to tax revenue of approximately $13,000 per annum each for as long as the job exists. Once fully operational, a BI graduates an average of 15 businesses a year. ¹⁵⁸ Alistair Nolan from the OECD Education Directorate, highlights the need to bear in mind ‘the bulk of job creation in incubated firms often occurs after these firms graduate from the incubator’. ¹⁵⁹ In defining the benefits of an incubator, the BIIA states:

> Incubating businesses locally is much cheaper and more likely to produce economic benefits than incentive programs that seek to entice existing businesses to an area only to have them leave when a better offer is made. ¹⁶⁰
Local Economic Development in Outer Suburban Melbourne

As can be seen in figure 6.6, Australian BIs were supported by federal, state and local government by a massive 88 per cent of their total funds in 1999. Neither Europe, at 69 per cent, nor the USA, at 31 per cent, enjoy such support and reliance on public money, with alternative sources, ranging from universities, private sector organisations and banks, taking on a greater role in supporting BIs than is observed in Australia.

**Figure 6.6: Australia – Business Incubator Support**

![Pie chart showing Australia's Business Incubator Support](image)

- 48% Federal government
- 21% State governments
- 19% Local governments
- 5% Uni/Tech Park
- 4% Corporate
- 3% Community/Other


Australia’s public funding for BIs is administered by the Australian Government’s Department of Innovation, Industry, Science and Research, (*AusIndustry*). In the 2005–06 Federal Budget, the Australian Government provided $39 million to the Building Entrepreneurship in Small Business (BESB) initiatives, of which BIs were one of four areas to benefit.\(^{161}\) A further $14.3 million for the BESB program was announced in the 2006–07 Budget, to be increased in 2007–08 by $2.6 million and $11.7 million in 2008–09.\(^{162}\) Incubator ‘establishment funding’, where the incubator must operate for a minimum of seven years, was limited to $700,000, with once-only ‘growth funding’ capped at $200,000.\(^{163}\) However, there has been limited support for BIs specifically since the first round of funding in May 2006, with allocations from the BESB program supporting two new technology based incubators established for $1.2 million in New South Wales, representing just 4.24 per cent of all BESB distributions within these rounds.\(^{164}\) Most recently, the 2008–09 Federal Budget redirected substantial funds from the BESB program towards the costs of BECs, which provide small businesses with advisory services.\(^{165}\) There is currently one BEC within Melbourne’s outer suburban LGAs, in the Yarra Ranges’ town of Lilydale.\(^{166}\)
Public funding has been instrumental in the establishment of suitable and sufficient BI work areas and the renovation of buildings; however, not all BIs have reached the stage of financial sustainability. Summarising the 2002 outcomes of *Setting Up and Operating Incubators*, the CSES notes the ‘priority should be for business incubators [to] reduce their dependence on public subsidies’ so that ‘available resources can be spread more widely and used to promote new initiatives’.167 Alistair Nolan proposed similar considerations in 2002, adding that ‘for small communities incubation should probably be treated with caution’.168 He further warned:

... it may be worth considering that an eventual aim of policy should be to make the need for incubators redundant. The underlying goal should be to create an entire locality having the institutions propitious for enterprise birth and development. There is no logical necessity to providing services, finance and property to the same incubates ...[where there is]... the aim of providing the best-possible quality and range of services to the entire population of established and nascent firms – not just the incubator tenants.169

**The role of Business Victoria**

Business Victoria’s website offers a plethora of services to inform both potential and existing small business operators, including those wishing to start a business within Melbourne’s outer suburban LGAs. This information covers over 30 types of programs, such as business advice, financial assistance, networking opportunities and links to relevant training and workshops. One notable example is a link where earlystage innovators and small businesses are assisted to develop and commercialise viable new products and technologies.170 Where training is required, an online Certificate IV in Business (Small Business Management) course is highlighted for those hesitant to take the first step. Or, for those seeking financial assistance, the *Grow Your Business* program enables eligible businesses to engage specialist advice to create, for example, a Business Strategic Review or Business Development Plan.171

**Incubator Facilities**

A business incubator is ideally run as a self-sustaining business, with the emphasis on reducing costs to a minimum, often by utilising an otherwise unused or dormant property - such an old school building or warehouse. A 1999 survey by Price Waterhouse Coopers identified 80 per cent of Australian BIs had been established within existing buildings or structures, with only 20 per cent being purposebuilt.172

The location and kind of facility offered by incubators plays an important role in attracting potential tenants. Viable incubator operations have been determined by Australian industry as requiring around 1,500m$^2$ in floorspace; however, in 1999, 65 per cent of Australian mixed-use incubators were less than 1,000m$^2$ in size, with only 17 per cent 1,500m$^2$ or larger.173 Comparably, the UK considers a minimum BI size as 3,000m$^2$ to 3,500m$^2$, and the EU benchmarks at 2,000 m$^2$ to 4,000 m$^2$.174
Since the early 1990s, a number of significant Australian reports have been produced on BIs, including Andrew Duff’s 1994 study on *Best Practice in Business Incubator Management*. It concluded:

> Best practice in incubator management results from firstly, establishing an incubator so that it may rapidly move from a real estate focus at start-up to a business development focus and secondly, by enhancing the capacity of the incubator to “value add” to the business development of its clients.\textsuperscript{175}

In 2004, Australian researchers Walker, Webster & Burn, concluded:

> ... there is a need to recognise the economic and social benefits to the wider community when the stream of start-ups graduate from the incubator move into the local business community and begin to grow and expand in terms of employment and output.\textsuperscript{176}

The combination of limited leasable space and a goal of obtaining financial sustainability led to some BI managers being viewed as property managers rather than genuinely incubating new business start-ups.\textsuperscript{177} As BI types vary, there may be a relatively broad range of economies of scale in their operations that are likely to be linked to both employment capacity and the size of BI required. A breakdown of Australian BI types of tenant businesses is outlined in the following figure.
Chapter 6: Encouraging Local Economic Development

Figures 6.7: Type of Australian Business Incubator Businesses

| Australia - Type of Business Incubator Tenant Businesses | 31% Property & Business Services |
| 4% Finance |
| 8% Communication Services |
| 7% Wholesale/Retail |
| 3% Construction |
| 23% Manufacture |
| 2% Agri/Horticulture |
| 3% Other |
| 9% Cultural, Recreation & Personal Services |
| 6% Health |


Figure 6.7 shows 23 per cent of Australian BI tenants work in the manufacturing sector compared to just 7 per cent of BI tenants in the US and Europe.

Special Purpose Incubators

The Australian Government began to financially support some special-purpose incubators in 1999, allocating funds towards the Building on Information Technology Strengths (BITS) program, to promote innovation and encourage the growth of new high–technology firms. This program was established by the Department of Communications, Information Technology and the Arts to address difficulties experienced by ICT companies trying to raise seed capital and obtain business advice during their start-up phase. As a result, ICT incubators were established in all mainland states and territories, with an incubator established in Tasmania through the BITS Intelligent Island Program.\(^{178}\)

Technology incubators are typically more expensive to establish and maintain than a mixed-use incubator, due to their higher set-up and staffing costs. Businesses attracted to technology incubators tend to be those with a broad interest in the ICT sector: software and hardware development, e-business, multimedia and biotechnology applications. Well defined entry criteria to the incubators typically include businesses with ‘high growth potential’.\(^{179}\)
The initial wave of BITS incubators provided capped assistance of $450,000 for an individual incubator tenant, though a cap of $600,000 was permitted in a limited number of cases.\(^{180}\) A 2003 Allen Consulting Group report found the program filled the gap between a new ICT idea and the point at which venture capital sources would invest; this, in turn, played a significant role in national innovation. The report concluded the program should receive further funding to achieve long-term financial sustainability for the incubators, and outlined the impressive achievements provided by the incubators.\(^{181}\) These estimated achievements are outlined in the following table:

Table 6.6: Building on Information Technology Strengths (BITS) BI Tenant Indicator Results 2000–2006\(^{182}\)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment (average),</td>
<td>Full-time</td>
<td>Full-time</td>
<td>Figures not</td>
<td>Figures not</td>
</tr>
<tr>
<td>per Incubatee</td>
<td>Employed</td>
<td>Employed</td>
<td>available</td>
<td>available</td>
</tr>
<tr>
<td></td>
<td>3.3</td>
<td>5.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BITS Incubator Total</td>
<td>$11.3m</td>
<td>$37m</td>
<td>$71.6m</td>
<td>$119m</td>
</tr>
<tr>
<td>Annual Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BITS Incubator Total</td>
<td>$1m</td>
<td>$6.7m</td>
<td>$22.9m</td>
<td>$33.5m</td>
</tr>
<tr>
<td>Annual Exports</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


In May 2004, the Australian Government announced a further $36 million to extend the ICT Incubators Program (ICTIP) until 2007-08. Eight of the original eleven better performing BITS incubators were selected to receive this funding.\(^{183}\)

**Business Incubator Management**

Rustam Lalkaka, Senior Advisor to the United Nations Development Program, notes the BI manager is ‘critical to its success’ and questions ‘without a promising future career path, will the manager really deliver and stay?’\(^{184}\) Mr Lalkaka indicates that training of incubator management usually includes ‘continuing training at home to upgrade needed skills and through participation in regional and international seminars’.\(^{185}\)

Ongoing networking and the professional development of BI managers through suitable training was also highlighted in 2002 by the U.S. National Business Incubation Association (NBIA), which stated:

*...there is no recognised professional qualification or standard in this field although specific incubator management functions (e.g. personnel management,*}
providing financial advice to companies) are of course areas where such standards exist.\textsuperscript{186}

Alistair Nolan has also focussed on the capabilities of BI managers by noting ‘the success or failure of an incubation program will often turn on the quality of management’.\textsuperscript{187} One example of training currently available to APEC members is at the Xi’an International Business Incubator, one of China’s top BIs. Its Management Training Centre seeks to:

- reinforce the communication and exchange among all APEC members in science parks and business incubators and among small and medium-sized science and technology enterprises;
- provide management training for all APEC\textsuperscript{188} members in science parks and business incubators and among small and medium-sized science and technology enterprises; and
- to promote flourishing local economic development.\textsuperscript{189}

Although BI management training is called for, there appears to be a paucity of information on appropriate seminars, training or professional development programs, either locally or globally, which have a direct impact on BI success.

\textbf{RECOMMENDATION 13}\textsuperscript{9}

The Victorian Government works with Business Innovation and Incubation Australia (BIIA), the Australian Government and other stakeholders to investigate the need for professional development and nationally accredited qualifications and courses in BI management and if there is a proven need, to help develop appropriate higher education sector courses in business, with specialisation in Business Incubator management.

\textbf{Case Study: Todd Street Business Chambers, Adelaide}\textsuperscript{139}

In November 2007, two members of the Committee visited the successful Todd Street Business Chambers Incubator, which was established at Port Adelaide in 1999. Following the visit, the Chair of the Committee, George Seitz MP noted that, ‘Significantly, the product has been marketed as a business enterprise, i.e. operating on the basis of anchored tenants or commonly known as a serviced office, as opposed to a business incubator’.\textsuperscript{190} When naming the centre, Ms Lyn Hay, Manager of Todd Street Business Chambers, surveyed tenants for a suitable title. They overwhelmingly voted against the title of ‘business centre’, believing it ‘seemed a bit government-like’.\textsuperscript{191} Similarly, in his 2006 presentation to the National Small Business Development Conference, Julian Webb, founding Chair of Australia and New Zealand Association of Business Incubators (ANZABI), described the BI as a ‘tired brand’.\textsuperscript{192}
Todd Street has 25 tenants, employing an average of 2.5 employees each over a 2.5 year incubation period. About 90 per cent of the 43 tenant businesses that have graduated since its establishment are still trading. Lyn Hay incorporates anchor tenants – such as a solicitor, accountants and secretarial services company – to also act as advisers, coaches and support personnel to other tenants. The Todd Street Business Chambers’ success indicators include:

- being affiliated with local, state and federal governments;
- having an experienced incubator manager with a supportive board;
- board members who are key members of the community and business;
- connection with the business incubator network (e.g., BIIA);
- a mix of anchor and start-up tenants;
- strong, relevant public image ensuring minimum time to fill vacancies;
- mentoring provided by successful graduated firms and other successful small businesses; and
- relevant and flexible business growth programs, including on-site coaching, training and positive culture suited to small business development.

Case Study: Joondalup Business Centre, Western Australia

Committee Member, Don Nardella MP visited the Joondalup Business Centre (JBC) and relayed his enthusiasm to the Committee on his findings. JBC is the result of a five year planning initiative that resulted in the opening of Western Australia’s newest purpose-built BI in 2003. It evolved during a time of rapid growth and rising unemployment in the region. A 1999 Federal Department of Employment Workplace Relations and Small Business feasibility study underlined the need for such a facility to stimulate small business growth. Building costs for the 600m² establishment were largely met by a $600,000 grant from AusIndustry, with the Edith Cowan University providing the land and additional funding of $220,000. The not-for-profit Joondalup Business Development Association (JBDA), the City of Joondalup and the Lotteries Commission also contributed substantial amounts to cover set-up costs.

JBC is the only incubator in Western Australia not linked to a BEC or New Enterprise Incentive Scheme (NEIS). However, as Manager Glynn Jones explained, this is not perceived as a disadvantage because BECs act more as facilitators compared to the close mentoring offered to tenants within the BI environment. With an average of 27 tenants and a substantial waiting list, JBC was financially sustainable by July 2005 and has since had no single business fail. Tenants remain in the BI for two years and upon graduating are helped to find commercial accommodation. Approximately 80 per cent of the 26 graduated businesses to date have remained in the area.
JBC is itself run as a business, with Glynn Jones’ company Artisan Developments, managing the JBC under contract to the JBDA. Mr Jones believes:

... the key to success [of JBC] is to take a holistic approach: everything needs to be geared to success. The key elements are the Management Team (supported by a competent Board) coupled with the right building and facilities. Having only incubatees as tenants helps the Management Team create the correct culture.

Other JBC success factors include:

- flexibility;
- no former bankrupts as tenants;
- a pre-interview with all prospective tenants to assist with business planning;
- good external relations (e.g.: press, community, government, etc.); and
- an empathetic management team that is very experienced in growing small business.

**Case Study: The ICEHOUSE, New Zealand**

In 2007, the Committee visited The ICEHOUSE in New Zealand as part of an investigative tour. The ICEHOUSE is a growth centre for small and medium-sized enterprises, established as a charitable trust by the University of Auckland Business School in partnership with the Bank of New Zealand, Ernst & Young (lawyers), Hewlett Packard, Microsoft, Boston Consulting Group, Minter Ellison and Telecom. The ICEHOUSE’s mission is to create, support and grow internationally successful New Zealand businesses.

The ICEHOUSE receives approximately half of its funding from the Government, a quarter from tenants and the rest from sponsorship, funding and grants. Although 40 per cent of businesses who enter The ICEHOUSE fail, Chief Executive Officer, Andrew Hamilton, told the Committee that was a natural part of experimentation and risk-taking. Interestingly, The ICEHOUSE supports export-based businesses, not purely NZ focussed companies, as the investment risk was too great, due to NZ’s small market and revenue base. The ICEHOUSE also works with the full range of businesses, from start-ups to established million dollar companies, regardless of which stage they are at in their business lifecycle.

The ICEHOUSE highlighted three ‘growth enablers’.

- ICE Angels, which inject cash and experience into start-up businesses. Thirty million NZ dollars has been raised for start-ups in the six years since establishment in 2001, with businesses growing their earnings by an average of 31 per cent per annum;
- ICE Lab, which focuses research and development onto owner-manager businesses. Andrew Hamilton notes that start-up businesses are often very poor at assessing
whether there is a market for their goods and services. Training courses, which help businesses identify tools and methods to overcome individual businesses blockages, have shown a growth in business products by 38 per cent; and

- ICE Network, which brings together useful partners, customers, speakers and ICEHOUSE alumni.

Mr Hamilton notes that benefits from incubators don’t occur overnight and the timeframe for a BI to develop is medium to long term. With this in mind, he recommended that governments focus on looking at how to help existing businesses perform better, rather than sinking money into new ventures.  

RECOMMENDATION

The Victorian Government monitors, reports, publicises and actively promotes, better performing BI achievements, to encourage, guide and mentor other start-up BIs, especially in Melbourne’s outer suburban areas.

Incubators in Victoria

This section initially highlights several case studies from the 20 BIs in Victoria and records the views of Melbourne’s outer suburban councils. This is followed by case studies of Melbourne’s only two outer suburban BIs, the Western Port Business Centre at Mornington Peninsula and the Yarra Ranges Enterprise Centre (which comprises of two separate entities: the Burrinja Art Centre and the Warburton Enterprise Centre).

Case Study: Regional Enterprise Network – Central Victoria Ltd

The Eaglehawk Enterprise Park was the first of the Central Victorian incubators to be established in 1992, as a local government initiative with Federal Government support. The initiative’s success spawned a further six incubators in Bendigo, Castlemaine, Donald, Dunolly, Gisborne and Maldon. Then in 1998, the Regional Enterprise Network – Central Victoria Ltd was established with AusIndustry Funding of $1,123,270. Its premises include a variety of factory, office and light industrial spaces operating in buildings owned by local government and a local hospital board. Financial sustainability was established after three years of operation.

The network receives all its revenue from rent paid by 82 tenants who, on average, remain with the incubator for three years. Data from 55 graduating businesses indicate the creation of 173 jobs, with a survival rate of 90 per cent. Manager, Peter Cos, believes the success of a business incubator relies on:

- strong governance;
• staff who can implement the policies of the board;
• partnerships with local government; and
• high tenant occupancy rates.209

Case Study: Greenhill Enterprise Centre

In 1997, the University of Ballarat established a purpose built incubator at its Mount Helen campus using AusIndustry funding of $200,000, a further $2 million from Multi-Media Victoria and $1.5 million from the university. Further development of a purpose built networking building, the Global Innovation Centre, attracted $2.6 million in Victorian Government funding and an additional $800,000 from the university.210 Greenhill Enterprise Centre was financially sustainable after four years.

The premises cover 2,760m² and contain flexible working spaces designed for easy expansion. On average, businesses spend 2.1 years in the incubator and over its initial seven years, it has launched 18 graduates and created 123 jobs, achieving an 82 per cent survival rate.211 The incubator combines technology business incubation with multi-tenancy space and forms part of the Ballarat Technology Park. The developed infrastructure and services also cater for IT company needs, including IBM Global Services.212 Technology Parks, which are at a relatively early stage of development in Australia, are distinct from BIs, although they may incorporate a BI within the model.213

Hume City Council’s David Keenan cites Greenhill Enterprise Centre as an example of success, for it houses ‘the State Revenue Office, IBM and Conservation Volunteers Australia as well as a number of private sector [businesses]’. He adds that ‘Some of the more traditional ones [BIs] are a little bit slow in moving people through and you always have that danger where someone never graduates from the incubator, which is a tough one’.214

Case Study: Darebin Enterprise Centre Ltd

Operating in Melbourne’s north, Darebin Enterprise Centre Ltd (DECL) was established with $600,000 in AusIndustry funds. DECL began with one employee in 1998 and achieved a break even point 15 months later. The BI has expanded to employ 12 full-time workers and an annual turnover of more than $1 million, with regular surpluses.215 The centre evolved from a local government discussion regarding economic development amid a local background of around 15 per cent unemployment. The centre’s premises cover 4.5 hectares which include 1,500m² of rentable office space, 6,000m² of rentable workshop space and one hectare of horticultural land.216 DECL’s program assists businesses in Melbourne’s north and Australia-wide Indigenous business enterprise.217

Darebin Enterprise Centre is classified as ‘sustainable’, receiving 70 per cent of its revenue from rent and 25 per cent from services provided to its 33 tenants who, on average, remain with the incubator for two years.218 Each business employs an average of three people and data from 40 of the graduating businesses indicates the creation of 153 jobs.219 DECL also provides mentoring and support services to 63 remote and virtual tenants and 40 new
businesses operating offsite.\textsuperscript{220} Darebin’s Chief Executive Officer, Bob Wait, believes the success of a business incubator is based on:

- the size of the incubator and its premises;
- the incubator’s financial independence;
- businesses leaving successfully over time; and
- financial independence.\textsuperscript{221}

In 2001 and 2007, Darebin Enterprise Centre was named Australian Incubator of the Year.\textsuperscript{222} Then on 6 May 2008, DECL won the award for the world’s ‘Business Incubator of the Year – Non-Technology’ at the National Business Incubation Association convention in the USA.\textsuperscript{223} Winning this award highlighted the employment opportunities that naturally flow from supporting small business development.

