

25 July 2008

Mr Michael Crawford
Inquiry Secretary
Standing Committee on Infrastructure,
Transport, Regional Development and Local Government
House of Representatives,
Parliament of Australia

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Dear Mr Crawford,

**RE: House Standing Committee on Infrastructure, Transport, Regional
Development and Local Government *Inquiry into a New Regional Development
Funding Program***

Please find attached the City of Whittlesea's submission to this inquiry.

Should you have any enquiries in relation to this submission, please contact me on
9217 2278 or email on john.francis@whittlesea.vic.gov.au.

Yours sincerely



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Corporate and Economic Development

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City of Whittlesea submission to

**House Standing Committee on Infrastructure, Transport,
Regional Development and Local Government**

Inquiry into a New Regional Development Funding Program

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City of Whittlesea submission to

House Standing Committee on Infrastructure, Transport, Regional Development and Local Government

Inquiry into a New Regional Development Funding Program

The City of Whittlesea welcomes this opportunity to make a submission to the Federal Government *Inquiry into a new Regional Development Funding Program*.

The City of Whittlesea is a designated growth area and is experiencing a sustained period of rapid urban growth, particularly on the urban fringe. The cost of building socially vibrant, economically viable and environmentally sustainable communities is high and projected to increase.

Like other growth areas, our capacity to deliver the quantity and quality of facilities and services required by these new communities will become increasingly compromised over time. Insufficient resources because of unsuccessful funding formulae, have failed to keep up with population growth resulting in a backlog of community infrastructure within both established and emerging communities. Increased State and Federal Government investment in infrastructure is essential to build liveable, sustainable cities.

Families, children & young people in our municipality are also disadvantaged in relation to the provision of local human services. Like other outer urban/fringe growth areas, local residents are geographically isolated from service centres & current service provision is not keeping pace with population growth & demand. Increased State and Federal Government investment in programs is essential to achieve a basic level of service provision.

Such rapid growth brings with it the need to ensure the economic development of the municipality. A common issue with growth areas is relatively sluggish economic development and jobs growth relative to population size and growth. This results in residents commuting to work in other regions. This imbalance is undesirable and poses real risks to economic productivity and social cohesion. Government investment and support in economic development is essential to the process of building a complete community, where residents can live, work, access services and enjoy recreation without leaving the municipality.

The New Regional and Local Community Infrastructure Program provides the opportunity to more effectively resource our growing community.



City of Whittlesea ...one of the fastest growing municipalities in Victoria

City Profile – a snapshot

The City of Whittlesea is located in Melbourne's northern suburbs, about 20km from the Melbourne CBD. The City of Whittlesea is bounded by the Shires of Mitchell and Murrindindi in the north/north-east, the Shire of Nillumbik in the east, the Cities of Darebin and Banyule in the south/south-east and the City of Hume in the west.

The City includes the suburbs of Bundoora, Donnybrook, Doreen, Eden Park, Epping, Humevale, Kinglake West, Lalor, Mernda, Mill Park, South Morang, Thomastown and Whittlesea.

It is a large municipality covering an area of 490 km² of both urban and considerable rural areas.

The City is one of Melbourne's major growth areas, with significant future growth expected. The rural areas of the City are characterised by farming and grazing and also include forest, sites of conservation significance and historic township communities.

Since 2001, approximately 20,000 people have moved in and over 8,000 houses have been built. The level of growth is predicted to remain strong for the next 25 years or more.

The City's population is expected to increase from the current 134,000 to 240,000 by 2031. Significant growth is anticipated in all age cohorts.

The municipality faces the complex and distinctive challenges of balancing the dynamics of urban areas, rural areas, rapid growth, social disadvantage and high demand for services.

Rural areas are extensive and comprise approximately 70 percent of the municipality's total area. Although these areas contain only 6 percent of the municipality's population, their natural and productive resources, metropolitan and regional assets and visual qualities provide an important sense of municipal context and identity. The rural areas play an important role in establishing the City of Whittlesea as a unique city.

