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Secretariat  
National Competition Policy Review  
The Treasury  
Langton Crescent  
**PARKES ACT 2600**

Dear Sir/Madam

### **National Competition Policy Review**

Thank you for the opportunity of contributing to the review of the National Competition Policy.

The City of Whittlesea Council considered this matter at its meeting on Tuesday 27 May 2014 and resolved to make a submission based on the themes of:

- Transport infrastructure;
- Telecommunications;
- Workforce skill, and;
- Legislation.

### **Transport Infrastructure**

The City of Whittlesea is one of seven 'growth area' Councils on the urban fringe of Melbourne. The Hume Freeway and its intersection with the Metropolitan Ring Road are located in the municipality. It is the gateway for road based freight and passenger traffic for the southern end of Australia's eastern seaboard. Melbourne Airport, located to our immediate west in the City of Hume complements the road based transport demand in terms of air traffic. The Melbourne Airport 2013 Masterplan anticipates a 60% increase in freight tonnage and an increase in passenger movements from 30 Million to 64 Million by 2033.

The economic productivity and prosperity of Melbourne and Victoria is reliant on the proper functioning of the transport network in the northern region of Melbourne.

At both the state and federal level, governments are pro-actively encouraging population growth in Melbourne's north but neither government is investing adequately in an efficient land based transport system. The national and state road network is disjointed and lacks consistent traffic carrying capacity. Improvements occur on an ad hoc basis and not in accordance with a strategic plan that includes financing and funding. The entire freeway network in Melbourne has expanded in this manner. Decisions made are not best value and do not optimize the efficiency of the road network thus impeding economic productivity. Only in recent years has the capacity of the Metropolitan Ring Road been enhanced after many years of inefficiencies and addressing the restraint on approach to Melbourne airport has only announced in the

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2014-15 Victorian State Budget. The North-East link; Doncaster - Greensborough, much mooted but still a pipe dream, is the missing section for a fully functioning circumferential road corridor providing direct road access for Gippsland farmers and loggers to the Hume Freeway and to the Melbourne Wholesale Fruit & Vegetable Market in Epping and vice versa. The decision by and rationale of the Naphthine State Government's commitment to the East-West road link between the Eastern Freeway and the western suburbs is controversial and the apparent absence of the business case raises the issue of the best value proposition.

Urban transport systems in most major world cities rely on a mass transit system based on fixed rail and buses. Melbourne has grown from about 1 Million people in 1910 to over 4 Million people in 2013. During that time only one rail extension has occurred (South Morang rail extension – 2012) and then that was a restoration of a portion of a line removed in 1959. The growth areas of Whittlesea and Hume are severely disadvantaged economically and socially by the absence of fixed rail services.

Within the hierarchy of road transport facilities, below the strategic freeways and rail network sit the state government's arterial road network. Throughout the 20 years of growth experienced in Whittlesea, minimal upgrading of this network has occurred. This has been the cause of our local business community indicating in the 2012 Economic Development Industry Survey and the 2013 Retail Forum that severe traffic congestion, lack of supportive public transport and a confusing road network (and regulations) strongly impact upon business operations, resulting in discouraged customers, employees and potential investors.

These transport deficiencies have been highlighted in numerous reports by various sources and although some governments seem to be moving towards a more strategic position on these matters no strategic commitment has been shown by respective governments. In frustration, the seven northern Metropolitan Councils in Melbourne produced the 'Northern Horizons' report of April 2014, to highlight the gaps in a broad range of infrastructure. This report appears to have been well received by state government departments and may be the basis of further development of infrastructure provision in the north of Melbourne.

### **Telecommunications**

The City of Whittlesea is recognised by the Commonwealth Government as being a leader in the development of the broadband network. The policies developed by Council in the early 2000s were used by the National Broadband Network Corporation as the basis of its policy for the rollout of the conduits and fibres. Areas of Whittlesea were in the first tranche of suburbs to benefit from the rollout of the national broadband network but despite this, significant gaps in telecommunications occur. Large portions of our industrial areas in the south access internet services from satellite feed as the only land based system is the outdated cable network. This issue was also highlighted in the 'Northern Horizons' report as being problematic across the region.