**Case Study: La Trobe Business Incubator**

La Trobe University’s Technology Enterprise Centre (TEC) at the Bundoora Biotechnology Precinct comprises research and development laboratories and offices and offers an interactive research and development environment for new technology based businesses.

The Park offers three stages of development:

- Incubation;
- Maturation; and
- Relocation.\textsuperscript{224}

The TEC exists to assist start-up companies, while there is ‘second stage’ accommodation for graduate companies and leasehold land for larger companies.

La Trobe University states that the TEC is the ‘nucleus of the La Trobe University Research and Development Park’ and ‘assists new start-ups with a support growth plan to take their venture from idea to fruition’.\textsuperscript{225}

The university has the following entry requirements for the TEC, with:

*Companies preferred for the TEC are those involved in research and development of and marketing new technologies. Such tenants would include those from the areas of engineering, information technology, life sciences, physics, chemistry and health sciences.*\textsuperscript{226}

The TEC entry requirements also state prospective tenants must:

- be a for-profit entity as a corporation, partnership or sole proprietorship;
• be a new start-up business or existing, expanding company;
• have growth potential with prospects of creating a new product, technology or service, meeting a demand for services or creating new or expanded job opportunities;
• be operated on a full time basis; and
• meet applicable zoning, building, fire and health codes of the area where they are to be located.\(^{227}\)

In addition, tenants are considered on a case by case basis using the following criteria:
• merit of business proposal;
• background and experience of principals;
• equity position of principals;
• status of business plan, market research and feasibility studies;
• growth and job creation potential; and
• applicant’s commitment - both financial and personal time to the venture.\(^{228}\)

The TEC director, Sue Bell, who has previously managed the Greenhill Enterprise Centre, which is also the subject of a case-study in this section, believes: “An incubator environment provides the ‘people’ support that is often missing from commercialisation programs”.\(^{229}\)

**Case Study: Brunswick Business Incubator**

The Brunswick Business Incubator (BBI) was established in 2002 at an inner suburban Melbourne site owned by the Victorian Department of Human Services and sub-leased at a peppercorn rent from Moreland City Council.\(^{230}\) As an initiative of the former Northern Area Consultative Committee (NACC), the incubator received support from the Federal Government’s AusIndustry of $600,000 in 2001, $220,000 in 2003, $50,000 in 2004 and $60,000 in 2005. Funds also came from Moreland City Council: $400,000 in 2001, $20,000 in 2004, $60,000\(^{231}\) in 2006/07 and an allocation of $13,333 per year in 2007, 2008 and 2009.\(^{232}\)

The BBI’s premises cover 2,275m\(^2\) and currently house 56 on-site tenants who are actively encouraged to network and develop partnerships. The average length of stay is two years. The BBI has graduated 40 businesses from its first three years of operation, with an approximate survival rate of 95 per cent one year from graduation and 80 per cent after three years. Further, those graduates have created approximately 120 jobs. The incubator has a 95 per cent occupancy rate and any vacancies are filled quickly. With the incubator’s establishment of a ‘multi-facet usage’ – combining office space and workshops – the infrastructure and services have been developed to cater for a wider range of businesses. The
Local Economic Development in Outer Suburban Melbourne

BBI is now financially self-sufficient: a milestone that was achieved in 2006, four years after opening.\textsuperscript{233}

The BBI board has developed a five year strategic plan to increase its services to 80 businesses; however, this depends on receiving additional funding to finance a floor fit-out.\textsuperscript{234} BBI Manager, Anthony O’Brien, believes that for the incubator model to work, a diverse range of success factors is required, including:

- ideal location;
- competitive leasing rates compared to a commercial environment;
- a very experienced and committed board of directors offering a broad range of management and business skills;
- a large number of tenants, creating economies of scale; and
- an established network of relationships and partnerships with local training organisations and small business networks.\textsuperscript{235}

With the assistance of substantial funding and support from all levels of government and organisations in and around the City of Moreland, the BBI’s status as Australia’s most successful small BI was recognised by an announcement made in 2005 by the then Federal Minister for Small Business and Tourism, the Hon. Fran Bailey.\textsuperscript{236}

The Committee visited the Brunswick site in 2007 and was very impressed with its set-up, management and scope of operations.

**Outer Suburban Council Perspectives**

Several of Melbourne’s interface councils gave evidence to the Committee regarding their interest in developing local BIs. For example, Luke Shannon, from Melton Shire Council, said:

> Probably of ... particular note is Council’s current budget proposal to undertake a feasibility study for a business incubator in the municipality. Council sees that as an opportunity to further provide the establishment of new business within the shire. We are certainly aware of a number of other models, including one in Brunswick, where that has worked somewhat successfully and we are certainly going to take the opportunity to learn from their mistakes and what they have done well. We are embarking on a feasibility study over the next six months to demonstrate the practicality of delivering one of those [BI] within this municipality. We are also working with Victoria University and Delfin Lend Lease in terms of how such an incubator might be established.\textsuperscript{237}

Mr Shannon said Melton Shire Council was looking to establish a local BI because:
We are experiencing some significant industrial growth in the eastern sector ... around the Ravenhill area, south of Caroline Springs. There are practical opportunities where we could gain land and monetary support in that region to establish one [BI] but the feasibility study is probably the best vehicle to determine exactly where and when it could happen.  

Hume City Council’s, David Keenan, was also looking at the type of BI his council might establish:

We would like to see in some of these new areas, these growth areas, a better investigation into how business incubators can be set up, whether those be the old factoriettes of the types used in the past, or new, serviced offices for some of those home-based businesses graduating out of their home and into a serviced office environment.

Case Study: Western Port Business Centre Ltd

The Western Port Business Centre Ltd (WPBC) was established in 2000 in a converted municipal depot following an initiative of the Mornington Peninsula Shire Council and the Western Port Community Alliance. Building and operational expenses of $452,153 were funded by the Federal Government, followed by an extra $100,000 in Federal funds for building enhancements and $10,000 from Mornington Peninsula Shire Council.

The centre covers 600m² in a combination of office, workshop, kitchen and storage space set on one hectare of land. It currently has 16 businesses on-site, which represents a 95 per cent occupancy rate. Over the past seven years, the average tenancy period for the 20 graduates has been 12 months. The Mornington Peninsula area benefits from the 85 per cent of those businesses who have remained within the area, creating nine new full-time and 57 new part-time jobs.

One of the more notable WPBC ‘success stories’ is Margaret Rowland’s Indian Curry Pastes and Condiments, a manufacturer who ‘moved up’ from a HBB. Ms Rowland achieved mechanised food production and packaging, which enabled her to develop food lines to supply the IGA supermarket chain. With AusTrade’s assistance, her business has ‘opened the export door’ to expand into the Fiji market.

Although WPBC has achieved a break-even status since 2006, Manager, Peter Lees notes:

All efforts are made to contain costs, in keeping with advice given to our clients. ... Further savings have been identified in power usage, but present implementation estimates have proven prohibitive on our limited budgets.

...With full or very high tenancy rates and support from our conference rooms, we will, at best, “break even” or generate a small operational surplus. This is providing we do not have unforeseen cost blowouts. We realise that we are
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undersize to be fully viable and are actively seeking grant monies to provide further tenantable space.²⁴³

Mr Lees spends around half his time advising tenant businesses: an effort that is reflected in the survival rates of graduating tenants, currently at 85 per cent. He believes the success factors for WPBC include:

- never turning anyone away;
- offering free advice and a contact point; and
- having local pride.²⁴⁴

Case Study: Yarra Ranges Enterprise Centre, and Burrinja Art Centre

The Committee visited the Yarra Ranges Enterprise Centre (YREC) in 2007, as part of its inspection tour of Yarra Ranges Shire. YREC was established in 2004 in the former Melbourne Water depot in Warburton and its current 100 per cent occupancy rate comprises 12 tenants who remain for an average of 3 years within the BI. An estimated 60 per cent of the 20 jobs created have survived after three years since graduation. YREC is run by part-time manager, Phil Waddell, who indicates that the BIs’ sustainability is based upon a continual reliance on 24 per cent of revenue coming from public subsidies, namely the Shire of Yarra Ranges.²⁴⁵ The Warburton site is provided by the Victorian Department of Sustainability and Environment under a rent-free, 10 year agreement.²⁴⁶

The Dandenong Ranges Community Cultural Centre (DRCCC) in Upwey was established in 1998 and is also overseen by a part time manager, Ross Farrnell, within the Burrinja Art complex. Seven studio spaces for arts businesses are leased at this complex from the Dandenong Ranges Community Cultural Centre Inc. and operate at 100 per cent occupancy for an average incubation of two years.²⁴⁷ Of the 31 jobs created by graduating tenants, approximately half survive.

Across both of the part-time management duties for the two centres, 30 per cent of their time is provided in YREC and 7 per cent in Burrinja towards advising tenant businesses. This is reflected in the survival rates of graduating tenants, currently running at 60 per cent and 50 per cent respectively. Mr Waddell believes his BI’s success is due to:

- sensible rental terms and conditions;
- mentoring support and advice;
- peer group support and encouragement; and
- facilities to suit tenant needs.²⁴⁸
Mr Farnell noted that BCCC has a greater public visibility for the BI tenant businesses and attributes this to:

- flexible rental terms;
- a welcoming atmosphere;
- networking; and
- public visibility.\(^{249}\)

Ian Ada, from the Yarra Ranges Shire Council, further explained:

_We have a small company called Yarra Ranges Enterprise Centres, which runs a couple of business incubators in Warburton and Upwey but we would certainly like to expand these ... We would certainly see potential for one in Healesville but it is very difficult to get funding from government sources in this area at present.\(^{250}\)_

The Committee agrees that although the existing few outer suburban BIs have achieved a foothold in the regeneration of their respective LGAs, more assistance and resources are required to lift their operations from property management to that of nurturing future innovative and entrepreneurial businesses in a financially sustainable manner.

**RECOMMENDATION 141**

The Victorian Government, in consultation with all outer suburban councils and other stakeholders, fund an independent business specialist with expertise in BIs to review strategies for existing outer suburban Business Incubators at Mornington Peninsula and Yarra Ranges, to enhance their performance and improve their financial sustainability. The results of this study can then be used as a template to guide the successful establishment of other BIs around Melbourne’s interface.

**RECOMMENDATION 142**

The Victorian Government, upon receipt of the above-mentioned specialist’s report, provides one-off funding and resources to Business Incubators in Mornington Peninsula and Yarra Ranges, to help develop their facilities so they are better placed to be financially viable and environmentally sustainable over the long-term.
**Benchmarking, Monitoring and Review**

Most incubators already gather data on their tenants but often, this information is not easily comparable.\(^{251}\) The Committee notes there is no central point to access a broad range of BI benchmarking information, nor does there appear to be any regular review of Australian BI benchmark indicators. BI expert Alistair Nolan, noted that:

*There is a marked scarcity of methodologically sound studies on the impact of business incubators. Much of the available writing on incubation is promotional, affording little information of real value to those who formulate public policy.*\(^{252}\)

The following BI reviews also highlight the scarcity of methodologically sound studies and a lack of general information:

- the 1998 Finney Whelen International review of Victoria’s BIs argued ‘incubator managers need to be encouraged to undertake performance monitoring of tenant businesses consistent with best practice’\(^{253}\);

- the 1999 Price Waterhouse Coopers’ national survey of BIs undertaken for the Department of Employment, Workplace Relations and Small Business, found a need to develop ‘mechanisms which will ensure more rigorous assessment of incubator viability and potential performance’\(^{254}\);

- the 2002, CSES *Benchmarking of Business Incubator*, report, commissioned for the European Commission Enterprise Directorate in Brussels, found ‘actions are needed … to put a framework in place to support the process of developing and sharing best practice’\(^{255}\); and

- the 2007 Washington State Joint Legislative Audit and Review Committee concluded that to measure the success of incubators, the ‘systematic collection of business incubator data might … establish basic information that at a minimum, will assist in comparing incubators to each other and to “best practices”, a necessary and first step towards understanding incubator performance and success’.\(^{256}\)

The Committee agrees that the formulation, regular collection and dissemination of BI benchmarking information would better inform serve to assist public policy decisions affecting this sector and ultimately enhance LED.

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**RECOMMENDATION 143**

The Victorian Government partners with BIIA and other stakeholders to formulate and implement a consistent format to set minimum benchmark requirements for Business Incubators.
Chapter 6: Encouraging Local Economic Development

RECOMMENDATION 144
The Victorian Government formulates and implements a quality assurance system by which Business Incubators are able to monitor, audit and report on the performance of tenant businesses for up to five years, post-graduation. This information should then serve to support benchmarking practices for all BIs, especially those currently operating in Melbourne’s outer suburbs and those that may be established in the future.

RECOMMENDATION 145
The Victorian Government develops and supports a process by which Business Incubators share best practice principles and examples, particularly across Melbourne’s outer suburban councils and their Economic Development Units.

Further, CPA Australia found ‘the single largest contributor to business failure is financial mismanagement, responsible for 32 per cent of businesses failures’ and a further 15 per cent ‘fail specifically due to incompetent management largely arising from lack of experience’. Cast in this light, it would be reasonable to ask whether or not BIs make a difference compared to other sources of small business support and advice services. On this issue, Alistair Nolan noted:

> In fact, many practitioners understand that there is a need for studies that assess the degree of “additional” job creation and enterprise performance brought about by incubators (by comparing firms within incubators against similar firms outside). Also needed are comparisons of the costs of incubation against other measures that might be employed to achieve similar outcomes.

A viable method of obtaining comparisons was proposed by Dr Hugh Sherman, Dean of the College of Business at Ohio University, who recommended having:

> …the incubator management select a comparable control company at the time that they select a new tenant. This comparable firm should be in a similar industry, stage of development and size. Then, the incubator management will need to provide an incentive for the non-treated firm to participate in annual surveys so that the needed comparison data will be provided.

BIs are generally regarded as providing an ideal environment for a start-up, generally supporting a higher business survival rate compared to the average new small business. Nonetheless, when seeking public funding, BIs need to do a better job in comparison with similar non-incubated businesses, by reviewing and monitoring tenant and non-tenant business outcomes.
Until comparisons with similar non-BI businesses can be made, the Committee believes the effectiveness of BIs cannot be fully determined. On interpreting the impact claims of BIs, Alistair Nolan identified that:

> Even surmounting this evaluation problem – the problem of attribution – an increased rate of survival and improved corporate performance are only to be expected in firms receiving assistance. This underlines the critical point for the evaluation of public policy: that it is the ratio of costs incurred through incubation to benefits generated which matters. ... Furthermore, high rates of business survival may not be a good indicator of incubator effectiveness if a major share of the surviving firms are marginal survivors or “lifestyle” enterprises.

... 

Contrary to common practice, the focus of incubation should be on enterprise development rather than employment growth. ... measures of incubator performance should record different dimensions of enterprise development (such as reducing the time which enterprises take to establish market niches; reducing the time to develop new products if the incubator has a technological orientation; and improving management practices and/or the technology of enterprises). 

Overseas and local research indicates that regular evaluation of BI performance and targets will help ensure incubators meet their goals, evolve with the market and better serve tenants. Nonetheless, many would agree that: ‘one important impact of incubators is the development of social capital in a community’. Notwithstanding this view, ‘These catalytic impacts are very hard to measure and analyse’.

**RECOMMENDATION 146**

Once benchmarks for BI quality and performance have been agreed and established, the Victorian Government undertakes annual cost-benefit analysis of Business Incubator tenants in comparison with non-tenants, with the results publicised. This analysis should focus on the LED contribution made by BIs to the LED of their region, especially in Melbourne's interface.

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**Conclusion**

Several of Melbourne’s outer suburban councils have expressed an interest in developing local BIs; however the Committee believes such investments should not be undertaken without first completing detailed cost-benefit analyses. The evidence so far indicates that mixed-use BIs tend to be more successful when operating within complementary and wider business environments, as shown in the case studies presented earlier in this section. Notably, these BIs are:
• closely connected with a place of higher education, as in the Greenhill Enterprise Centre’s links to Ballarat University;

• within clusters or technology precincts, as in the ICT special purpose incubators;

• in areas which benefit from a busy and prominent High Street presence, as in the Brunswick Business Incubator; and

• offer additional services to remote and virtual BI tenants, such as in the case of the Darebin Enterprise Centre Ltd.

BIs currently operating within Melbourne’s outer suburban areas require assistance in identifying, funding and implementing strategies to lift their level of operation from property managers to that of innovative and entrepreneurial incubation managers. Although the role of BIs is linked to the regeneration and promotion of an area and financial and environmental sustainability, they are also representative of a community’s social capital linked to its long-term future.
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Business Parks and Clusters

During its inquiry, the Committee examined the merits of ‘business parks’, ‘clusters’, ‘science/technology parks’ and BIDs as physical ways to encourage LED in Melbourne’s outer suburbs.

Rather than undertake an exhaustive examination, the Committee inspected several noted ‘parks’ of various purpose and considered evidence given by developers, local council representatives and other stakeholders. This section summarises that evidence and makes recommendations based on the Committee’s findings.

Defining ‘Business Parks’

The modern grouping of businesses into a ‘park’ appears to follow the earlier growth of British industrial estates that commenced over a century ago. For example, Scott notes that from 1897 to 1939, it had become popular in England to co-locate manufacturing firms:

Highly concentrated in outer-London and the South-East and strongly associated with the 'new industries' of the 'Second Industrial Revolution', industrial estates rapidly expanded to accommodate plants employing around 285,000 people by 1939. They are shown to have provided a number of important advantages to manufacturers, which fostered external economies of scale, reduced production costs and accelerated growth.263

In Australia, ‘business parks’ have proved more cost-effective to develop in suburban locations because of cheaper land and the lower costs associated with building wider, not necessarily higher facilities. Such parks are often located near motorways or main roads for ease of access for staff, clients and goods.

In Melbourne, developers and local government commonly use the term ‘business park’ to describe a new centre for commercial enterprise. For this inquiry, the Committee observed the following popular definitions for ‘business park’:

- an area specially designated and landscaped to accommodate business offices, warehouses, light industry, etc.;
- a site with a high standard of development and landscaping accommodating a range of business uses; and
- an area of land in which many office buildings are grouped together and all of the work that goes on is commercial, not [heavy] industrial or residential.

Business Park Case Study 1: University Hill

During its inspection tour of the City of Whittlesea, the Committee viewed progress at MAB Corporation’s University Hill Project, which began offering development sites in 2006. This mixed-use retail, commercial and residential precinct offers ready access to the Metropolitan...
Ring Road and Plenty Road and is within close proximity to La Trobe University’s Bundoora campus and an RMIT campus. Notably, its two designated business parks have attracted some key tenants including Yakka, Siemens and VicRoads.\textsuperscript{267}

Chris DeSilva, from Whittlesea City Council, told the Committee that University Hill was a good example of an outer suburban council ‘facilitating appropriate land zoning and leading design outcomes to create good quality employment areas’:

*Its history was that it was designated as a high-tech park to be associated with La Trobe University and RMIT. The land laid dormant for in excess of 10 years, held by various owners and was eventually sold by RMIT. At that point the developer, MAB Corporation, said to the council, ‘What’s your objective for this site?’ The council said, ‘We have got a singular objective, which is employment generation; we are open-minded about how we achieve it, but that is the objective’.*

*What since transpired was a fairly innovative process where we had a week-long lockdown with the developers and we actually worked with the developers, consultants and council staff to understand the delivery strategy for employment growth on that site. As it has transpired, it became a mixed-use concept that relied on basically service-based employment opportunities to support the prospect of higher order employment-based opportunities.*

*The irony is that had there not been a historical zoning in place to support a mixed-use development, inadvertently we would have been bogged down for probably somewhere in the order of two to two and a half years, trying to rezone the land and to incorporate a retail component into that site that would have been open to scrutiny by all sorts of parties and probably contested just from an in-principle position.*

*Simply because the zoning provisions allowed that sort of use, inadvertently we were able to move forward very quickly and deliver those sorts of outcomes and the site is now under development. The question for the group is: how could you facilitate that sort of initiative without being constrained by the planning process in a negative sort of way? And it is a very difficult proposition as to how you would achieve that in the time frames within which these developers need to move.*\textsuperscript{268}

MAB has been developing business parks since 1996, notably the Northcorp Industry Park, Broadmeadows; the Global Business Park, Tullamarine (home of The Age facility near Melbourne Airport); the Translink Business Park, Keilor Park; the National Business Park, Campbellfield (a joint venture with Ford); and the NewQuay development at Docklands. The corporation is also developing a new park on the former Goodyear site on the Metropolitan Ring Road in Thomastown.\textsuperscript{269}
David Hall, MAB’s General Manager of Business Parks, told the Committee its 104 hectare University Hill had allowed his business to further develop its ‘mixed-use planning expertise’:

*University Hill is an excellent example of Council putting in place a flexible planning regime with a clear focus on delivering a unique mixed-use development, with a focus on job creation and a high-quality urban design outcome. Very often, limitations are placed on the planning and development of a site due to the constraints or nuances of the particular zone in the project. Indeed, what you have seen happen at University Hill is that we have planned to drive the controls rather than go to the controls to try and inform the development. That certainly should be the objective.*

... 