The City is also one of the most culturally diverse areas of the metropolitan Melbourne - 48% of the population give their ancestry as NESB, with one or both parents born overseas. Whittlesea also has the fourth highest population of indigenous people in metropolitan Melbourne.

The City of Whittlesea is characterised by economic diversity with pockets of high socio economic disadvantage, ranking the sixth most disadvantaged on the SEIFA index.

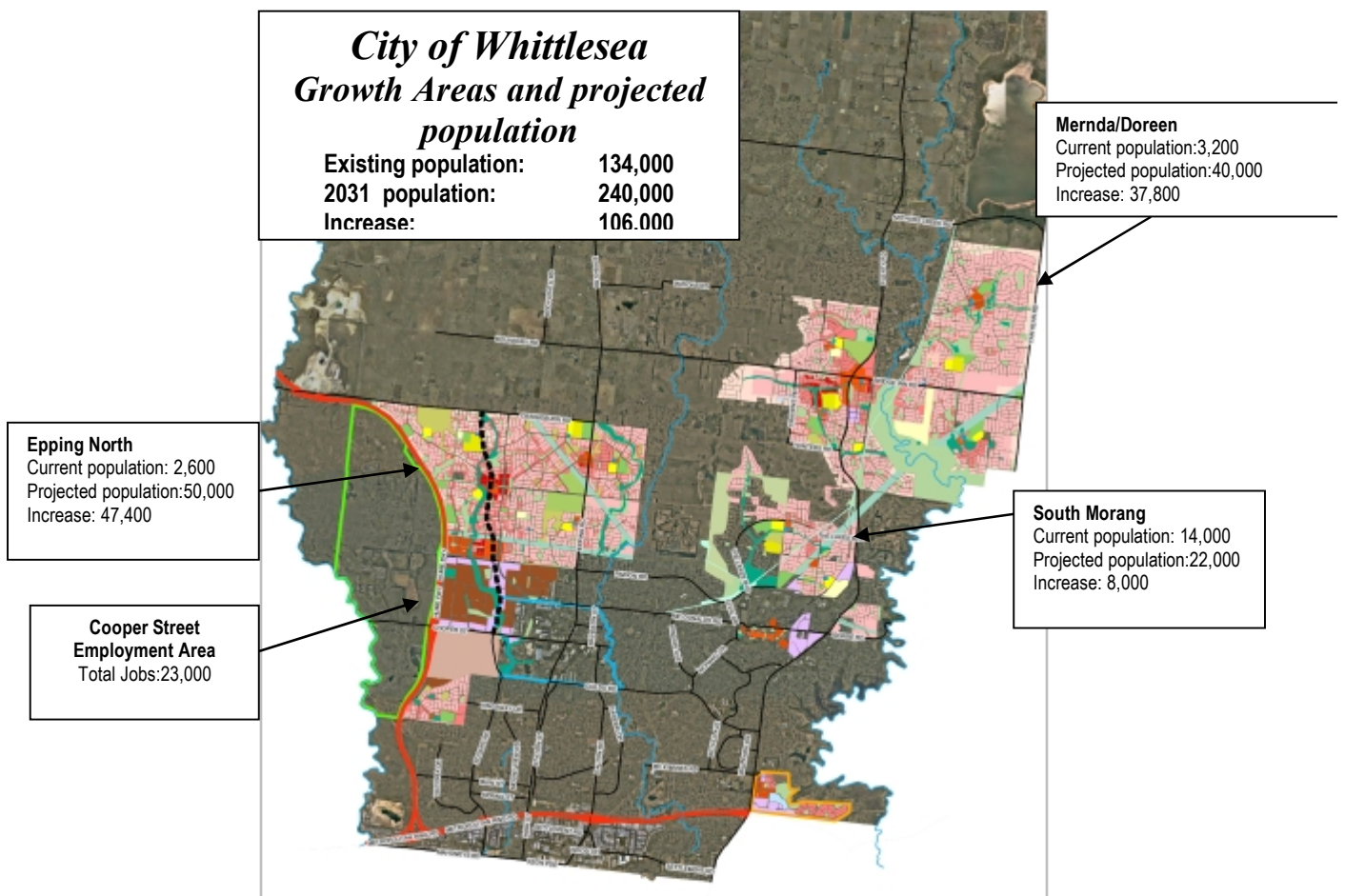


Growth Areas

The City of Whittlesea is one of Melbourne’s outer metropolitan growth areas. These Councils face the distinctive challenges of balancing the dynamics of urban areas, rural areas, rapid growth, social disadvantage and high demand for services.