In addition to the internet, mobile coverage is poor. Small home based businesses and major commercial centres report that 'blackspots' do serious harm to their businesses. Recent correspondence received from the business community within the University Hill precinct, which has been touted as the business model for the future of business and employment centres in the outer suburbs, has requested support and advocacy to Government and service providers as they are not being listened to. Businesses are faced with constant phone call drop outs whilst speaking with clients, strongly impacting sales levels and daily operations. Quest Bundoora is now facing a

significant financial burden by having to subsidise the phone calls made by their guests as no mobile coverage is reached within its hotel rooms.

The inefficiency of the internet and mobile phone systems means that online and phone commerce for existing and start-up businesses are hampered.

### **Workforce Skills**

Manufacturing, education, health and retail are the main sectors contributing to the economy in the northern region of Melbourne. In the five years between 2006 and 2011, the City of Whittlesea workforce grew from 58,705 to 75,759. The percentage increase of 29% is significantly higher than the population growth (23%) over that time period and reflects the increase in employment participation rate that is occurring. The associated opportunities are in part a reflection of the skill set of the newer residents to the municipality. The 'professional' cohort provided the largest growth over that five year period and in 2011 contributed 14.8% of the total workforce compared to 16.2% for technical and 16.4% for clerical/administration jobs.

A weakness of the current workforce is that more than half have no formal qualifications and are vulnerable to the continuing downturn in the widely publicised heavy manufacturing sector. It however, still contributes more economically than the other sectors and contributes 10,117 (14.2%) people to the total workforce. The retail sector contributes 12.2% and health sector provides 11.2% of the workforce.

Within the manufacturing sector, automotive, food production and chemicals dominate. The automotive segment is having a difficult time whereas the food production and chemical segments are flourishing and have enormous potential if the northern region can attract the right skill set.

Melbourne's North is the perfect location for food product manufacturing because of infrastructure developments including freight hubs, a cluster of industry skills, fringe farming activities and the relocation of the Melbourne Wholesale Fruit and Vegetable Market to Epping. These factors add to hub or cluster type opportunities by strengthening the local supply chain and expertise in all things food and beverage.

Chemical manufacturing is important because chemicals are used in a wide range of other manufacturing processes. Chemical based products are an essential input into most sectors of the Australian economy. It would not be possible to manufacture a large proportion of the finished products that are currently produced without the use of chemical products. Because at least part of the industry is very heavily knowledge based, chemical manufacturing provides the opportunity for ongoing research, relationships between universities and cooperative research centres, the development of intellectual property, licensing and new product development.

The Victorian State Planning Policy Framework can also assist pro-actively in encouraging higher qualification employment opportunities. A glowing example of this is the establishment of University Hill in Bundoora by the MAB Corporation. This site was categorised by not having a specific land use zone limiting its development potential to a single or a few uses. In conjunction with the City of Whittlesea, the MAB Corporation developed a multiuse activity centre where the uses leverage off of each other and the nearby RMIT Bundoora campus. Council is now embarking upon a similar endeavour in the 'Epping Central' Metropolitan Activity Centre where it is anticipated that significant job growth will occur.

Opportunities therefore exist to enhance the workforce skills across the board. Graduates, under graduates, technicians and managers are needed. Unfortunately, participation in upstream education to students is amongst the lowest in metropolitan Melbourne. Youth disengagement from education during the latter years of their secondary education is significant. Without the relevant early learning skills and knowledge, employers will continue to find it difficult to match their services to a skilled workforce. The current education framework does not appear to be meeting the needs and expectations of primary and secondary school students. Improving teacher skills, presenting the education streams more effectively and providing the appropriate level of infrastructure and facilities is vital in encouraging students to maximise their education opportunities.

At the higher education level, remedial programs have commenced to overcome the inadequacies of earlier schooling and placements are difficult to maintain due to a lack of transport access and cost pressures.