*The planning framework put in place by the City of Whittlesea ... outlined very clearly Council's objectives, yet it was enabling rather than controlling ... The Council did not dictate a form of development nor did it present us with a plan. There was a strong agenda for a quality development and a commitment to job creation and economic development. Importantly, we acknowledge that the Council had high expectations for the project and had been waiting a very long period of time to see any action on the site.*

And so commenced the excellent partnership, which has been recognised in the awards that this project has received, between Council and MAB. Council officers articulated the wishes of the Council—and, indeed, the broader community—but recognised that we, as the private developer, would be able to bring our planning, development and commercial expertise to the table.270

Working in partnership with the Whittlesea City Council, MAB staged a three-day workshop with all major stakeholders – including the council, Melbourne Water, Yarra Valley Water, RMIT University, Parks Victoria and specialist consultants – after which Mr Hall noted:

*... we had essentially designed the project at a high level and indeed, gained a significant amount of trust between the developer and the Council Officers. From our perspective, we believe that this process expedited our planning and delivery by about 12 to 18 months; not only did we identify the constraints and opportunities but importantly, we were undertaking our inquiry and design for the land with Council Officers alongside us. We were also reminded by the Council Officers about what types of uses and forms of development would not be acceptable.* 271

Mr Hall also highlighted the project’s success relied heavily on ‘trust and openness’ between developers and the local council, with council having ‘a very clear objective about the quality and attributes of the project but had the maturity to ask the private sector to shape that plan’.272 At the heart of that plan was council’s desire to create more local jobs and boost LED:
When the Council Officers recommended the approval of the ... plan to Council, it was noted that this project would deliver directly 3,000 jobs; which was a commitment that we made that informed the planning of the site. To date [July 2007] we have confirmed, in terms of construction and deals that have been completed, in excess of 1,000 jobs. We think that is a very good achievement, considering that construction only commenced two years ago [in 2005]. Indeed, trunk infrastructure is still being completed whilst people are working on the site.273

As a result of MAB’s experience, Mr Hall offered the following advice for developing similar business parks and LED opportunities in the outer suburban LGAs:

The success of University Hill has been enhanced through the lack of adherence to the traditional planning framework ... [and recognises] the importance of planning for employment rather than planning for industry and this is important as we better understand the changing labour market in our growth areas. ... The strong message about University Hill is a strong collaboration between the City of Whittlesea and MAB Corporation, with a flexible planning framework. Importantly, the project has been planned and constructed in a very short period of time and, while this has all occurred in a growth area, there was no involvement from a Smart Growth Committee nor from the Department of Sustainability and Environment. Its success can be attributed to a council that has adopted a strategic approach to the planning of its municipality, with a very good handle on growth area planning.274

Business Park Case Study 2: Northpoint Enterprise Park

Continuing its council-hosted tour of the City of Whittlesea, the Committee viewed progress at the McMullin Group’s Northpoint Enterprise Park at Epping. This 125 hectare combined business and industrial park boasts ‘immediate access’ to the Hume Freeway on its western boundary. The freeway in turn connects to the Metropolitan Ring Road and on to the Melbourne CBD and the Port of Melbourne.275

Whittlesea City Council’s Mayor, Cr Kris Pavlidis, told the Committee that Northpoint was the focus of some welcome LED in the growth corridor of High and Cooper streets:

Northpoint Enterprise Park, the business park of the north, [is] part of the Cooper Street employment area development plan and home, or soon to be home, to large international companies like Sumitomo Australia Ltd and the Mexican corn chip manufacturer Gruma Corporation, who will be basing their Asia and Oceania operations in this park. This area in Cooper Street is also going to be home to the Epping Medical and Specialist Centre. Construction will commence in November of this year [2007] and will incorporate consulting surgeons, physicians, general practitioners, and allied health practitioners complementing the Northern Hospital and making this area a complete medical services cluster.
There is even strong interest in a private hospital being located along this area as well. 276

John Purdey, from the McMullin Group, told the Committee that Northpoint’s principal LED advantage was its location:

... approximately one kilometre from an established retail, commercial and educational area, which includes the Epping Plaza shopping centre, Northern Hospital and Northern Melbourne Institute of TAFE. Epping has been designated an activity centre under the Victorian Government planning strategy Melbourne 2030. We are also close to existing and expanding residential areas that provide an active and able workforce for companies locating at Northpoint. Northpoint is a joint venture between local businessman Mr Robert Scanlon and the McMullin Group. Mr Scanlon was primarily responsible for the rezoning of the land and the ultimate location of the path of the Hume Freeway adjacent to the site.

Mr Purdey said that it was ‘Mr Scanlon’s foresight’ in siting Northpoint adjacent to a major transport route that ensured its success, as well as a good relationship with the local council:

... in the development of Northpoint, it was necessary to work closely with council towards the common objective of providing employment for that part of metropolitan Melbourne. Indeed, it has been a partnership that has proven very successful. It has been great to work with a proactive council, which has as one of its main goals, the future development of a business precinct, not just an industrial park, that will add value to the rapidly expanding residential areas to the north and north-east. Council has been prepared to provide relocation assistance grants to companies which are wanting to be part of the Whittlesea council area. Our estimate is that Northpoint will provide around 4,500 jobs. That goes to help out the one-to-one ratio that the council talks about. 277

Despite the growth of business parks in the City of Whittlesea, Mayor Pavlidis told the Committee of an ongoing need for more office accommodation in the north – either within business parks or other designated areas – to also encourage business development and LED:

One of the initiatives the council is about to embark upon is a campaign to address the lack of commercial and office investment in the municipality. Fresh research undertaken through the regional economic development body, NIETL and NORTHLink [resulting in the report titled: Northern Exposure – an analysis of office and commercial accommodation issues in Melbourne’s North278], highlighted the misperception of Melbourne's north as a destination for either a corporate headquarters or for investment in office suites for businesses. We will be working with our developers and others to significantly change this view in the coming months and looking for government to actively support this initiative as well. 279

In his evidence to the Committee, Mick Butera, from NORTHLink/NIETL, agreed the provision of more commercial office accommodation was essential for generating more LED:
... we are talking about the sort of accommodation that will be used by professional services — whether it is the finance sector, whether it is other sectors. We have just completed a study on office commercial accommodation supply and demand in the region [Northern Exposure – an analysis of office and commercial accommodation issues in Melbourne’s North280] ... It has been based on extensive interviews with over 90 people ... who understand the sector — the financiers, the property developers, as well as the users of office commercial accommodation. It would appear that there are some significant opportunities for us to really promote office commercial accommodation in the region. ... This study has a very large number of recommendations. One in particular ... is ... that the Urban Development Program, which has a look at industrial and residential land throughout Melbourne, address the issue of identifying a supply and demand for office commercial accommodation in the five growth areas of Melbourne. By doing this, we might be able to ease some of the transport problems related to employment that the lack of office commercial accommodation in these areas creates at the moment. ... another important recommendation is that there is a bit of a blockage sometimes in converting areas that are suitable for office accommodation into office accommodation because of planning restrictions and planning requirements. There is a recommendation in there that this be looked at — that it be made easier for the conversion of areas into office commercial accommodation.281

In Melbourne’s outer north-east, Nillumbik Shire’s Andrew Port, told the Committee a shortage of ‘small and medium sized office buildings’ frustrated LED growth in his municipality, in order to:

... meet the needs of some of our people in this area who would like to work locally rather than travelling to other parts of Melbourne, particularly the inner city, where there are ready supplies of office accommodation. There is not a lot available in this area and in both of our structure plans we are trying to address that issue. The committee may be aware of a recently released report called Northern Exposure282, which has been prepared on behalf of the whole northern area of Melbourne to look at different types of commercial office development that could be provided across the northern region. It is seen there is a real shortfall in the area compared to the central and southern areas of Melbourne ... Nillumbik would see its place in that northern region as providing small- to medium-scale offices that meet the needs of professionals such as accountants, lawyers, IT [Information Technology] consultants and the like, but also perhaps some of the more design-oriented people that have a traditional association with Nillumbik shire—architects, designers and the like.283

Given Nillumbik’s predominant status as a ‘green wedge shire’, Mr Port said it was not suited to ‘any broadscale industrial development’. However, he saw potential for council and the Victorian Government to encourage more office and retail accommodation in key commercial sites, for:
... the demographic of the municipality, with a lot of people with tertiary qualifications and the like, really lends itself to a greater provision of office type jobs in the local area and the problem at the minute is a lack of bricks and mortar for them to occupy. Not all people will want to move into an office. Some of them are very happy working in their homes and one of the reasons they choose to live in Nillumbik is because ... they want to remain in that environment during the working day—and it is cheaper. But there are those who would, for various reasons, including dealing with clients and so forth, like to be able to move into offices ... we have completed structure plans for both Eltham and Diamond Creek ... [and both] of those make provision for some additional office development, but it is not going to be to an extent that is going to make a big difference to ... the number of people moving in and out of the shire each day; it is what we can do to try and address their needs.\textsuperscript{284}

In reviewing all of this evidence, the Committee firstly commends NORTHLink/NIETL for undertaking its survey \textit{Northern Exposure – an analysis of office and commercial accommodation issues in Melbourne’s North}.\textsuperscript{285} The Committee views such qualitative ‘grassroots analysis’ as essential to gaining a more informed view of commercial office needs in the outer suburbs and the links to LED.

Having considered the report in full, the Committee encourages DIIRD and DPCD, in particular, to work with the seven local councils under the NORTH Link/NIETL umbrella to act on the report’s recommendations, especially where they demonstrate an obvious benefit for LED in the region. Other outer suburban LGAs may also benefit from these findings.

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\textbf{RECOMMENDATION} 147  \\
\textit{The Victorian Government works with NORTH Link/NIETL, local councils in Melbourne’s outer north and other stakeholders, to further assess and act on the recommendations made in the report titled \textit{Northern Exposure – an analysis of office and commercial accommodation issues in Melbourne’s North}, especially where these recommendations are still current and show obvious benefits for encouraging LED.} \\
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\textbf{Business Park Case Study 3: Caroline Springs}

Melbourne’s North was not the only area attempting to encourage further LED through the provision of additional commercial and professional office space.

At Caroline Springs in the Shire of Melton, Delfin Lend-Lease had been actively encouraging more residents to work in local businesses. Anne Jolic, Delfin’s Economic Development Manager, told the Committee that when Caroline Springs was completed in 2012, it would be home to about 23,000 people, some of whom would work in the ‘town centre’:
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We opened our town centre in 2004. ... At completion it will comprise of about 45,000 square metres of retail, including two supermarkets and department stores and cinemas and about 35,000 square metres of office development; a significant commercial and retail hub. Also on the other side of the town centre, there are a number of schools, civic and cultural facilities. The library ... is located across the road, all part of the town centre and also residential. ... Currently on the project, we have about 2,700 jobs and they come from a range of different industries, mainly education, retail and commercial in our town centre and other things like VicRoads offices there, Delfin offices and the like. That includes about 500-odd home base businesses on-site currently located. They come from a mixture of backgrounds, mainly construction and trades and then professional type services.286

In 2004, Delfin began investigating how it could help grow the 200-odd home based businesses already operating across Caroline Springs287:

We started at that point to institute a networking group ... Through that, we started to talk to these businesses about what the requirements were. We did a piece of research in late-2004 on business needs and there were three key messages that came out of that. Local businesses were looking for places to meet in a professional environment that was not their kitchen at home. They were looking at a professional environment to meet with clients to undertake presentations. Lots of home based businesses felt as if they could not yet afford to move into office accommodation. They were not prepared to enter into a four or five-year lease and could not fathom prices that were on offer at Caroline Springs at the time, so they were looking for more affordable office accommodation. They were also looking for business planning and administration support, also looking for networking support to be around other businesses but support with how to grow their business, how to prepare documents, how to answer the phone correctly, how to undertake a presentation, that sort of general administration support.288

As a result of its investigations, Delfin funded a pilot project in June 2005, called the Space 2 Business Lounge, in the upper stories of a building in the Caroline Springs’ ‘town centre’:

It was a conversion of our old Delfin sales and information centre. We turned that into about nine serviced offices, two training rooms, a series of small meeting rooms and it was staffed by four Delfin staff members. It was very well received. Some of the impetus for us to do that was we saw Space 2 as a catalyst to kick-start commercial development within the town centre, a way to house the home based businesses and grow their businesses, people who were not necessarily ready to make the jump to the town centre but needed some interim arrangement. Space 2 was the catalyst to do that.289

Delfin found an immediate take-up for this type of small business accommodation and administrative support services:
Doreen, who is a local architect at Caroline Springs ... was the first person to take up a tenancy within the Space 2 Business Lounge. She moved from her home, was operating a home office, moved to Space 2 which provided affordable rental and some business support services and has now moved into commercial space in the town centre. 290

Luke Shannon, from Melton Shire Council, also saw great merit in the Space 2 initiative:

Space 2 ... was an initiative supported by council but certainly driven by Delfin Lend Lease. That provided effectively a virtual and administrative support centre for small business within the Caroline Springs area but also the wider shire which provided effectively a business base for newly establishing businesses to provide them meeting space and administrative support in the running of their business which is fundamental, particularly in the early days of the establishment of a small business. 291

From its own tour of the developing Caroline Springs town centre, the Committee was impressed with Delfin’s encouragement of local commercial and retail activity, which in turn had obvious benefits for fostering LED and reducing the need for local residents to travel longer distances to work.

The Committee viewed the Space 2 Business Lounge as a particularly worthy ‘template’ for other outer suburban developers to emulate, in order to assist micro and HBBs make a successful and affordable transition to the next stage of their growth and contribute to LED.

**RECOMMENDATION**

The Victorian Government through the Growth Areas Authority and local councils, encourage the inclusion of an appropriate amount of quality commercial/professional office accommodation into all new developments in Melbourne’s outer suburban LGAs, particularly suited to the needs of emerging micro and home based businesses. Further, such accommodation would be best placed adjacent to designated retail/commercial areas and infrastructure such as public transport nodes/routes, major roads and broadband ICT facilities.

**Siting Business Parks**

In his evidence to the Committee, John Purdey explained the rationale behind the siting of the McMullin Group’s business parks:

*I have always worked on a philosophy that business gets done where roads interconnect. That is why we worked hard to achieve this development in Epping. ... we are doing a development down at Pakenham. Again, that development is where the new Pakenham Bypass meets Koo Wee Rup Road. It seems to us that*
there is a natural inclination of business to want to locate—it is based on the American experience, I suppose: business does get done ... [and] road access is very important to all these people. 292

Apart from transport access, DIIRD’s Acting Director for Industry and Trade Policy, Sam Steele, presenting to the Committee on behalf of the Victorian Government, noted the availability of land was a key consideration:

A particular issue in relation to the outer suburban areas that I believe DIIRD has raised is the availability of industrial land in the outer areas of Melbourne, particularly the availability of large sites that can accommodate the scale of investment projects of the sort that you are describing. I believe that is a difficulty. In past years, Melbourne’s availability of industrial land was one of its key selling points but with the pace of urban development and the use of large areas of land for residential development, that is becoming more of a constraint. So certainly it is an area that DIIRD is aware of and keen to address. 293

The City of Casey told the Committee it was interested in seeing more business, technology or science parks, complete with suitable office accommodation, established in its region. The City of Casey’s Peter Fitchett, said such parks could eventually form around his region’s education and health facilities:

Berwick Village is a commercial centre of longstanding and council is investing strongly into that centre. It has some creative funding programs in place with trader investment into infrastructure improvement, alongside council investment. The adjoining Casey Hospital precinct and the campus of Monash University and TAFE and the TEC and technology park nearby create a great opportunity to provide an employment, education and retail hub in and around Berwick Village. 294

To fully realise the LED potential of hubs such as Berwick Village, Mr Fitchett advocated a greater focus on research and development investment in outer suburban areas:

We are endeavouring to free up land near the hospital, the university and the TAFE for a technology park. That is one of the very exciting visions that C21 (or Casey 21) has for the city. Currently, we are going through a structure plan to best position that land for take-up for R and D or high-tech purposes. We know that everyone around Melbourne is chasing those sorts of investment opportunities but we believe that by being located where it is and well serviced by those particular institutions, the land will be attractive. 295

**Science/Technology Parks and LED**

As part of its investigations into the potential LED benefits of establishing more business parks in outer suburban Melbourne, the Committee briefly examined the potential of the
derivative ‘science parks’, also known as ‘technology parks’. According to the British Council, a ‘science park’ demonstrates three essential features:

- An initiative for the establishment and growth of technology-based enterprise;
- Formally and operationally linked to a centre of technical expertise; and
- An organisation which provides management support for its tenant companies.  

Meanwhile, the International Association of Science Parks (IASP) defines a ‘science park’ as:

... an organisation managed by specialised professionals, whose main aim is to increase the wealth of its community by promoting the culture of innovation and the competitiveness of its associated businesses and knowledge-based institutions.

To enable these goals to be met, a Science Park stimulates and manages the flow of knowledge and technology amongst universities, R&D institutions, companies and markets; it facilitates the creation and growth of innovation-based companies through incubation and spin-off processes; and provides other value-added services together with high quality space and facilities.

The Committee observed that Melbourne’s interface was without sufficient good examples of ‘science parks’, though there is excellent potential in terms of available sites, the possibility of corporate partnerships and learning/research centres of excellence; for example, the Werribee Technology Park in Wyndham, adjacent to a Victoria University campus.

One of Melbourne’s best examples of an emerging ‘science park’ is the area surrounding the Australian Synchrotron at Clayton. The synchrotron sits adjacent to Monash University’s main campus, which abuts the CSIRO’s single largest research facility in Victoria. More than 800 CSIRO staff work at Clayton ‘on projects designed to benefit the community and industries, in areas including: energy, mineral resources, forest products, manufacturing, chemicals, health, information and agribusiness’.

In December 2007, the Committee’s Secretariat attended the official ‘scientific community’ opening of the $207 million Australian Synchrotron. Then in early-March 2008, the Committee took an inspection tour and briefing of the facility, led by its Director, Prof. Robert Lamb. He told the Committee that as a result of the synchrotron, university and CSIRO, a range of smaller complementary ICT, general technology and bio-technology private sector facilities had begun developing on previously vacant land or light industrial sites in this part of Clayton.

During its briefing and site visits, the Committee also learnt that:

- the first synchrotron was built in 1947 and today there are 40 around the globe;
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- a synchrotron is like a giant microscope that generates its own light energy at different wavelengths to allow real-time analysis of chemical, mineral or biological samples for direct R&D application in agriculture, advanced materials, environmental technologies and services, defence industries, forensics, food science, manufacturing, medical, minerals, micro-technology, oil and gas, pharmaceuticals and scientific instrumentation;

- the Australian Synchrotron was built over five years, as a partnership between five state governments, the Commonwealth and New Zealand Governments, 25 Australian universities, CSIRO, ANSTO and other research bodies – primarily to advance Australia’s bio-tech research profile and capability; and

- when the Australian Synchrotron officially opened (on time and on budget) in July 2007, it was the most powerful yet built and represented the ‘third generation’ of these diagnostic tools.

In 2007, the Australian Synchrotron secured $100 million to cover its operating expenses over the next five years ($50 million each from the Federal and the Victorian Governments), which notably includes a power bill of around $160,000 per month. At the time, Premier John Brumby saw this as a worthwhile investment, arguing the synchrotron would generate $110 million a year for the national economy and create 2,500 direct and indirect jobs.

Dr Steve Gower, External Relations Manager for the Australian Synchrotron, told the Secretariat his facility formed an important adjunct to the other bio-technology, learning, research and development facilities in the immediate precinct, adding significantly to the scientific / research cluster in Melbourne’s south-east.