To accommodate this growth, diversity and high service demand, the City requires practical responses that balance community development, economic growth and environmental wellbeing.

The Council believes this can only be achieved in partnership with the State and Federal Government.



Infrastructure and program funding for growth areas

The City of Whittlesea is experiencing a sustained period of rapid urban growth, particularly on the urban fringe. The cost of building socially vibrant, economically viable and environmentally sustainable communities is high and projected to increase. Like other growth areas, our capacity to deliver the quantity and quality of facilities and services required by these new communities will become increasingly compromised over time.

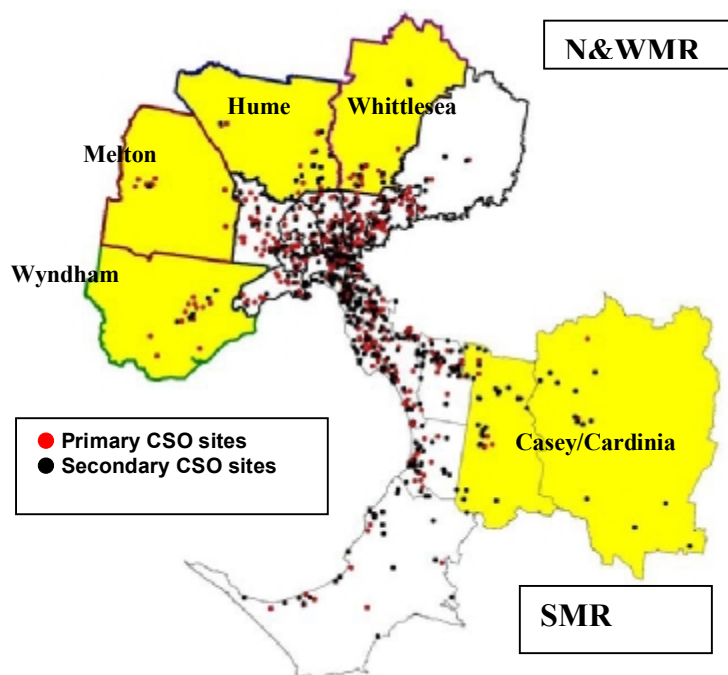
Insufficient resources because of unsuccessful funding formulae, have failed to keep up with population growth resulting in a backlog of community infrastructure within both established and emerging communities.

The Council has developed a 15 year municipal financial plan covering all Council's capital and infrastructure responsibilities, in both established and growth areas. It is estimated that \$555M worth of capital works are required. Of that, \$300M can be addressed through operating surplus, reserves, anticipated government grants, development contributions of other income. However, the City of Whittlesea has a projected shortfall of \$145M over the next 15 years, an average of \$9.6M per year.

Families, children & young people in our municipality are disadvantaged in relation to the provision of local human services. Like other outer urban/fringe growth areas, local residents are geographically isolated from service centres & current service provision is not keeping pace with population growth & demand.

Increased State and Federal Government investment in infrastructure is essential to develop liveable communities and achieve a basic level of service provision. Linked to this is the need for improved public transport provision to enable convenient community access to services. The 'New Regional and Local Community Infrastructure Program' provides an ideal opportunity to provide additional resources for these areas.

The graphic below clearly illustrates the disparity in DHS funded community service organizations between inner city areas and outer growth areas such as the City of Whittlesea.



