30 August, 2012

Sean Coley
Executive Officer
Economic Development and Infrastructure Committee
Parliament of Victoria
Parliament House, Spring Street
EAST MELBOURNE VIC 3002

Dear Mr Coley

SUBMISSION TO INQUIRY INTO LOCAL ECONOMIC DEVELOPMENT INITIATIVES

Economic development is central to sustaining quality of life at the local level, and has particular relevance in a regional and rural context.

No organisation is positioned to have the same long-term, holistic view and concern for public good at our local level as local government. For this reason, economic development is viewed as a core function of Mansfield Shire Council.

Please find attached our submission to the Inquiry. We thank you for the opportunity to comment on the terms of reference and again, extend our invitation to the Committee to meet in Mansfield when it undertakes regional and rural consultation.

Yours sincerely

David Raff
Chief Executive Officer
Local Economic Development in Mansfield Shire
Submission to Parliamentary Inquiry into Local Economic Development Initiatives in Victoria

Mansfield Shire Council

ABSTRACT
Mansfield Shire Council has prepared this submission in support of Local Government’s key role in local economic development initiatives.
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Executive Summary

Economic development is central to sustaining quality of life at the local level, and has particular relevance in a regional and rural context.

No organisation is positioned to have the same long-term, holistic view and concern for public good at our local level as local government. For this reason, economic development is viewed as a core function of Mansfield Shire Council.

The local government role has increased significance in rural and regional areas and it is recommended that the state government involve local government in decisions regarding policy changes in a ‘holistic’ context to avoid unintended consequences.

Council recommends that state government funding streams to support regional and rural economic and community development initiatives require input from local government rather than a go-direct approach that can ‘miss the bigger and local picture’.

Such partnering supports capacity building at the local level and this should be further bolstered by funding for strategic and destination sustainability planning. Funding ratios should favor rural and regional areas.
Mansfield Shire – a snapshot of our local economy

Mansfield Shire is a vibrant and growing, rural lifestyle shire. Tourism, farming and lifestyle living are the backbone to a healthy local economy, supported by significant retail and service sectors.

Situated 180kms north east of Melbourne the shire is set in a diverse geographical region. Beautiful rural vistas, vast tracts of High Country, alpine resorts, lakes and rivers combine to position Mansfield Shire as an iconic tourism destination of international significance.

Many of our visitors become part-time locals – some 50% of our ratepayers are non-resident; and many of these then make the move to full-time residency. A high regional growth rate averaging nearly 2% over the last decade has increased the population to 7998 (2011).¹

**Snapshot**

- 450+ active businesses
- GDP $220,000,000+
- Unemployment rate well below the state average
- 50% of businesses located in Mansfield township
- 50% in other towns, villages and rural-based enterprises
- Employment base of around 3,800
- 28% of workforce attributed directly to tourism
- 60% of business turnover attributed to tourism
- 60 - 70% of tourism turnover occurs in spring, summer and autumn with winter contributing 30 - 40%²

**Tourism – a driving force**

Beautiful rural vistas, vast tracts of High Country, alpine resorts, lakes and rivers contribute to a heady mix of destinations and adventure activities, which have helped to position Mansfield Shire as an iconic tourism destination of international significance.³

- 1.2 million visitor stays per year, generating $134million⁴
- 150+ tourism operators, employing 1500 – 4500 (seasonal) ⁵
- Melbourne and regional markets dominate visitor numbers whilst international markets are considered growth opportunities.⁶
- Visiting friends and relatives of locals and repeat visitors make up more than 60% of visitor numbers.⁷

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¹ ABS 2011  
² Eco Dev Strat Review  
³ Council Plan, p7  
⁶ Eco Dev Strat Review  
⁷ Eco Dev Strat Review
Farming – our heritage and our future

The Mansfield agriculture sector is the second largest sector in the shire after tourism. Tourism may be the main game – but agriculture helps define who we are. It is intrinsically linked to our sense of self, our rural amenity and our heritage.

There is a keen desire to ensure the ‘right to farm’ remains paramount yet enable appropriate land use flexibility and diversity.