Further, those scientists and researchers from around the world now travelling to Melbourne specifically to use the synchrotron were contributing to the area’s economic ‘multiplier effect’ by patronising local hotels, motels, restaurants, shops, taxis, sight-seeing companies, etc. This in turn generated valuable export income for Australia and created employment, especially in the local services sector.

Dr Gower said his organisation had begun collecting data on the synchrotron’s economic benefits for Melbourne, as a means of confirming it as a worthwhile model for further government investment in world-class R&D. However, he indicated it would take at least 12–24 months before he could report any reliable results.

Apart from any economic benefits flowing from the previously mentioned ‘multiplier effect’, Dr Gower said a big incentive for building the synchrotron was to stem the exodus of the nation’s scientists from going overseas, possibly never to return – though he admitted it would be difficult, if not impossible, to accurately measure the long-term economic benefits of retaining Australia’s ‘intellectual capital’.

Dr Gower believed the synchrotron could prove to be ‘the Grand Prix of science in Australia’: an entity that generates flow-on benefits well beyond its initial investment cost. That view was shared by Dr Michael Grunze from the University of Heidelberg in Germany,
who told scientists at the facility’s ‘scientific community’ opening that ‘synchrotrons overseas attract industry, who then pay for operations and create lots of new jobs’.

The Committee realises the synchrotron’s neighbourhood of Clayton is no longer considered an outer suburban LGA. Nevertheless, this facility and the smaller research operations and businesses now growing up around it, demonstrate what could be emulated on new greenfields sites in the peri-urban region, given sufficient support and a ‘core tenant’. This approach was most recently demonstrated in Ballarat in late-August 2008, when IBM announced it would establish a new $10.8 million ‘services centre’ at the University of Ballarat’s Technology Park, creating 300 new jobs.303

Certainly, there appears to be some potential for La Trobe University at Bundoora to link with organisations in Melbourne’s outer north, while Monash University at Clayton could partner with organisations in the outer south-east growth corridor – though the Committee did not receive information from either organisation regarding any such plans.

However it is achieved, the Committee believes the creation of more ‘Silicon Valleys’ across Victoria would not only bolster the state’s scientific and technology base but also generate LED funded by export income.304 The Committee sees no reason why Melbourne’s interface should not share in this potential bounty.

**RECOMMENDATION 149**
The Victorian Government works with The Australian Synchrotron and its stakeholders to quantify and regularly monitor the facility’s current and future LED value to Victoria and Melbourne.

**RECOMMENDATION 150**
The Victorian Government works with local governments, the state’s scientific research community and other relevant stakeholders, to investigate potential investment opportunities to establish world quality science parks in Melbourne’s outer suburban areas, which would complement existing scientific research and development facilities, including the Australian Synchrotron.

**Bio-technology and LED**
Melbourne’s biotechnology sector is arguably one of Victoria’s most successful and prominent examples of how the ‘clustering’ of like businesses can generate LED. For this reason, the Committee took evidence from Tim Murphy, the CEO of the BioMelbourne Network. He began by explaining the growth of the biotechnology sector in Victoria over the past 15 years:
Biotechnology is very much a technique used to create new products or services from understanding our genetic material, from humans, animals or plants. So it is an incredibly diverse and wide-ranging industry, from food production to health care and pharmaceutical and to environmental issues around creation of new energy sources. The industry itself, from a health care perspective, is about 30 years old, so it is a new and emerging industry. From an environmental and/or food production perspective, it is even younger. We are talking about stuff that is happening now, so it is very, very new.\textsuperscript{305}

Mr Murphy said that Australia was among the ‘top six to ten regions’ in the world for biotechnology, with ‘about 45 per cent’ of Australia’s industry based in Melbourne:

\begin{quote}
Most of the [pharmaceutical] companies which operate in Melbourne are reasonably small. CSL is the only one of any sort of significant size — about a $20 billion market cap — which is big enough to produce, manufacture and export from here. Most of the other companies that have been developed over the last 10 to 15 years are in fact virtual. The way they create economic value is by partnering with big pharmaceutical companies like Pfizer, GlaxoSmithKline et cetera, so the production and manufacturing will be done offshore. They are an input into their supply chain.\textsuperscript{306}
\end{quote}

Most of Victoria’s biotechnology research, development and manufacturing occurs in Melbourne and Parkville around the campuses of Melbourne, RMIT, Monash and La Trobe universities. Mr Murphy added there was some food technology development underway in outer suburban Hume, Whittlesea and Wyndham involving NuFarm, Murray-Goulburn Nutritionals and Food Science Australia at Wyndham. He also confirmed the local biotechnology sector’s growth rate was ‘in single digits’.\textsuperscript{307} However, the Victorian Biotechnology Councils had published two reports suggesting how local councils could encourage more LED from biotechnology:

\begin{quote}
The first report that was commissioned in 2004, the Bioscience to Bioindustry\textsuperscript{308} report, looked at what the fundamentals are of the industry, as such, or the industries that are impacted by biotechnology. It made a number of recommendations about what local councils could do to support economic growth in their regions. They mostly dealt with issues around planning and an understanding by the local councillors so that if planning or production issues came up for zoning, they would be able to move them forward reasonably quickly, as well as education of the local communities about the benefits and pros and cons of biotech. That is when the next report, the Mapping the Life Cycle of Biotechnology Companies\textsuperscript{309}, came in. Most of the recommendations there again dealt with planning issues, zoning and public education issues, so that the local councils were aware of the opportunities and prepared so that if a particular company came to them with a zoning or planning request, they would be equipped to understand that request in the first instance and have connections into the industry itself to understand it a bit further.\textsuperscript{310}
\end{quote}
In assessing the value of biotechnology to Victoria’s economy, the Committee agrees with the BioCouncils Alliance and the Victorian Government that the sector is extremely healthy and retains plenty of potential to contribute further to the state’s economy and reputation in the field. The challenge for this inquiry has been to identify ways to encourage further biotechnology activity in Melbourne’s outer suburbs, including those where food technology is already well established: Wyndham, Hume and Whittlesea.

The reports mentioned by Mr Murphy in his address to the Committee are useful starting points; however, given the rapid changes in science and technology, their findings must be updated and the recommendations reviewed. Even so, they remain of great value to outer suburban councils or regional bodies keen to attract some biotechnology-related LED.

**RECOMMENDATION 151**

The Victorian Government works with The BioCouncils Alliance, outer suburban local councils and other stakeholders to review and where still appropriate, act on the recommendations from the reports titled: *Bioscience to Bioindustry – A Role for Local Government in Biotechnology in Victoria* and *Mapping the Life Cycle of Biotechnology Companies*, especially where there are obvious benefits for biotechnology-related LED.

The City of Wyndham’s food technology sector includes VU’s Food and Biotech faculty near Werribee. Dr Todor Vasiljevic, a Senior Technician in Food at VU, told the Committee the campus was part of an established agriculture and food technology precinct that included Agrifood, the Australian Dairy Starter Culture Collection (part of Dairy Innovation Australia Ltd), the National Centre for Dairy Education, Food Science Australia, the State Chemistry Lab and the Department of Primary Industries.

*The Bachelor Degrees are in biotechnology; medical, forensic and analytical chemistry; and nutrition, food and health sciences ... [and] involves the study of nutrition, food processing, function of foods and nutraceuticals and their role in promoting health. ... Regardless of what we do—teach, research—it is very well up-to-date equipment ... we have state of the art laboratory capabilities. We can do whatever you [can] think up in biotechnology or chemistry. We can analyse anything that we want. Other strengths are drawn from community and industry collaboration. We have well established collaborations with the industry ... [so] One good thing about food science and technology [is that] we do not have a problem employing our students, our graduates. The food industry ... is hungry for highly trained personnel—not just higher education, I am talking about TAFE as well. They are going to employ everybody that exists in our course within ... three months. Ninety per cent of our students find employment, which is very good. Our main problem is recruitment. ... When they [young students] see a course in food science and technology, they think it is about cooking; it is a
cookery course. We have to change it; change the title, call it home economics. ... Once they enter our course ... they change their mind. They finally realise what this is about. Food nutrition is not a highly demanded profession. It is food science that is highly demanding. They change their minds and they pursue a career in food science and technology.\textsuperscript{312}

Dr Vasiljevic explained that VU’s goal was for its Werribee campus to eventually become Australasia’s leading provider of food science and technology education. However, to do this required even greater co-operation between the local education and industry sectors:

What happens is we are importing intellectual property. Why do we have to pay for it [food science and technology innovation] if we have the same capabilities? I am just talking about cooperation. In that case, we can export services. We do that with the probiotics but, as I said, we can be greater than that. We can create future jobs. Certainly once the precinct is well established—it works here and there but we do not work as a unity. That is what it should become because it is all multidisciplinary. I am not claiming expertise in everything but I can go to Food Science Australia and ask them to help me with something that I cannot do. If we get together we can build a nice foundation for all this.\textsuperscript{313}

Victoria University was not the only organisation to promote a greater role for Wyndham’s food technology precinct; Nick Tsardakis, spokesperson for the Ratepayers of Werribee South, also told the Committee:

One area that we find is quite intriguing is the inexplicable slow development of the Werribee Technology Precinct to its full potential by the state government. It is over 1,000 hectares, it is one of the major and largest technology precincts, yet there is a limited amount of activity, a limited amount of infrastructure available to it which tends to prohibit it reaching its full potential. Two things that possibly could take place have been mentioned. One is the Food Discovery Centre and the other is: there is no reason why a trade park with on-site export and customs clearance operations could not be on it to speed up exporting.\textsuperscript{314}

The Committee agrees the Werribee Technology Precinct is ideally situated and structured to generate further LED for the City of Wyndham through food science education and new product research, development, manufacture and export. It also has ready access to the Port of Melbourne via the Westgate Freeway.

The Committee notes that two food group products – beverages and dairy products – together comprised 14 per cent of all containerised exports leaving the Port of Melbourne in 2006–07, placing them equal second in the port’s top 10 export categories. These foods are manufactured in Victoria using the latest techniques and technology and generate valuable income for the state, largely from sales into China, New Zealand, Japan and the US.\textsuperscript{315}

However, to maximise the potential of the state’s food technology sector, the Committee agrees with VU that more should be done to attract students into this area of science and to
promote the precinct to potential food companies and research organisations keen to service the Australasian market from a local base.

**RECOMMENDATION 152**

The Victorian Government works with the Australian Government, the BioCouncils Alliance, the City of Wyndham, Victoria University and other stakeholders to improve the marketing and appeal of food science education and research opportunities at the Werribee Technology Precinct.

**RECOMMENDATION 153**

The Victorian Government works with the Australian Government, the BioCouncils Alliance, the City of Wyndham, Victoria University and other stakeholders to investigate the feasibility of establishing a trade park with on-site export and customs clearance facilities, aimed at encouraging LED through enhanced biotechnology and food science/technology related exports.

**Developing ‘Clusters’**

Like ‘business park’, the term ‘cluster’ has been a popular term used in LED circles since it was first coined in 1990 by its chief protagonist, Prof. Michael Porter, from Harvard University.

Prof. Porter's influential ideas have given rise to a large body of theory and practice throughout the world and cluster-based economic development thinking has resulted in many hundreds of public-private cluster initiatives in virtually every country. He defines ‘clusters’ as:

> ... geographic concentrations of interconnected companies and institutions in a particular field. Clusters encompass an array of linked industries and other entities important to competition. They include, for example, suppliers of specialized inputs such as components, machinery, and services, and providers of specialized infrastructure. Clusters also often extend downstream to channels and customers and laterally to manufacturers of complementary products and to companies in industries related by skills, technologies or common inputs. Finally, many clusters include governmental and other institutions – such as universities, standards-setting agencies, think tanks, vocational training providers and trade associations – that provide specialized training, education, information, research and technical support.\(^{316}\)
By applying Prof. Porter’s definition, the Committee has identified several examples of ‘clusters’ in Melbourne’s interface, notably:

- the wine-making cluster centred in the Shire of Yarra Ranges;
- the automotive manufacturing cluster centred on the City of Hume and to a lesser extent the City of Whittlesea;
- the aviation services cluster focused on Melbourne Airport in the City of Hume;
- the food technology cluster in the City of Wyndham;
- the marine and port services cluster growing around the Port of Hastings within the Shire of Mornington Peninsula; and
- the new equine training industry cluster in the City of Melton.

The Committee has further noted the growth of several science and education based ‘clusters’ on the fringe of Melbourne’s outer suburbs, namely:

- La Trobe University and its ‘learning cluster’ at Bundoora, available to service Melbourne’s outer north; and
- the Australian Synchrotron and its ‘science cluster’ at Clayton, available to service Melbourne’s outer south-east.

As noted, these two examples are not strictly within Melbourne’s interface region; nevertheless, their proximity and potential for growth represents some future LED growth opportunities for further clustering.

The Committee acknowledges the City of Hume and the City of Whittlesea have been proactive in promoting the benefits of ‘clustering’ and have used data from the *Northern Melbourne Regional Profile*—assembled by the former Northern Melbourne ACC, through RMIT—to identify the following sectors for further development as ‘clusters’ serving their neighbouring municipalities:

- construction;
- manufacturing;
- retail trade; and
- transport and storage.

The Committee commends Hume and Whittlesea for their initiative in developing new ‘clusters’ and views their activity as an incentive for other interface councils to follow. Their efforts in establishing the Plenty Food Group were similarly acknowledged by the Victorian Government in its submission to this inquiry. Later, Sam Steele, from DIIRD, told the Committee more about the Victorian Government’s *Regional Innovation Clusters* program:
... that program has been quite successful in terms of providing a broad range of assistance, both at the small level for seminars and workshops to potential groups interested in forming clusters and then a range of financial assistance for different cluster types relating from the very much emerging-stage clusters right through to clusters on a global scale and the scale of assistance there matches those. My understanding is that the current funding for that program is fully allocated. I am not sure at this stage whether that is going to be extended or not, but I believe the take-up has been quite strong.\(^{319}\)

The City of Wyndham’s Greg Aplin told the Committee his municipality had great potential to develop worthwhile clusters across several areas:

Transport storage and logistics is an obvious strength of the region. Some big-box retail is a strength of the region. In our situation, chemicals and construction manufacture is a strength; and food processing. There are also things that are less known, like the automotive sector: most of the Toyota Land Cruiser components are designed out of Laverton North, particularly the drive trains, the chassis, the dashboards, things like that; the fact that I came in here in an Australian-made car and I sat on foam that comes out of a factory in Laverton North. There is this aggregation, this cluster of activity that occurs around Ford and General Motors and Toyota and this situation brings opportunities — and it is opportunities that we should be talking about; it is opportunities that we should be grabbing; it is opportunities that are going to turn this thing around.\(^{320}\)

The City of Casey was similarly keen to encourage regional clusters to promote LED, although Peter Fitchett from the council told the Committee it was ‘difficult for the economy to grow organically when its foundations … [were] so disparate’:

We have the beginnings of some clusters in and around the Hallam area but at the moment, they are very immature. We are working very hard to try to attract an array of like industries that would benefit from it being in a locale where they are close to each other and they can feed off each other in that regard. But at the moment in that regard, the market is not well developed and that is disadvantaging local businesses.\(^{321}\)

Mr Fitchett blamed the under-developed local business market on the area’s rapid growth, which had left:

... insufficient time for the development of CBD-type economic activities with a managerial, headquarter or regional administrative focus. We have very few large office-based operations within the city. Those that are office-based have very small offices and generally run between 5 to 20 people. At the moment, we have not developed that large office accommodation sector. We hope that the work we do on the Casey activity centre here ... will drive the further economic development of this particular regional activity centre. That would bring further employment and a more diverse range of uses into what is at the moment predominantly a retail-based centre or hub here at Fountain Gate.\(^{322}\)
A further problem related to rapid growth had been what Mr Fitchett views as the ‘relatively weak’ development of essential business networks, both within Casey and beyond:

We have three chambers of commerce that operate. You would say that the Berwick one is operating reasonably well, with a membership of over 150; the Cranbourne one is starting to get back on its feet again — it has a membership of, I think, around 40 to 50; and the Narre Warren chamber of commerce is starting to reform again, with only a small membership at the moment. We work closely with them in trying to build up their capacity but it is notable that there is a lack of business networking and local business networks that are out there. That again disadvantages some of the growth that can occur in terms of attracting and profiling and leveraging off-like and associated businesses. Related to that is that we believe there is a relatively small pool of business and community leaders. That again is something that we are actively trying to cultivate through the economic development unit of council working closely with the chambers of commerce, to try to build their capacity to better service local industry.323

LED in Melbourne’s Aviation cluster

As mentioned in Chapter Five, the privately owned Melbourne Airport Limited at Tullamarine is one of Melbourne’s single largest outer suburban employment precincts; consequently, it is a major contributor to LED in the City of Hume.

To highlight its importance, Melbourne Airport Limited’s External Affairs Manager, Brooke Lord, briefed the Committee on the airport’s contribution, relaying that the aviation precinct employed 12,542 people in 2007, generating an estimated $520 million annually in direct wages and thousands more jobs off-site. Freight worth $14 billion dollars moved through the precinct in 2007 and passenger traffic grew by 36 per cent from 2002 to 2007.324 Further, despite ongoing record hikes in jet fuel and the strong Australian dollar, Ms Lord anticipated continued growth:

For the nine years up until last year [2006], Melbourne Airport saw compound annual growth of international passenger traffic of 6.8 per cent, which was the highest percentage growth of any airport in the country. Over the last two years, we have seen that slow up a little; it has grown two and three per cent in the last two consecutive years [2006 and 2007]. There are a number of reasons, one of which is access to aircraft. We have seen a shortage of aircraft globally available to airlines because of the late delivery of the new aircraft such as the A380. That will right itself in the next couple of years as those new aircraft come on line.325

Once the larger aircraft now in operation overseas begin to arrive more frequently at Melbourne Airport, Ms Lord expects this will generate further significant economic benefits for the precinct, especially as more tourists visit Melbourne and Victoria:
Tourism, of course, is an industry that we support strongly. Obviously, we are a significant player in the tourism industry, particularly for international because it is really the only way they can get to us, unless they come into another port and travel by car. Tourism, as part of the [Victorian] economy ... contributes 5.2 per cent of gross state product. It was worth about $8.52 billion to the state economy in 2003 and employed about 6.2 per cent of the entire Victorian economy and what we found in 2003, as part of our economic impact study, is that the convenience of air links at Melbourne Airport, the number of services that we have and the way they link in together – just the way we operate – is worth about $1 billion to tourism revenue.\textsuperscript{326}

Melbourne Airport’s latest survey, conducted in 2007 and released in 2008, noted tourism contributed 5.3 per cent of GSP or $10.9 billion per year. The survey further reported ‘inbound tourists’ to Victoria spent $2.7 billion for the year ended December 2006, though there is no qualification as to what Melbourne Airport was worth to overall tourism revenue.\textsuperscript{327} Nevertheless, the Committee accepts the airport would be a significant contributor to Victoria’s tourism; further, this revenue and the LED it generates for Hume should be supported where responsibly possible.

The Committee accepts Melbourne Airport’s 2008 survey findings which advocate ongoing protection for its current curfew-free night-time operational status; sympathetic planning controls on land surrounding the airport and its flight paths; continued support for the airport in state tourism campaigns; and adequate transport infrastructure (as discussed in Chapter Five).

**RECOMMENDATION**

The Victorian Government works with Melbourne Airport Limited, the City of Hume, the Australian Government and other stakeholders to support the airport precinct’s current curfew-free time operational status, subject to normal review processes and Melbourne Airport Limited continuing to satisfy its operating licence requirements.

**RECOMMENDATION**

The Victorian Government works with the City of Hume, the Growth Areas Authority and other stakeholders to support the buffer zone/flight paths around the airport precinct from urban encroachment.
Chapter 6: Encouraging Local Economic Development

RECOMMENDATION 156
The Victorian and Australian governments and/or Melbourne Airport Limited assist affected stakeholders (especially landowners) to maintain pest weed control, fire protection and fencing in the buffer zone/flight paths around the airport precinct.

RECOMMENDATION 157
The Victorian Government works with Melbourne Airport Limited, to ensure the airport is adequately included in and supported by Victorian Government tourism campaigns, with the aim of enhancing the precinct’s LED potential.

RECOMMENDATION 158
The Victorian Government establish an inquiry into Greater Melbourne’s future aviation needs for domestic and international passenger travel and freight transport, and general commercial and private aviation needs. This inquiry may be broadened to include the major regional centres of Geelong (Avalon), Bendigo and Ballarat. It should also consider aviation’s future needs with regard to Victoria’s record population growth and competing demands for urban land, viable ground transport links to service expanded existing or greenfields air centres, the effect of climate change and the pending carbon emissions trading scheme; and further likely rises in aviation fuel costs.