Recommendations

The Federal Government's 'New Regional and Local Community Infrastructure Program' should consider the new growth areas and the needs for new infrastructure for older, existing areas. Furthermore, the new program should be available for further investment in human services program delivery in growth areas. The program should be flexible enough to consider:

- Open space – both passive and active recreation forms
- Bicycle/pedestrian pathways
- Libraries
- Indoor recreation and leisure facilities
- General or multi purpose community service centres
- Children Services
- Youth services and facilities
- Cultural/performing arts facilities
- Aged care services and facilities
- Neighbourhood houses / community learning centres
- New and emerging demands and activities on exiting infrastructure, eg sports fields into soccer fields
- Building new sporting fields and facilities in new suburbs
- Building new facilities in older suburbs

The 'New Regional and Local Community Infrastructure Program' also provides an ideal opportunity to work with local councils to minimise our carbon emission footprint. Consideration should be given to including upgrades to infrastructure to make it more sustainable, establishing new practices for urban wastewater and stormwater recycling and providing a new source of funding for infrastructure investment to support local 'better cities' sustainability and transport initiatives.

Rural Areas

Rural areas are extensive and comprise approximately 70 percent of the municipality's total area. Although these areas contain only 6 percent of the municipality's population, their natural and productive resources, metropolitan and regional assets and visual qualities provide an important sense of municipal context and identity. The rural areas play an important role in establishing the City of Whittlesea as a unique city.

Many of the traditional farming systems that have operated in the rural areas of the municipality, rural enterprises in the main, have been managed by families that have traditionally conducted these activities - and often there is limited capacity to adjust to new family practices or enterprises.

Farmers on the urban fringe of Melbourne and other major national cities feel they are suffering as a result of rate increases, burgeoning local populations and restrictions on their agricultural activities as new housing developments spring up on the fringe of rural areas. Development has pushed up agricultural land values, resulted in higher rates for farming businesses, and farmers are finding their activities increasingly constrained by the proximity of housing, unproductive practices of traditional forms of agriculture, climate and environmental changes.

Recommendations

The Federal Government's 'New Regional and Local Community Infrastructure Program' provides an ideal opportunity to support rural industries by:

- Encouraging sustainable agriculture and associated rural activities and lifestyles as the most appropriate form of land management within the municipality's rural areas.
- Enhancing and strengthening the role and contribution of the rural areas to the regional economy while recognising and protecting the extensive environmental assets and values also found in these areas.
- The changing nature of agricultural enterprises and the need to provide for positive initiatives and greater flexibility within rural areas. New and innovative rural enterprises that are environmentally sustainable and acceptable to the wider community are also to be encouraged and supported
- Encouraging forms of agriculture that have associated tourist/visitors, related functions that are of benefit to the area and act to diversify the local rural economy.

City of Whittlesea ...one of the strongest growing municipalities in Victoria

Our local economy – a snapshot

- At the time of the 2006 ABS Census, 55,268 employed persons lived in the City of Whittlesea. With only 25.6% of residents working within the municipality.
- Over 9,000 businesses operating within the City.
- Over the past 10 years, population growth has been over 2% per annum. This is one of the strongest areas in term of population influx in Victoria.
- Within the City of Whittlesea, there is a higher proportion of technicians and tradespersons, clerical and administrative workers, sales and service workers, machinery operators and drivers, and labourers and related workers than in Melbourne Statistical Division (MSD) and Victoria.
- Between the 1996 and 2006 Census there was an increase of 11,452 employed persons (15 years and over) in the City of Whittlesea. Occupations with the largest increases were: Clerical/administrative (20%), sales (31% increase), managers (39.8%), professionals (61% increase), community, personal service (84.8%).
- The major industries of employment of persons living in the City of Whittlesea were manufacturing (18.9%), retail and wholesales trade (18.2%), health care and community/social assistance services (9.8%) and construction (9.4%). The proportion of persons employed in these industries was higher in the City of Whittlesea compared with MSD where 13.3% were employed in manufacturing and 14.6% were employed in construction.
- The number of households totalled approximately 43,000 in 2006. This is forecast to increase to 51,866 by 2011 and 69,424 by 2021.
- The median weekly incomes for individuals, households and families are below the MSD average.
- The City of Whittlesea has a higher proportion of persons aged 15 years and over who left school at Year 9 or below (21.7 %), and a lower proportion of persons who stayed at school until Year 12 or equivalent (43.7%) and a lower proportion of persons with a Bachelor degree (18%).
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• **Main Barriers to Economic Development in City of Whittlesea**

- Challenges facing the manufacturing sector - the manufacturing sector is the largest employer;
 - downsizing of larger manufacturers;
 - cheaper import replacement;
 - lack of skill to diversify into new markets; and
 - 'perception' of no career path in the manufacturing sector.