- 250+ agricultural businesses, generating around $30 million
- Cattle, seed, horticulture and sheep predominate, with a healthy sprinkling of cool climate grapes, plus agriculture product and service companies.
- A healthy number of our farmers are ‘full time’ while many supplement their income with a range of pursuits including tourism.
- Mansfield boasts a number of significant agricultural businesses – think ParkSeeds, Minto Pastoral Company and Murphy’s tomatoes.
- Livestock continues to be the agricultural commodity with the highest gross value.⁸

Figures used above are not current and are based on Australian Bureau of Statistics (ABS) Census source data 2006. The Mansfield Shire Economic Profile is currently being updated using current ABS source data. The Profile will help inform the major review of the Economic Development Strategy which is budgeted for and will occur this financial year.

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⁸ Mansfield Shire Council, 2011, Agriculture in the Mansfield-High Country Region: submission to Parliamentary Inquiry into Farm Sector Workforce Capacity. Please note source data based on 2006 ABS figures. To be updated this year with latest figures as released by ABS and ABARE.
Economic development – a core function of Local Government

Economic development is central to sustaining quality of life at the local level. No organisation is positioned to have the same long-term, holistic view and concern for public good at our local level as local government. For this reason, economic development is viewed as a core function of Mansfield Shire Council.

Indeed the Local Government Act tasks Council with the objective to “achieve the best outcomes for the local community” including the promotion of “the social, economic and environmental viability and sustainability of the municipal district”.

At Mansfield Shire Council economic development – incorporating tourism – is noted as a Key Strategic Area in the Council Plan. The Plan states that Council aims to “support and lead the sustainable growth and development of the Shire’s economy through effective partnerships with industry and key stakeholders”.

Working with local business and other partners, Council aims to attract new business; grow existing business; and sustain existing business. Local economic development is about balancing these three goals – attraction, growth and sustainability – with the social and environmental factors that determine the health of our community.

Council’s specific role in local economic development is based on its particular strengths and attributes. A holistic view, strong connection to local business and its linkages with other levels of governance mean local government plays a key role in:

1. strategic planning and research;
2. major projects and product development;
3. building partnerships and advocating for local business; and
4. supporting existing business.

Building on Local Government’s strengths

Mansfield Shire Council’s involvement in local economic development is founded on the following unique attributes.

We have a holistic view

Healthy communities, sustainable environments and vibrant local economies go hand-in-hand. Acknowledging and embracing the interconnections between community, business and the environment is at the heart of local government’s role in economic development.

Mansfield Shire Council formally supports a sustainable approach to economic development, where the environment on which prosperity has largely been built, is retained and enhanced for future generations and community amenity is protected. A sustainable and vibrant local economy is of paramount importance, but growth purely for growth’s sake is not the end goal. Quality of life and positive social, economic and environmental outcomes are the aim.

9 Local Government Act, clause 3C
Although many businesses share this commitment to a triple bottom line approach, the realities of commercial life and the structure of the economic system can limit businesses’ capacity to act in alignment with this philosophy. Local government on the other hand, is legislated to consider all three aspects of community wellbeing – the economic, environmental and social. This holistic, long-term view; coupled with a strong public good imperative is a driving force behind Mansfield Shire Council’s involvement in local economic development.

We’re close to the coalface
In a rural municipality, we live and work with the people and businesses at the coalface of the local economy. Our proximity to community makes us accessible, means we can build ongoing relationships and gives us in depth local knowledge. Our councillors; our local representatives are elected by community on behalf of community. Cause and effect is felt most keenly at the local level.

The impacts of state and local policy and the interconnections that play out between issues all become apparent at the day-to-day level of the local economy. Via ongoing relationships and dialogue with local business and community, local government is well-placed to identify and in some cases pre-empt the sometimes unintended consequences of policy.

We’re linked to other levels
At Mansfield Shire Council we see ourselves as a vital bridge between the local community (including business) and other levels of governance. Our work necessitates strong and ongoing relationships with State and Federal Government, state and national reference groups, regional agencies, and local business bodies.

Individual businesses are often time-poor and therefore limited in their ability to foster and maintain government and industry partnerships. Similarly, the language and processes of government can be foreign to small to medium sized enterprises. By fostering partnerships and building multi-tiered networks, local government can give local business a voice and a means to participate in processes and forums they may otherwise miss out on.

Building on these strengths, Mansfield Shire Council is involved in the following economic development activities.