Government Department Relocations
The Committee received evidence arguing the government sector should lead LED by example by relocating more traditionally city-based departments and staff to new interface-based sites.

Some obvious recent examples on a state-wide scale have been the relocation of the State Revenue Office to Ballarat, the Rural Finance Corporation to Bendigo and the approaching relocation of the Traffic Accident Commission to Geelong.

Developing road, rail and ICT links to Victoria’s major provincial centres also means any relocated government department is not nearly as ‘isolated’ from activity in Melbourne as it would have been three decades ago.

Some of the witnesses presenting to this Committee advocated a similar approach to relocating government operations to outer suburban areas, especially to growth areas with road and rail links to the CBD. For example, Greg Aplin, from the City of Wyndham noted:
It is important that, again, government partners with the region, with the subregion, with Wyndham, to ensure that this opportunity is realised while there is still land available to realise it upon. How do you do it? I think we need policy settings, which are the starting point. Government may think in the services sector... that there are government offices that do shift. There is the Transport Accident Commission that went to Geelong and there are a number of bodies that probably do not need to be in the Melbourne central activity district, albeit that they support a very important office market in that area. It may not be the whole department that moves out but this is something in government’s control — to decentralise that particular activity. It also needs to recognise the unique arrangements in the interface and give those areas a priority. 326

Mr Aplin believed that apart from local job creation, the relocation of inner-city Melbourne departments to the interface would bring many other LED benefits:

This is about infrastructure savings, about energy savings, about reduced pollution, about reduced travel times, about improving the self-esteem of a place like Wyndham and about deferring major expenditures. If you only had some of those office jobs on the outskirts of the metropolis, then you would see a flow of private and public trips in the counter-peak direction. If you do that, you defer the peak direction costs, whether they be management of the transport system or investment in new infrastructure. 329

David Hall from MAB, told the Committee that the success of its University Hill Business Park at Bundoora partly rested on gaining a key government tenant – VicRoads – and this practice should be encouraged:

The VicRoads proposal was on the books for about the last two years, so it was very much fundamental in giving credibility to the location. One of our pleas to government in the past has been asking government to make an investment in the region in terms of office. The private sector has done it anyway now. If there is still an opportunity for the government to make that investment, we would welcome it. We are talking with a Commonwealth agency at the moment, which is looking at an office location at University Hill, and also a state government agency wanting to locate an office there. So it is good but I think it has been led by the reality of the project rather than intervening in the site. ... It is good to have a mix. VicRoads, from our point of view, provides us with a civic type use in what otherwise would have been a shopping centre with some industrial buildings around it, so it is certainly good. 330

Since receiving Mr Hall’s evidence in July 2007, MAB has informed the Committee’s Secretariat that its government tenants at University Hill now include VicRoads, the Australian Electoral Commission (AEC) and Commonwealth Rehabilitation Services (CRS) Australia. The precinct’s ‘local and international’ commercial tenants include Continental (formerly Siemens VDO) and Doncaster BMW, while the town centre’s Coles supermarket and other speciality stores will soon be joined by a Brand Junction outlet centre and Health
and Wellbeing Precinct, including medical suites, a Priceline Pharmacy, the soon to be constructed gymnasium and Pelican Childcare’. 331

MAB also updated the Secretariat that to cater for further commercial office space demand, in early August 2008 it began constructing a second ‘state-of-the-art office building’ at University Hill. This $16 million five-storey building, named ‘twenty enterprise’, is due to be completed by August 2009. MAB says this new project, and a third office building currently in the design phase, demonstrates ‘the underlying demand for high quality strata office accommodation situated in a dedicated business park environment’. 332

In assessing the potential LED contribution made by government departments relocating to business parks such as University Hill, the Committee notes the Victorian Government announced $51.9 million over four years in its 2008–09 Budget for further urban improvements in Broadmeadows, Geelong and Dandenong as part of its Transit Cities Program. Notably, Dandenong’s $19 million share is allocated for ‘a new building for State Government agencies in central Dandenong providing greater accessibility’. 333 The Committee welcomes this investment not only because it will improve access to government services in Dandenong and the Casey-Cardinia growth corridor beyond, but also provide a tangible government lead for other businesses and organisations to similarly invest and build in central Dandenong. In turn, this should assist the area’s LED potential.

Apart from establishing a physical presence, there are other ways that state and federal governments can encourage LED activity through clusters. The latest economic thinking from the US tends to endorse the ongoing role and value of ‘clusters’ in fostering LED. Writing in April 2008, business policy analysts Mills, Reynolds and Reamer told the Brookings Institute that:

> Due to rising global competition, the nation’s capacity for generating stable, well-paying jobs for a large number of U.S. workers is increasingly at risk. In this environment, regional industry clusters represent a valuable source of needed innovation, knowledge transfer and improved productivity. For that reason, the public sector around the world has launched numerous programs to catalyse growth producing collaboration in key industry clusters. However, this nation’s network of cluster initiatives remains thin and uneven. As a result, many U.S. industry clusters are not as competitive as they could be, to the detriment of the nation’s capacity to sustain well-paying jobs. 334

To address the ‘various barriers that limit cluster development and growth’, the three authors advocate a new approach which could be adapted at the state government level for use in Melbourne’s outer suburbs:

> ... the ... approach should be flexible, ‘bottom-up’ and collaboration-oriented, rather than prescriptive, ‘top-down’ or input-focused. Consistent with this, the ... government should boost ... competitiveness by catalysing increased cluster activity in ... regions through a two-part ... clusters program:
1. create an information centre to map the geography of clusters, maintain a registry of cluster initiatives and programs and conduct research on cluster dynamics and cluster initiative and initiative program impacts and best practices; and

2. establish a grants program to support regional ... cluster initiative programs ... that would direct financial and other assistance to individual cluster initiatives.\footnote{336}

The alternative to these suggestions was for governments at all levels, to try and attract ‘foot loose companies’ to settle in their state, region or municipality using financial incentives. However, in his evidence to the Committee, Melton Shire CEO, Neville Smith, said that based on past experience, Melton was shying away from such practices:

\begin{quote}
I think you are all aware that seven or eight years ago, the Melton Shire Council was involved in providing financial incentives to local employers. The Auditor-General looked at that and said, ‘That is fine in principle but one of the things you need to be careful about if we are going down that path is to ensure that there is no duplication of those incentives’ because that was the outcome of that significant report.

Locally at the moment, we believe we can market our land ... so it is competitive, provide the incentive through such things as allowing sustainability, provide the incentive for businesses to have rainwater collection, provide efficiencies that would generate climate change issues and provide the incentive in that form rather than a strict financial provision.\footnote{336}
\end{quote}

In his written submission to the Committee, Mornington Peninsula Shire Council’s Shane Murphy, was also critical of using monetary incentives to attract new business:

\begin{quote}
The MPSC does not support governments using taxpayer funds to prop-up failing companies nor to attract the so-called 'foot loose companies'. History is littered with failed companies that secured government relocation packages. For governments to pursue incentives only leads to ‘foot loose companies’ holding ‘Dutch auctions’ where governments compete against each other. Realistically, it is a zero sum game.\footnote{337}
\end{quote}

At best, Mornington Peninsula offered some rate relief to help support existing farming enterprises across its green wedge areas:

\begin{quote}
... a farm rate for agricultural land, which is only 32% of the general rate. This provides a strong incentive to rural landowners to keep farmland as farmland. Further, there is a Land Sustainability Rate which provides a 25% discount for land over 2 hectares where the landowner undertakes environmental repairs to the land.\footnote{338}
\end{quote}

The City of Casey was similarly reluctant to use monetary incentives to attract new businesses to ‘cluster’ within its boundaries. Council’s Peter Fitchett, told the Committee its
Cranbourne West estate was sufficiently attractive to new businesses, given its proximity to major transport links and ready access to a large labour pool. Council was also marketing these advantages through its normal channels; therefore, Mr Fitchett saw no need for offering incentives such as ‘rate holidays’:

... simply because we have been very encouraged by the interest of some of the bigger development companies to move into that space. If we were at the point where there was very little interest ... that might be a discussion that we have with the councillors but ... with the keen interest that has already been shown we have not had the need to front up anything in that regard [i.e. incentives].339

The Committee has not received substantive evidence on the merits or otherwise of outer suburban councils offering financial incentives to attract so-called ‘foot loose companies’ to settle and start creating new LED. However, even with sufficient financial incentives, there is no guarantee that a particular business will flourish or commit to a long-term local investment of jobs. For example, the Hawke Labor Government’s $36 million injection of funds into Kodak’s Coburg North plant in 1989, followed in the early 1990s with a further $6 million from the Victorian Government, was not enough to stay its eventual closure in 2004 with 600 jobs lost – all due to the ‘digital photo revolution’ then sweeping the world.340 Good business practice dictates that money invested in a poor business plan is generally lost money, regardless of where that money is sourced.

**RECOMMENDATION 159**

To encourage the ‘clustering’ of commercial activity and subsequent LED opportunities, the Victorian Government examines opportunities to relocate significant sections of relevant government departments to Melbourne’s outer suburbs. Further, the Victorian Government develops a business case, including the provision of adequate local public transport, to present to the Australian Government for it to similarly consider relocating areas of its administration to Melbourne’s outer suburban LGAs.

**Business Improvement Districts**

During its appraisal of recent LED initiatives, the Committee briefly examined the practice of business district regeneration. Internationally, this process is undertaken using the BID model. In her 2008 MRD paper, Margaret Nicholls, Economic Development Officer at Queanbeyan City Council, reported BIDs were designed to ‘revitalise CBDs, both large and small’. She further defined the BID model as having:

... a group of property and business owners working with a local government to revitalise a specific geographic area. The major differences between government grant funded programs and the BID model is that BIDs are joint partnerships between the public and private sectors bringing together a wide range of
business, community and public authority interests. Funding to achieve these aims are [achieved] through a special rates levy paid by property owners over and above the general rates charged by local government.\textsuperscript{341}

Ms Nicholls noted that across Australia, there were ‘many area regeneration terminologies’ employed to describe the BID model but ‘no standard naming conventions’. Consequently, the national variations include:

\begin{quote}
Main Street Programs, City Improvement Districts, Centre Management Programs, Downtown Programs, Activity Centre Programs, Place Management programs and Suburban Centre Improvement Programs. Internationally, the areas are known as Business Improvements Areas, Business Improvement Districts, City Improvement Districts, Public Improvement Districts, Town Centre Management and Municipal Improvement Areas.\textsuperscript{342}
\end{quote}

The Victorian Government’s development of Activity Centres and Transit Cities under M2030 share many commonalities with BIDs, for both are designed ‘to foster more sustainable, more vibrant communities’ with opportunities for LED.\textsuperscript{343} However, in Victoria’s case, the government is largely funding its own initiatives, whereas under a true BID model, local councils would place a ‘special levy’ on businesses and property-owners of a defined geographic area to fund local improvements.\textsuperscript{344}

Ms Nicholls reports that BIDs are comparatively new to Australian planning ‘there is very little robust data collected prior to the implementation of a BID or its various forms’.\textsuperscript{345} She added:

\begin{quote}
... there is little academic investigation within Australia or internationally into the outcomes and benefits attained from the introduction of a revitalisation model and which can be seen to contribute to the economic longevity of a town.\textsuperscript{346}
\end{quote}

Despite this, the ACT Government is one notable authority that has adopted the BID model to help generate central commercial and retail sector growth and in turn boost LED, as explained on its Revenue Office’s website:

\begin{quote}
In response to submissions from the private sector, the ACT Government has enacted legislation to collect a special levy to fund marketing and improvements in Canberra’s City Centre. The City Centre Marketing and Improvements Levy will apply to all commercial properties in the City and some selected areas of benefit ... that are in close proximity to the City Centre. The collection of the levy has been returned to the private sector through a Grants program. A not-for-profit company called Canberra CBD Limited will undertake a marketing, events and improvements program commencing on 1 July 2007.\textsuperscript{347}
\end{quote}

Within Victoria, the City of Greater Bendigo offers one further example of this practice. On 1 July 2007, Bendigo’s council imposed a ‘special rate levy to raise funds to enable traders to promote the Bendigo City Centre … for a period of four years’. The city’s then Mayor, Cr Julie Rivendell, claimed ‘similar initiatives are working well in 100 other Victorian Cities.
with very positive results’ – though the Bendigo website did not provide any supporting evidence.\textsuperscript{348}

Brisbane City Council operates a variation on these two BID-inspired schemes. Instead of a marketing and promotions levy, its Suburban Centre Improvement Projects (SCIPs) concentrate on the physical improvement of local commercial and activity centres, aimed at flow-on benefits including LED:

\textit{Since the program began in 1996, Brisbane City Council has completed 40 SCIPs across Brisbane to a total value of $31 million. SCIPs involve making improvements to suburban centres across Brisbane. Improvements are made by upgrading existing features or providing new ones, such as:}

1. new community gathering spaces;
2. upgrading access for pedestrians, cyclists and people with disabilities;
3. improving safety in the centre; and
4. reinforcing the centre’s identity using design, paving, landscaping, street furniture and artworks.

Improving the centre also helps to make it a more attractive location for businesses.

\ldots

\textit{Council works with property owners in the centre to complete SCIPs. Property owners contribute to the SCIP through an agreed levy. The levy is then reimbursed to Council over a ten year period after construction.}

\ldots

\textit{Council sends newsletters to the community, with updates on SCIPs and upcoming community events to celebrate the projects. At the beginning of the SCIP, the community forms a representative group to review the proposals. This group of property owners, traders, residents and community members acts on behalf of the community throughout the project.}\textsuperscript{349}

None of the three municipalities examined here offer information on their websites indicating the value or otherwise of their BID-inspired investments into local activity centre marketing and development. This does not mean they are not successful or worthwhile; however, Margaret Nicholls’ examination of the Brisbane operation has led her to reiterate that:

\ldots there is little academic research identifying the benefits attained from [the] implementation [of BID-inspired models in Australia] either on an economic or social aspect and that this is an area for future research.\textsuperscript{350}
If the results of government-backed BID-models are yet to be confirmed, then the private sector could offer more tangible results. For example, Delfin Lend-Lease told the Committee it had been working on its own BID-style programs to help generate LED in Melbourne’s outer west. Delfin’s Anne Jolic told the Committee she had prepared an economic development strategy for Caroline Springs, in partnership with the Shire of Melton, the City of Brimbank, VU and the former Melbourne’s West ACC:

There was very much a recognition that none of the parties could do anything by themselves, that there was a need to pool resources, pool funding and ensure that what we were doing was collaborative and was also not in contrast to anything else going on in the region. A couple of things have come out of that. The Caroline Springs community market has been a real partnership between government, Melton and the CSCDA [Caroline Springs Community Development Association] and that has been an absolute success … some of the markets have had 10,000 people attend. It has been a great generator of economic development, been a great tourist event to get people to Caroline Springs and showcase local wares. Another one is the Gap Bus … [and] The other thing that has come out of regional partnerships has been that we have now established an economic development advisory group for Caroline Springs and all the members of that partnership are part of that. It is ongoing. We now meet quarterly and review the economic development initiatives at Caroline Springs and talk about what we are doing next essentially. That has been formed and is working well.

The next area was communication and branding. There was a real recognition that Caroline Springs was not really on the map from an employment point of view. It was seen as a residential destination and not as a job creation or jobs areas. There was a need to do some public relations about what Caroline Springs was and what it could be. We have done a number of PR [Public Relations] releases now about what is going on at Caroline Springs in terms of job creation and we have sponsored a number of events. We sponsored the LEAP group and also the local chamber of commerce.

The third one and probably the most important from our point of view is business support and employment growth. We do a number of things in this regard. We have ‘business welcomes’ where businesses who move to Caroline Springs or start up at Caroline Springs we invite to a welcome night where council are there and we are there and we outline the services on offer in the region. We are there to basically assist in terms of any questions that they may have about setting up their business or in fact running their business. It is a chance for businesses to get to know each other, so the businesses sit in a room together and network. We do a monthly business e-newsletter that we send out to all the local businesses promoting each other, talking about upcoming training and events. We also run with the Office of Small Business the Under New Management Series at Caroline Springs and we have for the last two years been sponsors of the Small Business Festival, so running events in August during the Small Business Festival. We produce a business directory, a business and services directory.
From the Committee’s own inspection tour of Caroline Springs and Ms Jolic’s testimony, it appeared Delfin Lend-Lease had demonstrated the successful implementation of a BID-model to foster local business marketing and other LED incentives. The Committee commends the company for its efforts and encourages other such partnerships between Melbourne’s outer suburban councils, local developers and other stakeholders.

Notwithstanding Delfin’s success, the Committee accepts that its examination of the BID model’s contribution to generating LED in Australia and elsewhere has been limited. Nevertheless, it believes the model shows sufficient promise to warrant further investigation into its long-term merits, as advocated by Ms Nicholls:

> When governments are involved in partnerships such as BIDs, ensuring that public monies expended to support business requires detailed analysis to determine benefit is mandatory. Yet ... there is no coherent framework governments can use in their decision making to assess the benefits of area regeneration in any of its guises and little empirical assessment undertaken.

> It is questionable whether, in fact, empirical assessment can be undertaken to measure the success or otherwise of a town centre revitalisation program ... [because] commercial measures are difficult to assess and in many cases, there is inequity in funding for the services or activities provided by the BIDs. Development of performance measurements and other assessments in relation to success or otherwise of any form of area revitalisation is worthy of future academic investigation.  

**RECOMMENDATION**

The Victorian Government conducts longitudinal research into the use, effectiveness and applicability of the BID model (and its variations) in Australia and overseas, especially its potential for stimulating cost-effective LED in Melbourne’s outer suburban LGAs. If this research validates the BID model, the government should work with outer suburban local councils to introduce suitable BIDs with an emphasis on enhancing LED across the chosen geographic areas.

**Conclusion**

This section of Chapter Six has examined a range of areas for the potential development of sustainable LED, notably business parks, science/technology parks, clusters and the BID-model.

Many of these developments are comparatively new to Australian economic and urban planning; however, from its investigations, the Committee believes most already show great merit in enhancing LED in the outer suburbs.
The most questionable ‘tool’ remains the BID-model, where the Committee agrees with Margaret Nicholls that further research is required before governments at all levels invest too much time and funding into as-yet unproven solutions for LED growth.
Social enterprises

Introduction

While acknowledging that much of the genesis and development of social enterprises can be traced to Great Britain, in addition to Europe and the USA, this section will focus on some of the recognised examples operating in Australia with applicability to enhancing LED in outer suburban Melbourne.

Although the Committee received very little evidence through submissions and at public hearings regarding social enterprises, this section will begin by defining what is meant by social enterprises, their range of functions and activities and the resultant benefits. Where relevant to LED in the interface, the section will highlight evidence from people who presented to the Committee at public hearings and during site visits, with a number of recommendations made throughout.

What is meant by ‘social enterprises’?

While there are a number of diverse and varied definitions of what constitutes a ‘social enterprise’, they typically tend to be ‘businesses set up to tackle a social or environmental need’ and include the following components, as succinctly expressed by Dave Langdon & Ingrid Burkett (with assistance from the New Mutualism Group), in their 2004 report titled ‘Defining Social Enterprise’:

> Very generally speaking, a social enterprise is a business whose core objectives and actions centre on social purposes. That is, purposes which are directed at working for public good, public interest and collective benefits rather than private interest or private gains.

They further believe that, in contrast to private enterprises which exist ‘for the private benefit (usually in the form of profit) of the shareholders or investors’, social enterprises are:

> ...built upon the benefits being distributed either amongst the workers themselves (particularly if these workers are marginalised from mainstream employment, or they are reinvested into the enterprise or put to socially beneficial uses.

Similarly, Social Enterprises Hubs Australia has defined social enterprises as:

> ...a non-profit business whose primary purpose is to create employment for marginalised people, including refugees, indigenous people, people with disabilities or mental illness and other long-term unemployed people.

The Brotherhood of St Laurence (BSL) takes a slightly different approach and defines a social enterprise as:

> ...it’s a business with a difference. All profits made by a social enterprise are reinvested back into the community to develop much needed services and
resources. A social enterprise is run in a socially responsible manner and the business itself often provides an unmet service to the community.  