Between 1996 to 2006 there was a significant decrease in the number of people employed in manufacturing- A fall from 27% to 19% of the workforce.

- Around 60% of businesses are sole person – non employing businesses. Over 86% of businesses employ less than 5 staff – the need for resources to deal with one-on-one issues of a large volume of SMEs.
- Poor public transport – only 7.4% of employed persons in the City of Whittlesea use public transport to and from work. Higher percentage of car use to work than MSD and Victoria.
- Skill shortage – a major issue across all industry sectors. Due to the shortage of suitably qualified employees, businesses are choosing not to expand/grow.
- Lack of participation by business in economic development initiatives due to time constraints and grant funding criteria which restrict long term projects or assistance specific to individual business needs. Need for ongoing, easily accessed, one-on-one mentor/coaching support to business owners, especially start-ups and small to medium businesses.
- Limited Government financial support towards meaningful business coaching/mentoring, need for incentives to encourage innovation and commercialisation of business ideas, especially start-ups. i.e. promote and support an “entrepreneurial culture”
- Jobs mix diversity imbalance – lack of “jobs of 21st Century” to meet changing demographics and increasing population over next 15-20 years (i.e. need for business service development and clerical/office).
- High youth unemployment, low school retention and misunderstanding by Secondary Schools of sustainable local employment opportunities, mismatch of curriculum with local business sector skill sets and lack of local trade colleges.
- Viability of Rural enterprises – traditional forms of agricultural production no longer viable on smaller lot sizes.
- Poor linkages, promotion and resourcing of Universities to the specific research and development, and skill shortage needs of the local business community.
- Potential shortage of Industrial land for future growth due to the restrictions of Melbourne 2030.
- Delay in development approvals and the perceived red tape process in dealing with Council.
- Lack of investment into associated infrastructure by Government and industry i.e. Child care facilities, private hospitals, metropolitan Government offices/agencies, private/Independent schools, TAFE Colleges and major roads.
- Lack of “whole of Government” approach to economic issues (i.e. skill shortages, incentives for new/start-up businesses).

- Detailed process, over specific criteria and lengthy decision making timelines for government grants to support business growth and/or new initiatives.
- Limited and often only short term funding availability from Federal and State Governments towards local economic development initiatives. Limited ongoing support for potential, or more strategic projects which may not have immediate employment creation or measurable economic benefits.
- Government (both State and Federal) preoccupied with supporting economic growth of rural and regional areas – lack of focus at the interface.
- Lack of transport infrastructure, poor connectivity will disadvantage industry seeking to move goods quickly and efficiently and connect with current and potential employees.
- Cost of service provision (and delays in delivery of large scale capacity enhancement projects eg. Cooper St sewer) and raw land price.
- Government investment programs in infrastructure delivery not orientated towards stimulating new development.
- Historical difficulties in setting aside sufficient employment based land ahead of time – difficulties in protecting employment land as a resource.

What economic development initiatives is the City of Whittlesea currently undertaking and activities targeted to the main barriers