Mature aged employees have the challenge of up skilling to accommodate the change in the manufacturing sector. Many learnt on the job so their learning skills may be inadequate. For skilled employees, the opportunities to learn new skills to match the workforce needs of new start-up businesses will most likely include a higher level of computer based skills. In all these cases the education system does not appear to be ready to meet the structural changes that are needed. This is not necessarily unexpected as the education system needs to identify the needs of the future to ensure it has the teachers and facilities to deliver that system.

Mature age employees are also a major issue in the farming sector. The Australian Bureau of Statistics in 2011 advised that the age profile of farmers is significantly weighted towards the older cohorts. This has implications for food security, climate resilience and environmental stewardship. Whittlesea is well placed to support the entry of young farmers and newcomers into the industry, with quality land resources and proximity to markets and tertiary institutions in Melbourne as well as a growing local population and potential for agri-tourism. Continued support for applied agricultural and land management education, particularly through NMIT, has established facilities and programs to facilitate and support new entrants to the industry. There is also scope for future innovative programs, such as young farmer incubators and leased land registers to link ageing landholders with young farmers who do not have access to land resources.

### **Legislation**

Separately, the Commonwealth Government has reviewed some current legislation as part of its 2013 election campaign to 'reduce red and green tape' across diverse areas such as early education and childcare, health and employment services. At a broad level, this is a welcome step but did appear to be limited to consulting with individuals, community organisations and businesses. State and Local Governments were not involved and if a genuine 'whole-of-governments' review had occurred, an enhanced outcome may well have been achieved that delivered benefits down to the lowest level of government management of the economy. There may well be further potential to reduce the legislative impost if state governments undertook a similar process but on past record, state governments tend to act individually and focus on state interests.

One of the major local government tasks affecting business is the application of local planning schemes within the State Planning Policy Framework. In considering planning amendments and applications, there is for instance a considerable amount of environmental legislation at the state and federal level that creates a significant impost on developers and the environment with some of the intended outcomes not being achieved. Offset requirements are one such issue where the offset is permitted in areas well away from the locale to be developed thus reducing environmental values in the immediate area of the development. Additionally, developers are required to undertake audits that in some cases impose significant costs for little benefit. Within the Commonwealth Government's legislative review, there was an opportunity to review further 'downstream' legislation and regulations but that may have passed.

The zoning regulations in the State Planning Policy Framework were also identified as a weakness in the 2014-2019 City of Whittlesea Tourism Strategy. There is an increase in rate pressure on commercial farmers and tourism business operators, particularly those within the Melbourne metropolitan Urban Growth boundary (UGB). In some cases, the landholders have invested a lifetime into their properties and wish to continue their enterprises, yet they are forced out due to increasing Council levied rate pressure as a consequence of a zone or UGB boundary change. Many of the properties within the UGB will not be developed for a decade or more, even if they were to be sold in the short term. A review of property rate and land tax structures would reduce the financial pressure, support farmers that wish to remain on the land and encourage a productive agricultural peri urban area, vibrant agri-tourism and enhance local food security.

An area that the National Commission of Audit Panel did not consider in it's review is that of legislative harmonization. Currently some effort is being made to harmonise sector legislation but this is not occurring consistently across all facets of government legislation. In the transport sector, different licensing requirements remain for heavy vehicle transport across state borders causing operators to hold multiple operating licenses and permits. State Government Practitioners have been progressing this for a number of years but the going has been slow. Harmonising rail gauges across the nation is another area of ongoing discussion that commenced decades ago. If this level of performance occurs across other sectors, it would be many years before any material improvement in performance and productivity could be achieved.

A focus on progressing a harmonisation project would be one of those initiatives that could be done much faster and reap benefits within the foreseeable future.

I once again thank you for the opportunity to provide input into the review of the National Competition Policy and would welcome the opportunity to discuss any of the matters raised if required.

Regards



**Griff Davis**  
**Director**  
**Advocacy & Communications**  
**City of Whittlesea**