As background, Dave Langdon & Ingrid Burkett argue: ‘Though the term “social enterprise” is relatively new, the concept of building financially sustainable enterprises to address social concerns is much older’. In the report’s Foreword, Dr Race Matthews from Monash University and author of ‘Jobs of Our Own: Building a Stakeholder Society’, provides the light on the hill in the promotion of social enterprises:

Social enterprise is about empowerment - about enabling individuals and communities to take back control of key economic aspects of their lives and to that extent become masters of their own destinies. In so doing, social enterprise draws strength not only from past examples such as of the great consumer co-operative and credit unions movements, but also from contemporary initiatives including the mighty complex of worker-owned manufacturing, financial, retail, civil engineering and service co-operatives at Mondragon in the Basque region of Spain.

...  

In addition, social enterprise is about combating and ultimately eliminating the widespread poverty which continues to disfigure, divide and disgrace Australia. The ‘Rochdale Pioneers’ - the 28 unemployed cotton weavers who in 1844 set out to meet their need for affordable food and fuel through the establishment of their tiny retail co-operative store in Toad Lane, Rochdale UK - could not have imagined in their wildest dreams that it would give rise to today’s mighty UK Co-operative Wholesale Society and thereby, to a worldwide network of empowered consumers and those of us who today glimpse the potential of evolved social enterprise in its multiplicity of contemporary forms should set our sights no lower.

Langdon and Burkett state that social enterprises should have the following goals:

**Purpose**

Centred on working for public good, public interest and/or collective benefit rather than private interest or private gain.

**Process**

Achieving social purpose through an ‘enterprising orientation’.

**Production**

The output of high quality goods and services is balanced with supporting the well-being of workers and providing additional training for workers who have often (but not always) experienced long-term unemployment.
Participation

Maximising participation and control for stakeholders.

Profit

The aim of a social enterprise is to be financially and socially sustainable. Financial and economic profits and costs are balanced with social and/or environmental ‘profits’, benefits and costs. Social Enterprise can be for-profit or not-for-profit entities but rather than increasing private wealth, the profits of a social enterprise are reinvested into the enterprise or into other socially beneficial activities.

People

Social Enterprise is an investment in people and in relationships between people. The wealth of a social enterprise is defined not only by its monetary profitability but also by the well-being of the people who are the employees and stakeholders of the enterprise. Langdon and Burkett further state:

Although a social enterprise is a ‘business’ in the sense that it has commercial aims, it is not a ‘private’ business, as owned by and directed towards making profit for private interests. Similarly, though a social enterprise has social objectives at its core and often employs people who have been excluded from mainstream employment, it differs from ‘sheltered’ work environments in its goal to be financially viable.

The authors have identified the following forms of social enterprises, to highlight their diversity:

Community Enterprises:

- focus on addressing concerns and issues in particular localities or communities of identity, such as ensuring local provision of services, enhancement of local economies, engagement with key local issues or strengthening and building community. Community enterprises seek to engage directly with constituents of the community by employing people from the community.

Environmental Enterprises:

- have a particular focus on addressing environmental and ecological concerns and issues such as re-vegetating sites, cleaning contaminated sites and addressing specific recycling concerns.

Social Businesses:

- are businesses with a strong social purpose but without a structure that actively engages with the employment of people who have been excluded from mainstream employment opportunities. Their energy and experience is directed towards addressing issues of social concern and their profits are either wholly or partly
reinvested in this purpose. However the means to addressing this end does not employ marginalised people.

**Social Finance Businesses:**

- are financial service providers whose purpose is centred on social objectives. Such enterprises are relatively limited in Australia due to the tight regulatory constraints governing financial service providers. A handful of such enterprises do exist which may lead the way in terms of growing the social enterprise sector specifically and the community sector more generally.

**Welfare Profit Centres:**

- are businesses usually started by larger social service organisations. They focus on building up an income stream not reliant on grants or recurrent funding. Though some of these employ a small number of constituents most employ or re-deploy professional workers in the organisations. The primary aim of such centres is to enhance organisational asset development rather than focus on ongoing constituent asset development. Some people also distinguish those social enterprises which are specifically to employ people who have been excluded from mainstream employment. In the UK, such social enterprises are typically referred to as ‘social firms’ and in the USA they are called ‘social-purpose businesses’.

**Social Firm:**

- businesses set up to employ any group of disadvantaged people who are excluded from mainstream employment. Such enterprises emphasise three core values of “Empowerment, Employment and Enterprise”. They aim to employ at least 25% of their employees who have a disability or who are otherwise disadvantaged. They further aim to achieve at least 50% of their income through sales, thus reducing reliance on grants and public funding. Often they are created by social service organisations seeking to address the unemployment of their constituents. Sometimes, the business is created ‘from the ground up’ but it is increasingly popular for would-be social firm managers to seek the acquisition of an already functioning business or franchise, which can then be staffed with people with a disability or people who have experienced long-term unemployment for other reasons.

**Social-Purpose Business:**

- is defined as a business that “deliberately accommodates, either at the work site or within a broader service strategy, those with multiple barriers to work” through developing “supported work and training settings for hard-to-place welfare recipients”.

Langdon and Burkett’s report made a number of conclusions based on their research and work with social enterprises, predominantly in Queensland, with the core issues then facing community enterprises being the following:
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• unrealistic timeframes for achieving sustainability or financial independence placed upon enterprises by funders and auspicing bodies;

• isolation, lack of mentoring and support opportunities for coordinators and participants in enterprises;

• lack of financial support for development of infrastructure in enterprises (particularly during the start-up phase); and

• lack of consistent larger opportunities (such as social tenders) on offer or a lack of understanding of the different capacities of community enterprises by opportunity offerers such that opportunities fail or expectations are too high.367

Social enterprises in Australia
At the national level, the opening of the Centre for Social Impact (CSI) at the University of NSW, has been the highest profile initiative on social enterprises.

The CSI is funded jointly by the Australian Government, philanthropic endowment and corporate contributions and is a partnership between Business Schools of the University of New South Wales, the University of Melbourne and Swinburne University of Technology and has CSI has, as its mission:

...to educate tomorrow’s social entrepreneurs and strengthen today’s social enterprises’ by ‘bring[ing] together Australia’s not-for-profit, philanthropic, business and government sectors in a collaborative effort to help build passionate, high performing and sustainable social ventures. At the same time [the CSI] will encourage and support businesses to turn good intentions into best practice through social investment.’368

The Centre is headed by former Secretary of the Department of Prime Minister and Cabinet, Prof. Peter Shergold and on the 5 September 2008, former federal politician and champion of social enterprises at the Skoll Centre for Social Entrepreneurs at Oxford University, Assoc. Prof. Cheryl Kernot370 was also appointed.

The importance of this initiative for the development of social enterprises will be in the coming years, as the centre begins to publish its research, students graduate and the profile of the centre is raised.

Social Enterprises Hubs Australia
Another initiative of Social Ventures Australia, is the Australian based Enterprise Hubs Australia371, which believes the value of social enterprises are based on:

Many individuals find themselves excluded from mainstream life and employment due to disability, illness or other disadvantage. Businesses that operate for the
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*primary purpose of employing such individuals are known as social enterprises. These enterprises play an important role in overcoming social exclusion and providing real jobs to marginalised Australians.*

Social Enterprise Australia’s focus is on providing social enterprises with ‘access to resources that would not otherwise be available or affordable, including mentoring, consulting, pro bono services, management tools and business skills’.  

Social Enterprise Hubs Australia has developed the ‘Accelerating your enterprise’ program, which supports a select number of local social enterprises through the following key services:

- access to pro-bono services;
- access to mentors for business planning and strategy;
- assistance in tendering and support for identifying procurement opportunities; and
- access to business training.  

A number of social enterprises operate in Australia, mostly in Brisbane and Sydney. In Brisbane, there are currently seven enterprises participating in the Brisbane Accelerator Program, namely:

- Nundah Community Enterprise Co-operative: parks and village maintenance and Espresso Train Cafe and Catering;
- Food Connect: organic food distribution direct from farm to city networks;
- Red Cross Business Services: Mailing and packaging services;
- BlackStar: coffee cart and fair trade coffee roastery;
- Sustainable Gardening Services (SGS): gardening and landscaping services;
- Justice Products: fair trade products for sale locally and online; and
- Mu’ooz Eritrean Restaurant & Catering: based at Moorooka on Brisbane's southside.  

In Sydney, the Parramatta Social Enterprise Hub (PSEH) was established in 2007 and is a collaborative partnership between Parramatta City Council (PCC), Social Ventures Australia (SVA) and Allco Foundation. The PSEH functions to work with social entrepreneurs and community organisations to develop their capability as viable social enterprises through the Accelerator Program and various Hub Services, including providing a forum for networking, training and guest speakers.  

In addition, the following social enterprises also operate in either New South Wales or Queensland:  

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**Consumer Organised Work (COW) Cooperative Ltd**

COW aims to serve a need in the mental health services area by providing opportunities for work and employment.\(^{380}\)

**Maleny and District Community Credit Union**

Since 1984, Maleny Credit Union has fostered sustainable development in the Maleny district in Queensland.\(^{381}\)

**Oz Green**

NSW based ‘Oz GREEN’ is dedicated to addressing critical water issues by enabling informed and active community participation in the care of the world’s waters and the building of a life-sustaining society.\(^{382}\)

**Social Change Media**

NSW based Social Change Media is an employee-owned social marketing agency.\(^{383}\)

**Work Ventures**

With a head office based in Queensland, Work Ventures exists to build a just creative and sustainable society by providing quality employment economic, and community development services.\(^{384}\)

**Pelican Pantry**

In its previous report, the Committee outlined Pelican Pantry, which is a training facility in the Mornington Peninsula Shire that provides a licensed 130 seat Cafe, with an A la Carte menu and full waiter service.

The Mornington Peninsula Business on-line website states that Pelican Pantry is:

> ...staffed by students, trainees and full-time employees who work together to provide a friendly and knowledgeable service to the public. At the same time, the staff obtain training in the fields of Hospitality/Retail, Tourism, enabling them to obtain the 'hands on’ learning that they need to get started in these industries.

> Pelican Pantry trainees may come from a wide range of programs including Vocational Education and Training in Schools, Victorian Certificate of Applied Learning, Work Experience, School Based New Apprenticeships, Community Development Employment Program, Work for the Dole Program or the Community Jobs Program.\(^{385}\)

The Committee acknowledges the strong local presence of the Pelican Pantry and believes business models of this nature directly impact on grass-roots LED.
RECOMMENDATION 161
The Victorian Government investigates the ‘Accelerating Youth Enterprise’ program, as developed by Social Enterprises Australia and assess its applicability to social enterprises operating in Outer Suburban Melbourne.

RECOMMENDATION 162
If the ‘Accelerating Youth Enterprise’ program has a clear link to enhanced LED, then the Victorian Government should partner with the Interface Group of Councils and social enterprises with a presence in the interface to develop a similar program.

Social enterprises in Victoria
A range of social enterprises operate in Melbourne and/or regional Victoria, as listed below:

Bendigo Bank
Bendigo Bank has established a community sector banking profile, which brings together the public, private and community sectors to provide original financial solutions for their stakeholders.\(^{386}\)

Indigenous Stock Exchange
Operating throughout Australia with regional contacts, the Indigenous Stock Exchange (ISX) raises capital and support for new and small Indigenous businesses and social enterprises.\(^{387}\)

Local Energy Trading Systems (LETS) in Australia
With a national profile, LETS provides for the trade in goods and services using alternative currency with a non profit, community-focus.\(^{388}\)

Green Collect
Green Collect is a social enterprise that works in partnership with businesses for the benefit of the environment. Although working out of the Melbourne CBD, the business partnership approach could equally be applied to interface areas where there are shopping strips/precincts or business parks. Green Collect believes its approach of ‘…delivering innovative recycling and waste minimisation solutions\(^{389}\) assists in helping create ‘new opportunities for employment and community building’\(^{390}\), while:

As a social enterprise, Green Collect offers work and training opportunities to people who face barriers to employment. By creating jobs that are accessible and sustainable for people who are experiencing social and economic disadvantage,
Green Collect works together with businesses to build a more inclusive community.391

In an article profiling Green Collect, journalist Michael Green notes that Green Collect ‘collects recyclables from more than 200 businesses across the city, from cafes to corporates’.392

Spectrum Education and Training

The Spectrum Migrant Resource Centre (previously the Northern Migrant Resource Centre) serves the municipalities of Yarra, Darebin, Whittlesea, Banyule, Nillumbik, Hume and Moreland. It has recently established Spectrum Education and Training (SET), a Registered Training Organisation catering for the learning and development needs for people from culturally and linguistically diverse (CALD) backgrounds.

As a social enterprise, SET states that it: ‘…distinguishes itself from other training providers by overcoming the language and cultural barriers to education and training’393 through:

- developing training materials and expert trainers who have adapted the teaching and assessment methods to suit the learning needs and experience of people from other countries;
- providing practical and enjoyable courses giving students the confidence and skills to gain employment;
- courses combining classroom learning with concurrent practical experience to equip graduates with a solid foundation in the essential competences required to work in their chosen profession; and
- courses which are nationally accredited.394

On 10 April 2008 SET was officially launched by the Hon. Julia Gillard MP, Deputy Prime Minister and Minister for Education, Employment and Social Inclusion.

The Committee recognises the importance to training and upskilling for the Spectrum Migrant Resource Centre and will be interested to observe ongoing progress with the Centre.

Mambourin Enterprises, Wyndham

The Committee heard from Mr Rohan Braddy, CEO of the Wyndham based social/community enterprise, Mambourin Enterprise which has been in operation since 1975 and whose stated aim is to support ‘…people with disabilities…by promoting independent living by offering employment, education and training services to adults with a disability’.395

Mr Braddy provided an overview of the not-for-profit sector before detailing the role and work of his organisation:

*I was funded for a study tour by our organisation to the UK in June [2007] and I would like to make some comments about the Third Sector as they call it in the*
UK and social return on investment, returning back home and looking at hurdles that we experienced to economic growth, both generally as community members in the outer west of Melbourne and specifically to Mambourin.

Mambourin Enterprises was incorporated in 1975 and we operate under state law. We have two main divisions: day programs and supported employment, both of which target people with disabilities—adults, by and large and by and large intellectual disability. We do have other smaller activities, such as respite which is currently a growth area for us with the closing down of institutions especially. We operate over a number of sites and also out in the wider community. Mambourin's vision and mission were established after extensive consultation a few years ago with various stakeholder groups and it is primarily about helping people with disabilities to achieve independence, largely through work and economic activity.

I would just set the scene for the not-for-profit sector in Australia. It is estimated that there are 700,000 of us in Australia, about half of which are incorporated in some way and 35,000 employing staff, with a combined annual income of more than $30 billion a year and employing over 600,000 people. Although that is based on income, therefore by definition being not-for-profit, virtually the same amount is put back into the Australian economy. We are feeling the effects, like many industry sectors, of a skills shortage and in fact a labour shortage more generally. It is having an impact on pay rates within our sector. Recent research, for example, has found that the current rate of attrition across the not-for-profit sector stands at 19 per cent and voluntary full-time staff attrition rates in our sector rose by six per cent just in the last 12 months.

Specifically with regard to disability employment, I mentioned that that is our main game from an economic point of view. [ABS] data suggests that there is about 14 per cent of the total population with a definition of some kind of handicap as defined by ABS—we tend not to use that term but it is an ABS term—and four per cent with a profound or severe handicap. That equates to about three million people in the first group and 840,000 in the second group; clearly a very significant labour pool if we can get access to it.

Business services or supported employment employed around 20,000 people Australia-wide last financial year, 05-06 and in 03-04, there were about 50,000 in open employment but those numbers have increased since there has been a new uncapped system that started in 2006. I mentioned I would jump briefly across to the UK. That quote there that the Third Sector 'is a diverse, active and passionate sector' is not mine but I certainly concur. It is a quote from the new minister Phil Hope. As you would be aware, recent changes to ministries in the UK saw Phil Hope become the new minister for the third sector. The bolding is
mine and the quote shows the importance that the British government places on the not-for-profit sector or the Third Sector as they refer to it there. Even the fact that they have a minister dedicated solely to this sector I think communicates something very important.

Again it may appear like a digression but I am going to tie it in—my sense is, while travelling and studying there, that the attitude to people with disabilities is different in some ways to here. This observation is anecdotal rather than research based but it seemed to me that the thinking about and the attitudes to people with disabilities is very well developed in the UK.

...

Coming back locally, as already stated, there is a sizeable workforce available to companies in the form of people with disabilities, if we can only get them to work. Of course they also need somewhere affordable to live which is a reasonable distance from work. Hence I have picked up here on two issues that we experience in the outer west: a lack of adequate public transport, both the frequency and coverage, leading to a reliance on the private car which inevitably rules a lot of people with disabilities out of the particular job that is going; and an inadequate local employment diversity. We are seeing homogenous residential subdivisions and we really feel we need more social diversity to lead to a better diversity of employment.

The [Werribee South] marina and other similar developments that are being mooted in the local area are definitely needed but also a range of social housing models. Other examples to reinforce this point, as I mentioned, we are very reliant on the private car in the outer west, which immediately cuts out access to jobs to many people with disabilities and then we compound the problem by putting these cars on roads which were not designed for thousands of vehicles daily, eg, the Point Cook and Sanctuary Lakes access road off the freeway. We believe that the sizeable markets of Geelong and the western districts, more generally, could be lucrative for us but getting to and from them is difficult because of the lack of exits in that direction on the freeway. Anecdotally at least—and we believe the data bears this out—there are very few professionals, such as medical specialists, living and working in the outer west by comparison with other regions but this problem is then compounded because the contingent businesses that service this group of people are also lacking.

...

I promised you some good news at the end: social enterprises being one of your terms of reference. We believe strongly that they are more likely to succeed because they have a built-in passion for a cause but, if that leads to blinkered decision-making, it can also lead to their downfall we acknowledge. Increasingly, the value of quality partnerships between service organisations like ours and councils like Wyndham City Council, we have had an excellent relationship over
many years, companies like Abey, Transfield or Manor Lakes, which is an estate that has been built by Dennis Family Homes, is being realised and that can only be a good thing. Finally, it could be argued that social capital comes from investment by community but we also believe that the reverse is true that if we invest significantly into social capital, communities develop as a result.  

The Committee also heard from various stakeholders about social and community enterprises in Victoria, in particular the BSL, in both their written submission and oral testimony and also the Victorian Government’s whole-of Government submission, prepared by DIIRD.

For the BSL under their ‘Enterprising’ section/program, a distinction is made between social enterprises and community enterprises, whereas some groups, as noted above, include all groups under the umbrella term as variants of ‘social enterprises’. While this section employs the definition provided by Langdon and Burkett, with social enterprises acting as the overarching concept, in no way however, does this exclude community enterprises and their recognised contribution to LED.

- The BSL has stated it is involved in the following social enterprises:
- Modstyle: An importer and wholesaler of optical frames;
- BSL community store: Sells recycled clothing and homewares; and
- Hunter Gatherer stores: Sells hand picked retro clothing, the ‘No SweatShop’ accredited fashion label and accessories and homewares from young independent designers.

In addition to social enterprises, the BSL runs a number of what it classifies as community enterprises, delivering training and providing employment to young people and the long term unemployed. The BSL argues that its “…community enterprises provide an Intermediate Labor Market, training and employment for 12 months whilst also providing ongoing support. This support helps people to develop work habits that will allow them to maintain a job in the Open Labor Market”.

The BSL’s website notes that ‘Community enterprises at the Brotherhood currently employ 45 trainees and turn over in excess of $3 million’. The BSL has established a number of successful community enterprises in Fitzroy, Werribee, Braybrook and Frankston, including:

- Furniture Works: A training enterprise making furniture in Frankston;
- Community Contact Service: A training enterprise delivering community development and security service to inner city housing estates;
- AMES BSL Cleaning Co: A training enterprise providing cleaning services in the inner city recruiting clients from BSL and AMES; and
- Global Landscapes: A training enterprise delivering landscaping, fencing and garden maintenance services.
Community Enterprise Development Initiative (CEDI)

The BSL has also developed the CEDI, with the stated aim of ‘work[ing] with disadvantaged communities across Victoria to develop community enterprises’. The BSL believes the ‘…enterprises help build partnerships between business, community, government and public sectors and provide new opportunities for economic and social participation for the residents’, with projects including a community plant nursery, a café/milk bar and a building and carpentry service.

Sustainable Business

In order to help ensure social and community enterprises are both commercially viable and operating ethically, the BSL has also established a group called ‘Sustainable Business’ (previously the Ethical Business Unit).