- Industry Clusters i.e. Plenty Food Group – In conjunction with the Hume City Council, a Coordinator has been appointed to work with 100 food manufacturers across both municipalities to strengthen this sector through specialised training and development, promotion of the region and its ‘cluster’ of food manufacturers, supply chain integration, joint purchasing schemes, export development opportunities, networking and advocacy on behalf of the sector.
- Close working relationship with Commercial/Industrial development sector. Strong links within Council across departments during preliminary stages of development through to proactive support towards attracting appropriate sustainable businesses after development approvals and ongoing participation in training and networking events.
- Broad and regular promotion of the municipality as a destination for business via media, promotional material, events, website, conference speaking, award nominations.
- Proactively attracting new businesses to the municipality to meet future needs and changing local demographics i.e. Melbourne Wholesale Fruit and Vegetable Markets, Siemens VDO, Sumitomo Australia and new Medical facilities.
- Ongoing training and development based on Industry needs and stakeholder feedback i.e. E-commerce, L.E.A.N. Manufacturing, Marketing, Taxation and other Regulation, Export Development and Human Resource Management.
- Case management in dealing with all internal compliance aspects of Council on behalf of businesses relocating to, or undertaking growth in the municipality.
- Lead Council in the Federal Government EasyBiz and Regulation Reduction Incentive fund project to make it easier for small to home-based businesses to understand their compliance requirements and apply for permits to Council.

- Work cooperatively with neighbouring Councils and Regional Development Bodies (i.e. NorthLink, Northern Area Consultative Committee, BioCouncils Alliance) to promote, advocate and pool resources (financial and human) with the aim of meeting the needs of businesses in Melbourne's north.
- Allocation of an annual budget for economic development support and initiatives and seeking Government funding (both Federal and State) to support local economic development initiatives.
- Joint program initiatives with Universities to create better linkage with business and investigate potential new ventures (i.e. Chinese Herbal Medicine Project with RMIT and NMIT, consultancy Research Project with RMIT Quality Management School into the Supply Chain of the Food Manufacturing sector).
- Youth Employment – Linkage Projects in conjunction with schools, LLEN, universities, employment agencies and business i.e. projects to provide pathways for local secondary school students into local careers and trades.
- Undertake or source research data, consult and seek feedback from business owners on their issues and effectiveness of programs delivered, and analyse changing trends in demographics, employment trends etc.
- Participation in many inter-government taskforces and advocate on behalf of local business needs.
- Facilitating projects to retrain people from downsizing industry sector into growing employment sectors (utilising programs such as 'Workforce Participation Partnerships').
- Facilitating land zoning and leading design outcomes to create good quality employment areas – partnership approach.
- 'Incentives packages' to industry which include criteria such as job creation, linkages with local training institutions and active community participation.
- Advocating for Government investment into major transport infrastructure upgrades.
- Implementation of strategy to promote investment in office/commercial development within the municipality using research data accumulated through NORTH Link and the Interface Councils Group.
- Resolution of forward plan for growth areas, including employment areas to create clear vision and certainty for investors.
- Resolution of development contributions plans to ensure that infrastructure projects are equitably funded and delivered in a timely way.

Recommended incentive arrangements for industry and respective responsibilities of government

- A whole of Government approach to the skills shortage issue i.e. Government adoption of Australian Industry Group's new National Skills Fund, particularly improved coordination of training, including the development of local industry skill clusters whose focus would be to bring together groups of companies and supported by new financial incentives and tax changes for employers/employees to promote ongoing skills development.
- Better Incentives by Government for employers to hire apprentices.

- Broader funding criteria from Government for funding local or regional economic development by local government at its discretion, to meet the local economic and regional needs.
- Better use of local government's understanding of local and regional economic issues by Government and semi-government agencies (i.e. Austrade, AusIndustry).
- Ongoing Government support for local networks and Industry clusters whereby individual firms, their supply chains, schools, TAFEs, Universities and all levels of Government work collaboratively to support a better understanding of all the issues effecting the local business community.
- Incentives for Employer Groups providing information, advice, tools and examples of best practice, especially to small businesses.
- Responsive and accessible Government funding for innovative programs at a Regional level to retrain and support people from a downsizing industry sector into other growth sectors which are experiencing skill shortages.
- Access to start-up financing
- Government incentives for local Universities to be more innovative and creative in working with local small to medium businesses.
- Greater support and/or incentives for small businesses to become members of industry associations to help them manage their business.
- Government support for local projects which explore viable business options for outer fringe agricultural enterprises i.e. diversity and alternative commercial land use options.
- Specific Government funding targeted for economic development initiatives of interface/outer metropolitan Councils.
- Support from Government in recognising the economic benefits of outer Metropolitan Councils to new businesses or businesses seeking Government assistance.