In its whole-of-government submission to the Committee, the Victorian Government noted the value of community enterprises in enhancing LED, with the Victorian Government, through the then DVC and its successor, the DPCD, working ‘…in collaboration with Victorian community organisations to develop community enterprises as a way of addressing barriers faced by some disadvantaged communities, particularly in relation to developing vocational skills and accessing employment opportunities.’

The Victorian Government submission also highlighted a number of social and community enterprises operating in the interface, including:

- **Yarra Ranges**
  Healesville - Worowa Aboriginal College.
  Monbulk - Bonsai Social Firm.

- **Mornington Peninsula**
  Hastings-Westernport Training Enterprise.
  Hastings Neighbourhood Renewal - Immediate Improvements Enterprise.

- **Hume**
  Broadmeadows - Homeground Maintenance and Gardening Enterprise.

At its presentation at a public hearing, Assoc. Prof. Graeme Johanson from Monash University told the Committee in relation to community based organisations and the not-for-profit sector:

> Community-based organisations, first up, are those organisations that are not specifically in the business or the government sectors and generally speaking are run as cooperatives. Generally, also, they involve a large number of volunteers. They employ something like 7 per cent of the Australian workforce and they
produce roughly 5 per cent of GDP per annum, so it is not an insignificant group.\textsuperscript{406}

...\textsuperscript{406}

There is a need for communities and small businesses themselves to be involved in decision-making around these topics [i.e. ICT]. There is a need for participation by the individuals who are concerned about the lack of strategy, infrastructure and resourcing...[a] point that is worth making quite strongly is that the link between small businesses and community-based organisations is a very productive one and has a lot of potential.\textsuperscript{407}

The BSL’s Assoc. Prof. Gerry Naughtin, expanded on their written submission when he advised the Committee in some detail:

One of the points we would be wishing to make to you today is the importance of economic development for addressing disadvantage and its critical connection with social development. From our perspective, effective economic development strategies in the outer suburbs should be part of a broader community development and area planning approach. In principle, the Brotherhood of St Laurence supports the case for stimulatory economic activities to generate employment and the associated economic flow-ons. We do not have a firm view about the structure of such incentives and look forward to the deliberations of your committee on this issue. We do argue, however, that priority should be given to areas of economic and social disadvantage in the distribution of such incentives. We argue further that the principle should be that economic incentives should be tied to achieving social as well as economic goals.\textsuperscript{408}

...\textsuperscript{408}

From our own work in this area, in both the outer suburbs and in the inner suburbs of Melbourne, we are seeing a number of significant opportunities, a number of models, that we are finding are working in terms of ways of working with business, with government organisations, with non-government organisations in collaborative partnerships in building both employment opportunities and in achieving the sort of economic and social goals that we are talking about.

...\textsuperscript{408}

The Brotherhood has a significant commitment to addressing employability for long-term unemployed. ... Essentially what we have been struggling with is the issue of how we re-engage long-term unemployed back into the employment marketplace. From our perspective, we believe that a focus simply on job readiness is an insufficient approach and we need to focus much more in those programs in relation to re-engaging people into the prospect of employment.
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What we are seeing in our own work in employment, I think, is the significance of working with business and governmental partners in creating employment opportunities for long-term unemployed. We have developed an approach which we call a social procurement approach to employment that involves our employment staff working collaboratively with organisations. To give you an example: on the Atherton housing estate in Fitzroy, we have worked with local cleaning contractors, local garden maintenance contractors and council in developing employment opportunities for people who will need a longer period of preparation and supervision before they are at the stage of then being able to transition into other employment programs.

In our work on the Atherton estate ...we have found the significance of local businesses being willing to say, ‘We will give X number of places in a particular contract we have for long-term unemployed and we will work collaboratively with an organisation like the Brotherhood’. We recognise that by ourselves, we will not be able to meet some of the employment placement requirements for a group as difficult as some of the people we are working with.

What we are encouraging is a collaborative approach to employment placement; if you like, working with business, working with government. We see for example, some significant opportunities particularly for local councils in outer-lying suburbs to use their contracting and business opportunities, to start to engage and looking at a collaborative approach with employers. This is not a threatening approach. It is actually a co-operative, collaborative approach in which councils use their economic purchasing power to encourage people they are contracting with, be they in the private or not-for-profit sectors, to consider long-term unemployed within the scope. An example we would use is work that we are currently doing with the City of Yarra in relation to some of its cleaning contracts. It is recognising and dominating particular numbers of places that would be made available for employment programs for long-term unemployed. Again, from our perspective, what we are seeing is the significance of economic activities, collaborative activities, working with organisations like ourselves to achieve desired social outcomes.409

The BSL’s Senior Manager of Community and Employment Location, Craig McShane, then expanded on Prof. Naughtin’s presentation when he told the Committee:

One of the contracts we have with Yarra City Council is a street-cleaning contract / landscaping contract and that has been connected through the development of a community enterprise by the Brotherhood of St Laurence which takes on local people and puts them through a 12-month traineeship and then works to prepare them for the labour market during that period. So, it is a combination of training, job experience and an accredited qualification.

One of the main drivers within this is the contract itself where council and the brotherhood have shared objectives. The council is committed to trying to get local, long-term unemployed people into jobs within its catchment and that is
where the commonality comes into play. That is a good partnership for moving people into the labour market. It has been fairly successful and it has helped people who are a fair distance from being job-ready to prepare themselves to move onto the labour market. This is particularly relevant when we look at the way unemployment is at the moment — it has been very, very low — and when you are looking for new cohorts of people to actually come into the labour force; because other than that, you are just churning people through. We are actually trying to get people who have maybe been five years-plus unemployed or two years-plus.\textsuperscript{410}

Committee member, Don Nardella MP, then queried Mr McShane on training and up-skilling local long term unemployed people rather than bringing in people from elsewhere. In response, Mr McShane talked about a model that has been developed with the support of the Office of Housing to provide training for long term unemployed, adding that:

...one of the things that we did put in place was an industry partnerships group that focused on the neighbourhood renewal activity in the [Collingwood and Fitzroy] estates because it was recognised that the connection with industry was not there. It was more like a social community model. What you want to do is try to get even a group of local businessmen thinking about what is happening there. ... [Then] there is a potential for funding and investment. There is enterprise thinking that comes into play, the chances of employment and then there is looking at what expertise the private sector has that could come in and help our recently formed community enterprise or our management committee or whatever. That is the sort of crossover we see on an area basis.\textsuperscript{411}

\begin{table}[h]
\begin{center}
\textbf{RECOMMENDATION 163}
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\begin{quote}
The Victorian Government in conjunction with the BSL and the City of Yarra, examine their ‘street cleaning and landscaping contract’ as a possible partnership model for other interface LGAs to enhance LED, in particular where urban renewal is an identified need or where there are notable skill shortages or gaps.
\end{quote}
\end{table}

As part of a briefing hosted by the City of Hume, the Committee also heard from Sophie Gordon, General Manager of Matchworks.

As an enterprise of ‘Karingal’, a not-for-profit disability organisation, Matchworks operates 13 sites across Victoria, including two in the City of Hume in Broadmeadows and Airport West. Ms Gordon advised that the programs provided by the agency are the following: the Job Network Personal Support Program; Community Work; Work for the Dole; Vocational Rehabilitation Services; and the Disability Employment Network.

Ms Gordon stressed to the Committee at some length, the importance of having a community focused approach to addressing employment, training and skills needs:
Our area: our Broadmeadows office has over 1,500 active job seekers, with most of them living in Broadmeadows, Campbellfield, Somerton, Coolaroo, Meadow Heights, Roxburgh Park, Westmeadows, Craigieburn, Jacana, Dallas and Greenvale. They are diverse in cultural, ethnic and social experiences. Our new migrants are predominantly from Iraq, Turkey, Iran, Lebanon and Syria. Common languages are Arabic and Turkish.

Our groups of disadvantaged job seekers are people from non-English-speaking backgrounds, the youth, parents returning to work, the very long term unemployed, highly disadvantaged, people with disabilities, mature age and Indigenous. Over 60 per cent of our clients are from non-English-speaking backgrounds an, of those, approximately 55 per cent are under 25. Under the new Welfare to Work reforms, we are now seeing an influx of parents being referred to us by Centrelink, with approximately 50 to 70 new referrals per week.

Our role: our motto is 'Putting the right people into the right jobs' and we do this by servicing each job seeker as an individual, assessing their needs and discussing their goals. We help to build on their strengths and support, and ultimately help them to find and keep ongoing sustainable employment. We do this by identifying their skills, their training needs, their barriers to employment, family support networks and responsibilities, how engaged they are in the community and for our most disadvantaged job seekers, we refer on to more specialised services.

Our job seekers' barriers to employment: our job seekers’ biggest barriers to employment are the lack of their own transport or access to a car; limited and inadequate public transport and services; poor English language skills; the lack of appropriate education skills and knowledge; low self-esteem, confidence and motivation; cultural issues; lack of work experience; inability to look for a job and to know what is available; limited suitable flexible courses and programs for parents returning to work; available child-care places, both preschool and after-school care programs; red tape and referrals to specialised services.

Some of the strategies that we use as a Job Network manager in Broadmeadows are: we deliver in-house Job Search training; we deliver intensive support programs for the very long term unemployed; we work with registered training organisations to tailor programs specific to the job seeker and industry needs; we refer to language and literacy programs; we accept and fund suitable vocational training and education; we do career development and counselling through case management; and we take a proactive approach to DEWR [Federal Government Department of Employment and Workplace Relations] programs such as the Work Experience Placement program, the access programs and the Workforce Participation programs.

Another of the strategies we use is engagement into Job Network through compliance. We foster strong partnerships with employers, local community groups, councils and other stakeholders. We offer employers wage subsidies and
work trials. We employ business development officers, who reverse-market job seekers to generate employment opportunities in the local area and we offer ongoing training and support for our 18 dedicated staff at the Broadmeadows office to identify and deal with issues.

Employment opportunities: with a database of over 400 employers in the City of Hume, our business development officers work with employers to meet their business needs, address skills shortages and help create opportunities for our job seekers. Most of our job seekers obtain employment in entry-level positions—traineeships, transport industry, machine operators, welding, sheet metal work, warehousing, administration, retail, pick packers, forklift drivers, building industry, child care, aged care and community services.

The areas that offer the best employment opportunities for our Broadmeadows clients are the industrial estates of Somerton, Campbellfield and Broadmeadows. The four business parks in or in close proximity of Broadmeadows are Austrak, the National Business Park, Northcorp and The Gateway. Smaller pockets of high employment opportunities are in the industrial areas on Barry Road in Campbellfield and Somerton Park Estate. The Broadmeadows town centre and surrounding areas offer positions in retail, hospitality, administration and community services. Our two business development officers receive over 30 vacancies each week from employers, predominantly based on these areas.

What are some of the barriers we are facing in placing our job seekers? Our three biggest barriers as a Job Network member in Broadmeadows are the transport issues, language and cultural issues and education and training. The transport issue in Hume is our biggest barrier in placing our clients. With most bus routes not starting until 6.30 a.m. and only touching the fringe of the industrial estates, the job seeker cannot meet employer expectations of being at work by 7 a.m. and, more often than not, not by eight. With employers already hesitant to give a long-term unemployed job seeker or a parent who has not worked in the last 10 years a go, it is disheartening when we do find an employer who is willing but with the job seeker unable to accept a position because of a lack of transport and the employer unable to be flexible with shift times.412

The Committee acknowledges the barriers raised by Ms Gordon, especially those related to transport provision and believes recommendations in Chapter Five (Transport section) of this report will help alleviate a number of these issues.
**RECOMMENDATION**

The Victorian Government in partnership with the Interface Group of Councils, business groups and other stakeholders (including the BSL and Matchworks), investigate the role of social enterprises in providing long term unemployed people with meaningful, sustainable work and determine the best models to be established in interface areas.

**Conclusion**

This section has focused on various definitions and models of social enterprises, with a reference to Australian models and programs, notably those operating in Queensland, New South Wales and Victoria. While recognising that the Committee received little direct testimony (in the form of submissions or from witnesses at public hearings) on social enterprises during the course of the inquiry, what information was received was promising.

The Committee acknowledges the depth of the programs being pursued, especially by the BSL and Matchworks, along with the clear commitment by the program sponsors in assisting people to identify and retain meaningful employment through involvement with social enterprises. Although these entities are still in the developmental stage in Victoria, international examples, especially in the UK, along with the growing number of social enterprises operating in Australia, are a promising sign of their growing role in contributing to enhanced LED.
Export Opportunities

Chapter One of this report highlighted the significant effects of globalisation on worldwide business operations and export opportunities over the past three decades, especially for Australia.

Rapid advances in ICT, transportation and international trading relationships have freed many businesses from the traditional confines of their geographic location, instead exposing them to a growing worldwide marketplace. This means that with access to suitable infrastructure – such as adequate ICT and/or road, rail or air transport links – increasing numbers of large and small businesses can operate globally at any time of the day or night. This is especially true for those businesses trading goods and services on-line.

During its inquiry, the Committee visited several outer suburban businesses of varying sizes, all making good use of global import and export opportunities, including:

- NuFarm at Laverton North, in the City of Wyndham;
- A’van Campers Australia at Pakenham, in Cardinia Shire;
- BlueScope Steel at Western Port, in Mornington Peninsula Shire;
- Aquarium Industries Pty Ltd at Epping, in the City of Whittlesea;
- Australian Harvest Fine Foods at Coldstream, in the Shire of Yarra Ranges;
- Radio Frequency Systems at Kilsyth, in the Shire of Yarra Ranges; and
- YV Fruits at Launching Place, in the Shire of Yarra Ranges.

By visiting these businesses and taking evidence at public hearings throughout the interface, the Committee learned something of the challenges of generating LED through export-related activities. This consultation was not exhaustive; nevertheless, it gave the Committee sufficient information to make several recommendations, as listed in this section.

The Committee noted the extensive on-line services offered by the Victorian Government to promote export opportunities for local businesses and was also gratified to learn from Sam Steele, representing DIIRD, of government plans to continue its export support:

*A scheduled review of the [Victorian] government’s Opening Doors to Export Plan was conducted during 2006–2007 and this broadly found that the programs that the government is operating targeted at new and SME exporters are having an important role in growing and broadening the state’s export base in terms of increasing numbers of companies exporting, export volumes and so on.*

*At the 2006 election, the [Victorian] government committed to the continuation of this program, setting what we regard as an achievable target of growing the state’s exports to $35 billion by 2015. By way of comparison, in the last financial year they were currently around $31 billion.*
It has committed a further $4.8 million to that program and an additional $4.8 million over four years for the establishment of the Victorian Export Network [VEN], which will be a new interactive website where companies can register and receive information on export opportunities, including how to identify and target new markets. The VEN will match companies looking for partners to fill supply and distribution chains and help companies to access federal and state assistance programs.  

The Committee accepts Mr Steele’s views that, based on his evidence, Business Victoria’s new VEN interactive website could be very useful to local businesses seeking export opportunities, regardless of their geographic location.

However, as of September 2008, the VEN website had not yet gone live and the Committee looks forward to its imminent launch.

**RECOMMENDATION**  
165  
The Victorian Government, through Business Victoria, takes immediate steps to launch its new Victorian Export Network interactive website, as committed to in the 2006 state election.

**RECOMMENDATION**  
166  
Once the new Victorian Export Network interactive website is active, Business Victoria makes public regular six-monthly progress reports on the site’s usage and client feedback, in order to determine further refinements or enhancements required to this service.

In further evidence to the Committee, Sam Steele outlined the Victorian Government’s plans to fund another export support program:

*The other commitment the government made was to provide $1 million over four years for the Victorians Abroad program, which aims to connect the 250,000 Victorians who live abroad and to use their knowledge and networks to identify global investment, trade and partnership opportunities.*

*The other point to note is that last year the government conducted a review of its international networks and committed to the establishment of a new international coordination office located in my department and to the strengthening of its focus on export development through its international offices.*
The Committee noted that the Minister for Industry and Trade, the Hon. Theo Theophanous MP, launched the Victorians Abroad initiative in Melbourne in early-April 2008. The Victorians Abroad initiative is a partnership with Advance to help Victoria’s expatriate network remain connected, informed and better placed to promote the State.

Despite its relative simplicity, the program appears to be of some merit; however, it is too early to assess its true value, especially for encouraging export opportunities for any businesses in Melbourne’s outer suburbs. Given this, the Committee looks forward to further regular updates on the program’s performance over time.

**RECOMMENDATION**

The Victorian Government, through Business Victoria, makes public regular six-monthly progress reports on the Victorians Abroad program, in order to determine further refinements or enhancements required to this service.

Despite the good work of Business Victoria and its federal counterparts in promoting export opportunities, the Committee discovered that some outer suburban areas were far more informed, adept and confident than others in their knowledge and application of the various state and federal government export assistance programs on offer. However, all agreed on the need for more export assistance from state and federal government. For example, Greg Aplin from Wyndham City Council, told the Committee:

> Export orientation is one of those opportunities that I believe the government has a role to partner with councils and regions. DIIRD does a wonderful job. Austrade does a good job. It is a hard, uphill battle to try and build up the number of exporters and the amount of exports but we all know it is in the interests of the economy.

Mick Butera, from NORTHLink/NIETL, also told the Committee of his success in helping local companies establish valuable food-related export markets that have assisted LED in Melbourne’s outer north:

> We run a program under contract with Austrade called Tradestart ... to increase the number of exporters Australia has got, and we have been running it over the last four years. We select 25 companies each year to help create first-time exports for them. I think we have got about 65 to date. We are creating — and I mean creating, in the sense that these are companies which have never exported before — about 15 new exporters each year. Some of them are establishing offices all over the globe.

> We are exporting ricotta cheese to Indonesia as a result of that. The northern region of Melbourne because of its migrant background — a lot of those migrants
have created what are now becoming very sought-after food industries such as ricottas, salamis et cetera and we are now sending these overseas.

Food is just one of the examples of what the Tradestart program has helped stimulate. That is a way of taking a business where the owner has got the skills and the product but has not got business planning skills, business marketing skills or the ability to network with government and non-government sectors in order to leverage their business.420

Neville Smith, from Melton Shire Council, endorsed the role of programs such as those offered by the Australian Government through Austrade but told the Committee his municipality believed:

... there needs to be more education and more awareness about the opportunities for export because there may well be businesses that do not think they have an export market but in fact do. An understanding of how the system works and the location of Austrade personnel is something that we think is also vital, provided that they are aware of those issues that need to be addressed.421

The Committee believes many businesses of all sizes might benefit from a greater awareness of the export assistance programs at state and federal level. However, at face value, these programs and their respective application forms appear complex and must seem particularly daunting to HBBs and other microbusinesses contemplating global sales through their on-line presence.

Further, from its investigations, the Committee believes some areas of outer suburban Melbourne appear to lack developed expertise and are unable to offer local businesses appropriate advice and guidance on applying for export aid.

Although the websites of Business Victoria and Austrade offer very useful information, the Committee contends that face-to-face expert counselling remains a powerful tool in all aspects of LED, including the pursuit of export markets.

**RECOMMENDATION**

The Victorian Government increases Business Victoria’s resources to promote export opportunities for businesses, with a focus on the needs of SMEs in Melbourne’s outer suburban LGAs. Such additional resourcing could facilitate information workshops, mentoring and face-to-face counselling/advice sessions for SME operators, run by export program specialists.
RECOMMENDATION

The Victorian Government, through Business Victoria, partners with the Australian Government to similarly promote export opportunities through Austrade, modelled on the successful NORTHLink/NIETL food export example cited in this section, with a focus on the needs of SMEs in Melbourne’s outer suburban LGAs.

In its evidence to the Committee, the VFF argued for the importance of agriculture as an export-based operation in Melbourne’s outer suburban LGAs, particularly in the green wedges. Further, to enhance that sector’s export opportunities, VFF Deputy President, Meg Parkinson, said governments at state and federal levels had to improve planning and infrastructure:

One of the strengths of Victoria is that it has a way of flying fresh produce out, which it did not have that long ago. That in itself has been a real positive. But then you get the issue of getting it there [i.e., to the airport]. Obviously, doing the roads around Melbourne is a part of that — the ring-road — and when that is finished, that will be a positive as well. But certainly infrastructure is really important for export industries. Infrastructure is broader than just roads and ports. It also includes all these other things, which are really part of the basis on which your industries are built.422

In earlier chapters of this report, the Committee highlighted the importance of adequate planning and infrastructure provision for advancing all sectors of LED in Melbourne’s interface, including agriculture.

Ms Parkinson also highlighted the positive role played by government agencies in assisting agricultural exports:

Rural Development Victoria [RDV] has been doing a lot of work on this. It has been doing some very good work. It has been working with food in its broader sense — taking the food from the paddock, helping transform it into another product and exporting it. Certainly, it has also been doing a lot of showcasing of food from various areas and that has also been a very positive thing. ... It is just what a whole lot of small businesses need because small business in agriculture and food production is just like small business everywhere — you have a limited amount of time, you have a limited amount of resources and you often know what you want to do but you do not know how to get there. ... The Commonwealth [government] has also been doing work on export via the various agencies, which has also been very good but getting big enough to get into the commonwealth programs has been the problem and the RDV work is building that bridge.423

As affirmed in its last recommendation, the Committee agrees with the VFF that many businesses of all sizes could benefit from the export assistance programs offered at state and
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The Committee believes its previous recommendations, if adopted, will help facilitate this process.

The final area of export-related LED potential investigated by the Committee was a promising proposal to establish a halal food production and export industry, operating primarily from the existing food production precincts in Melbourne’s outer western and northern suburbs.

The proponent of this idea, Brian Norwood, Chair of Elders Victoria/Riverina/Tasmania, told a conference attended by members of the Committee and Secretariat that:

- there are 1.8 billion people of Muslim faith in the world;
- their faith requires them to only consume food and beverages that have been certified as ‘halal’;
- this principle also applies to the usage of pharmaceuticals and cosmetics;
- the value of halal food consumed annually worldwide is over US$600 billion;
- within a decade, halal food will represent the required food and beverage needs of 1/3 of the world’s population; and
- major international food companies already recognize this, including Nestlé, McDonald’s and Kraft – who all offer some halal food products. 424

Mr Norwood argued Australian food producers are ideally placed – geographically as well as commercially – to satisfy some of this growing demand for halal food, providing governments and the private sector worked together to advance the possibilities.

The Committee subsequently questioned Sam Steele from DIIRD on the Victorian Government’s awareness of the halal food market, in particular the fate of an abattoir established with government help in Melbourne’s outer west to operate as a halal food producer. Mr Steele responded:

*Our export programs generally apply across all industries. They do not single out particular industry sectors for assistance. They would certainly be able to access programs under the Opening Doors to Export plan.* 425

*While governments offer various programs and financial assistance and so forth to introduce companies to markets, very often it is not the provision of grants that makes the difference, it is market access issues overseas.*

*Certainly, one of the roles we play is to consult with industry about any particular barriers that it is experiencing in relation to export development to understand what they are and, if necessary, make representations to the commonwealth regarding those issues which it can then raise with its counterparts overseas.* 425
The Committee agrees with Brian Norwood that there seems obvious potential for Australian food producers to take advantage of an inevitable rise in demand for halal assured food products and pharmaceuticals.

Further, given that Melbourne’s outer west and north already host several well-established food research, technology and production precincts – notably within the municipalities of Wyndham, Melton, Hume and Whittlesea – it would be logical for those council areas to pool resources toward developing an overall halal food business plan.

If such a business plan eventually came to fruition, the Committee believes this would provide a significant boost to the LED of those municipalities, resulting in many additional jobs and valuable export income, especially from predominantly Muslim neighbour countries.

The Committee further agrees with Mr Norwood that governments at state and federal levels should be involved in advancing this plan, especially given the relevant licences that would be required to commercialise the project.

**RECOMMENDATION 170**

The Victorian Government, through Business Victoria, works with Melbourne’s outer suburban councils and other stakeholders to investigate the business case for establishing or expanding halal certified food production facilities in the interface area, aimed at generating export-driven LED.

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**RECOMMENDATION 171**

If a business case can be made for a major halal food production industry in Melbourne’s interface, the Victorian Government should continue to work with those stakeholders to promote, develop and realise the export potential from this new opportunity, with a particular focus on generating additional LED across Melbourne’s interface.

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**Conclusion**

In summary, despite the limitations of the Committee’s investigation of export-related LED opportunities, the Committee believes there is great scope for encouraging businesses in Melbourne’s interface to consider markets beyond Australia. Certainly, the rapid and recent changes in technology and transportation make global communications and trade easier now than at any previous time in our history.

The Committee encourages the work of both the Victorian and the Australian governments in promoting export opportunities; however, more could be done to ensure businesses of all
sizes and locations are fully informed of the potential export opportunities and the availability of government export assistance programs and grants.
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# Appendix A: List of Submissions

<table>
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<th>Date of Submission</th>
<th>Name</th>
<th>Affiliation</th>
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<tr>
<td>1</td>
<td>21.08.2006</td>
<td>Mr Barrie J. Sutton</td>
<td>Citizen</td>
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<tr>
<td>2</td>
<td>11.09.2006</td>
<td>Mr Ted J. Rosewarne</td>
<td>Citizen</td>
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<td>3</td>
<td>12.09.2006</td>
<td>Mr Shane Murphy</td>
<td>Mornington Peninsula Shire</td>
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<td>4</td>
<td>15.09.2006</td>
<td>Mr Paul Casey</td>
<td>Director, Garnett Pty Ltd</td>
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<td>5</td>
<td>21.09.2006</td>
<td>Mr Michael Marasco</td>
<td>Chief Executive Officer, Maroondah City Council</td>
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<td>6</td>
<td>25.09.2006</td>
<td>Ms Marilyn Duncan</td>
<td>Chief Executive Officer, Brimbank City Council</td>
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<td>7</td>
<td>28.09.2006</td>
<td>Mr Mark Gunther, and Ms Connie Comber</td>
<td>Vice President Executive Member, Healesville Chamber of Commerce and Industry</td>
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<td>8</td>
<td>29.09.2006</td>
<td>Mr Chris Guthrie</td>
<td>Economic Development Manager, Shire of Melton</td>
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<tr>
<td>9</td>
<td>29.09.2006</td>
<td>Mr Ian Robins</td>
<td>Chief Executive Officer, Wyndham City Council</td>
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<td>10</td>
<td>29.09.2006</td>
<td>Mr Robert Dobrzynski</td>
<td>Chief Executive Officer, Moorabool Shire Council</td>
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<td>11</td>
<td>29.09.2006</td>
<td>Mr Liam Hodgetts</td>
<td>Manager, Strategic Development, City of Casey</td>
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<tr>
<td>12</td>
<td>29.09.2006</td>
<td>Mr Garry McQuillan</td>
<td>Acting Chief Executive Officer, Cardinia Shire Council</td>
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<td>13</td>
<td>29.09.2006</td>
<td>Mr Ron Ghiggino</td>
<td>Manager Business Development, City of Greater Dandenong</td>
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<tr>
<td>14</td>
<td>29.09.2006</td>
<td>Dr Graeme Johanson and Dr Stephen Burgess Dr Carmine Sellitto</td>
<td>Director, Centre for Community Networking Research, Monash University Electronic Commerce Research Unit, Victoria University</td>
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<tr>
<td>15</td>
<td>4.10.2006</td>
<td>Dr Gayle Morris</td>
<td>Director, Office of Research, Victoria University</td>
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<tr>
<td>16</td>
<td>6.10.2006</td>
<td>Mr Rob Spence</td>
<td>Chief Executive Officer Municipal Association of Victoria</td>
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<td>17</td>
<td>6.10.2006</td>
<td>Mr Radley de Silva</td>
<td>Acting Executive Director, Master Builders Association of Victoria</td>
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<tr>
<td>18</td>
<td>9.10.06 updated 30.04.07</td>
<td>Mr David Turnbull</td>
<td>Acting Chief Executive Officer, City of Whittlesea</td>
</tr>
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<td>19</td>
<td>9.10.2006</td>
<td>Mr Robert Hauser</td>
<td>Chief Executive Officer, Shire of Yarra Ranges</td>
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<td>20</td>
<td>13.10.2006</td>
<td>Mr Bill Forrest</td>
<td>Chief Executive Officer, Nillumbik Shire Council</td>
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<td>21</td>
<td>18.10.2006</td>
<td>Hon. Sherryl Garbutt MP</td>
<td>Minister for Children, Minister for Community Services Victoria</td>
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<td>22</td>
<td>27.10.2006</td>
<td>Mr David Keenan</td>
<td>Director City Sustainability, Hume City Council</td>
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<td>23</td>
<td>31.10.2006</td>
<td>Mr Ian Robins</td>
<td>Chief Executive Officer, Wyndham City Council On behalf of Interface Councils</td>
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<td>24</td>
<td>13.04.2007</td>
<td>Mr Tim Murphy</td>
<td>Chief Executive Officer, BioMelbourne Network</td>
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<td>26.04.2007</td>
<td>Mr Michael Iaccarino</td>
<td>Executive Officer, Melbourne’s West Area Consultative Committee</td>
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<td>26</td>
<td>3.05.2007</td>
<td>Anonymous A</td>
<td>Citizen</td>
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<td>27</td>
<td>4.05.2007</td>
<td>Professor Dr Pieter Nagel</td>
<td>Director, Institute for Logistics &amp; Supply Chain Management, Victoria University</td>
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<td>28</td>
<td>11.05.2007</td>
<td>Mr Daryl Taylor</td>
<td>Kinglake Action Network and Development Organisation</td>
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<td>14.05.2007</td>
<td>Ms Jennifer Cunich</td>
<td>Executive Director, Property Council of Australia (Victorian Division)</td>
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<td>30</td>
<td>18.05.2007</td>
<td>Mr Mick Butera</td>
<td>Executive Director, NORTH Link/NIETL</td>
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<td>31</td>
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<td>Mr David Brown</td>
<td>Regional Sustainability Manager – Victoria, Lend Lease Communities</td>
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<td>32</td>
<td>18.06.2007</td>
<td>Assoc. Prof. Gerard Naughtin, Mr Charlie McShane &amp; Dr Verity Archer</td>
<td>Senior Manager, Research &amp; Policy Manager, Employment &amp; Community Development Manager, Research &amp; Policy, Brotherhood of St Laurence</td>
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<tr>
<td>33</td>
<td>18.06.2007</td>
<td>Mr Tony Coppola</td>
<td>Executive Officer, Northern Melbourne Area Consultative Committee</td>
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<td>34</td>
<td>28.06.2007</td>
<td>Mr Theo Theophanous MP</td>
<td>Minister for Industry and State Development, Whole of Victorian Government submission</td>
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<td>35</td>
<td>17.09.2007</td>
<td>Mr Damien Ryan</td>
<td>Executive Officer, Western Melbourne Tourism Inc</td>
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<td>36</td>
<td>29.10.2007</td>
<td>Mr Daryl Brooke</td>
<td>Business Development Consultant, Business Diagnostics &amp; Solutions</td>
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# APPENDIX B LIST OF WITNESSES

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<td>Public Hearing</td>
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<tr>
<td>1</td>
<td></td>
<td>Mr Ian Robins</td>
<td>Chief Executive Officer, Wyndham City Council, Interface Councils Group</td>
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<tr>
<td>2</td>
<td></td>
<td>Mr Neville Smith</td>
<td>Chief Executive Officer, Melton Shire Council, Interface Councils Group</td>
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<td>3</td>
<td></td>
<td>Mr Ming Toh</td>
<td>Senior Consultant, SGS Economics and Planning, Interface Councils Group</td>
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<td>4</td>
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<td>Mr Ian Robins</td>
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<td>5</td>
<td></td>
<td>Mr Greg Aplin</td>
<td>Director, Economic Development and Planning, Wyndham City Council</td>
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<td>Mr Neville Smith</td>
<td>Chief Executive Officer, Melton Shire Council</td>
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<td>Mr Brett Luxford</td>
<td>Manager, Economic Development, Hume City Council</td>
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<td>8</td>
<td></td>
<td>Mr David Keenan</td>
<td>Director, City Sustainability, Hume City Council</td>
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<td>9</td>
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<td>Cr Gary Jungwirth</td>
<td>Mayor, Hume City Council</td>
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<td>Ms Kim Swinson</td>
<td>Manager, Economic and Community Development, Yarra Ranges Shire Council</td>
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<td>Mr Ian Ada</td>
<td>Agribusiness and Tourism Officer, Yarra Ranges Shire Council</td>
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<td>Mr John Francis</td>
<td>Director, Economic Development, Whittlesea City Council</td>
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<td>13</td>
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<td>Mr Christopher DeSilva</td>
<td>Director, Planning and Development, Whittlesea City Council</td>
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<td>Ms Paula Giles</td>
<td>Director, Policy, Programs and Commercial, Municipal Association of Victoria</td>
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<td>15</td>
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<td>Mr Brian Welch</td>
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<td>16</td>
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<td>Mr Asher Judah</td>
<td>Policy and Research Executive, Master Builders Association of Victoria</td>
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<td>Professor Dr Pieter Nagel</td>
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<td>Adjunct Advisor, Victoria University, Institute for Logistics and Supply</td>
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<td>Chain Management</td>
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<td>Mr Tim Murphy</td>
<td>Chief Executive Officer, BioMelbourne Network</td>
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<td>Associate Professor Dr Graeme Johanson</td>
<td>Director, Centre for Community Networking Research, Monash University</td>
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<td>Dr Carmine Sellitto</td>
<td>Lecturer, School of Information Sciences Systems, Victoria University</td>
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<td>18.06.07</td>
<td>Associate Professor Gerard Naughtin</td>
<td>Senior Manager, Ageing Policy, Brotherhood of St. Laurence</td>
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<td>24</td>
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<td>Mr Charlie McShane</td>
<td>Senior Manager, Community and Employment Location, Brotherhood of St Laurence</td>
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<td>Dr Verity Archer</td>
<td>Manager, Research and Policy, Brotherhood of St Laurence</td>
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<td>Mr Tony Coppola</td>
<td>Secretary, Brunswick Business Incubator, and Executive Officer Northern Melbourne Area Consultative Committee</td>
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<td>Mr Mick Butera</td>
<td>Chairman, Brunswick Business Incubator and Executive Director, NORTH Link/NIETL</td>
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<td>28</td>
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<td>Mr Nicholas Hunt</td>
<td>Chief Executive Officer, Tourism Alliance Victoria</td>
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<td>Ms Jaqueline Blackwood</td>
<td>Tourism Alliance Victoria</td>
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<td>Cr Michael Barnett</td>
<td>Chair, Auckland Plus, &amp; Chief Executive Officer, Auckland Chamber of Commerce</td>
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<td>31</td>
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<td>Mr Clyde Rogers</td>
<td>Group Manager, Auckland Plus, Auckland Regional Council</td>
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<td>32</td>
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<td>Cr Bill Burrill</td>
<td>Auckland Regional Council</td>
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<td>Ms Lesley Baddon</td>
<td>Auckland Regional Council</td>
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<td>34</td>
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<td>Ms Louise Mason</td>
<td>General Manager, Programmes and Partnerships, Auckland Regional Council</td>
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<td>Ms Louise Marra</td>
<td>Director, Government Urban &amp; Economic Development Office, Ministry for Economic Development</td>
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<td>29.06.07</td>
<td>Mr David Sanders</td>
<td>Senior Analyst, Regional Development Unit, Ministry for Economic Development</td>
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<td>Mr Paul Barker</td>
<td>Manager, Labour Market Dynamics, Department of Labour</td>
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<td>Mr Lindsay Gow</td>
<td>Deputy Chief Executive and Manager Urban Affairs Unit, Ministry for the Environment</td>
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<td>Mr Matthew Everett</td>
<td>Senior Manager – Urban Affairs Issues, Ministry for the Environment</td>
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<td>Ms Anna Heiler</td>
<td>Director, Strategy, New Zealand Trade and Enterprise</td>
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<td>46</td>
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<td>Ms Liz Gibson</td>
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<td>Cr Kris Pavlidis</td>
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<td>Mr David Hall</td>
<td>General Manager, Business Parks, MAB Corporation</td>
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<td>Mr John Purdey</td>
<td>Development Director, McMullin Group</td>
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<td>Mr David Keenan</td>
<td>Director, City Sustainability, Hume City Council</td>
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### 16.07.07 Public Briefing

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<td>53</td>
<td>Ms Brooke Lord</td>
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<td>54</td>
<td>Mr Peter Harrison</td>
<td>General Manager, Government Liaison/Student Services Group, Kangan Batman TAFE Skills and Training</td>
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<tr>
<td>55</td>
<td>Ms Sophie Gordon</td>
<td>Manager, MatchWorks Employment</td>
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<tr>
<td>56</td>
<td>Mr John Ower</td>
<td>Landowner, Mickleham</td>
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<td>57</td>
<td>Mr Oscar Guglielmi</td>
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<td>58</td>
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<td>59</td>
<td>Mr Peter Curtis</td>
<td>President, Sunbury Chamber of Commerce &amp; Industry</td>
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### 20.08.07 Public Forum Melton

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<td>Mr Dirk Dowling</td>
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<td>61</td>
<td>Cr Chris Papas</td>
<td>Director, LeadWest</td>
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<tr>
<td>62</td>
<td>Ms Anne Jolic</td>
<td>Economic Development Manager, Delfin Lend Lease</td>
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<td>63</td>
<td>Mr Marshall Kelaher</td>
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<td>Mr Martin Gaedtke</td>
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<td>Mr Michael Tudball</td>
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<td>66</td>
<td>Mr Bruce Marshall</td>
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<td>67</td>
<td>Mr David Grace</td>
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<td>68</td>
<td>Associate Professor Brenda Cherednichenko</td>
<td>Director, Access &amp; Success Project, Director, Access and Success Project, Head of Melton Campus, Victoria University</td>
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<td>69</td>
<td>Mr Luke Shannon</td>
<td>General Manager, Planning &amp; Development, Melton Shire Council</td>
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### 17.09.07 Public Forum Wyndham

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<td>Mr Barry Harvey</td>
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<td>71</td>
<td>Mr Damien Ryan</td>
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<td>72</td>
<td>Dr Todor Vasiljevic</td>
<td>Senior Lecturer, School of Molecular Sciences, Victoria University</td>
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<td>73</td>
<td>Mr Stephen Gately</td>
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## APPENDIX C CONFERENCES & SEMINARS

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<td>Victoria Tourism Industry Council</td>
<td>Forum in association with Tourism Victoria and Federation Square, held in Melbourne</td>
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<td>Facilitating Growth &amp; Investment Conference</td>
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<td>Communities in Control Conference 2007</td>
<td>Conference convened by Our Community and Centacare Catholic Family Services, held in Melbourne</td>
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<td>8th International Cities, Town Centres &amp; Communities Conference 2007</td>
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<td>Hume Research Conference 2007: The Janus Connection: What has been learned?</td>
<td>Seminar hosted by Hume City Council</td>
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<td>Melbourne 2030 Seminar</td>
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<td>National Logistics City Strategy Workshop</td>
<td>Presented by the Institute for Logistics &amp; Supply Chain Management, Victoria University and the Department of Innovation, Industry and Regional Development, Victoria. Held in Melbourne</td>
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<td>Industry Policy Challenges and the 2007 Federal Election</td>
<td>A Forum co-ordinated by the Centre for Public Policy, University of Melbourne, held in Melbourne</td>
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<td>Institute of Public Affairs Housing Affordability Paper Launch</td>
<td>Launch by Master Builders / Institute of Public Affairs, held in Melbourne</td>
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<td>Urban ‘45’ Summit, New Ideas for Australian Cities</td>
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<td>Public Transport Growth in Melbourne</td>
<td>A Conference supported by the University of Melbourne, City of Melbourne, VLGA and Future Melbourne, held in Melbourne</td>
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<td>A Seminar co-ordinated by Asialink and University of Melbourne, held in Melbourne.</td>
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<td>Privatisation of Public Passenger Transport – Insight from British Experience</td>
<td>A Seminar co-ordinated by the Institute of Transport Studies, Monash University, held in Melbourne.</td>
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<td>The Future of the Australian Car Industry</td>
<td>A Symposium presented by Melbourne University, held in Melbourne.</td>
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<td>Re-imaging the Australian Suburb</td>
<td>A Seminar presented by RMIT University, held in Melbourne.</td>
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<td>House Prices, Affordability and Risk: Housing Policy Success, Now and into the Future</td>
<td>A Seminar presented by representatives from the International Centre for Housing and Urban Economics at RMIT University, Urban 45, Global Cities and the University of Reading, held in Melbourne.</td>
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<td>A Seminar presented by the Victorian Planning &amp; Environmental Law Association, held in Melbourne</td>
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<td>22</td>
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<td>Australian Regional Economies Conference</td>
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