What we do

Strategic planning and research
Local Government plays a lead role in strategic planning and research as it relates to local economic development. Unencumbered by short-term profitability and individual business concerns (while still remaining linked with local business), Council has a unique vantage point from which to assess current and future economic trends. In other words, local government plays a lead role in the formulation of forward-thinking, proactive economic development strategies that are based on a holistic, public-good perspective. Local government’s work in this area is about

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12 Local Government Act 1989, section 3C.
enabling our businesses and local economy to keep pace with changing markets and technology, to avoid downturns and identify economic opportunities.

- The Mansfield Shire Economic Development Strategy is the most visible example of Council’s work in this area. The document outlines key statistics and strategic directions, and guides the economic development team’s work.

In 2012/13 a major review of the Mansfield Shire Economic Development strategy will be undertaken, in part informed by an updated Mansfield Shire Economic Profile incorporating latest data as released by the ABS.

Mansfield Shire Council seeks to foster the ‘right mix of business’ for our community. It’s not about economic growth at all costs. Instead it’s about fostering business and industry that sustain and nourish the attributes that make our municipality the vibrant, liveable and loved community that it is.

To succeed in this endeavour Council seeks to combine its holistic vantage point, with the equally valuable views of local business and community itself. This entails regularly engaging with local business and community – an activity that local government is better positioned to undertake than any other level of government. To this end, Mansfield Shire Council is involved in the following:

- Regular informal meetings with business and industry leaders
- Council regularly communicates with and supports the Mansfield District Business Association – a not-for-profit, member-based, business group covering Mansfield Shire.
- Council’s community development team undertake community planning activities throughout the municipality – results of which are communicated to the economic development team.
- Council runs an annual Non-Resident Ratepayer Meeting in Melbourne’s outer suburbs.
- Council undertakes a four-yearly Council Planning consultative process.

Other initiatives in this area have included:

- research to identify product or market gaps and business cases – e.g. Walking Product Gap Study;
- visitor, resident, business and ‘treechange’ surveys for an understanding of key local economic drivers and trends;
- involvement in strategic planning reviews such as the upcoming review of Mansfield Shire Council’s Township Structure Plan;

Recommendations

1. Affirm economic development as a core function of Local Government.
2. Ensure State Government funding support for strategic planning and research activities at the local (municipal) level.

Major projects, events and product development

Local government is well positioned to act as a leader and catalyst for strategic projects that provide appropriate and high yield opportunities for existing and future
businesses. Without local government’s role many of these projects wouldn’t fly. From an individual business perspective – using a traditional cost-benefit analysis – some projects aren’t commercially viable until part progressed. But from an economy-wide and community wide perspective that takes into account social, economic and environmental outcomes – they can and do stack-up. Projects that fall into this category that have attracted funding in Mansfield Shire Council include:

- construction of the Goulburn River High Country Rail Trail
- sealing of the Eildon-Jamieson Road;
- construction of the High Country Visitor Information Centre; and
- attraction of the annual Targa High Country event;
- assisting to secure funding for Australian first ‘Epic Mountain Bike Trail’.

Without Local Government – and the partnership of State and Federal Government – these local-level, high yield projects wouldn’t find feet. And it is local government’s local, holistic view and its public good imperative that enable it to get the ball rolling when local business and other stakeholders cannot.

Council’s ‘helicopter’ view of the community means it can also identify and support linkages between social, economic and environmental initiatives. Mansfield Shire’s participation in the EarthCheck Sustainable Communities Program is a prime example. The bench-marking and certification program helps communities achieve world-leading environmental, social and economic sustainability outcomes. The internationally recognised program will entail benefits for the local community, improve our economic sustainability and will strengthen the local tourism industry’s national and international appeal via our commitment to sustainable practices.

Recommendations

3. Continue State Government funding support for the development and implementation of major and minor projects that demonstrate appropriate and high yield opportunities for existing and future businesses.

4. Ensure criteria for State Government funding for major projects include Local Government endorsement and projects’ ability to demonstrate a strong commitment to sustainable economic development and a triple bottom line approach.

Building partnerships and advocating for local business

Mansfield Shire Council sees partnerships based on shared responsibility as vital to sustainable economic growth. Council is committed to working in partnership with business, community and stakeholders to build upon our natural advantages and provide quality lifestyles at the local level. It is local government’s role to understand our community and advocate on its behalf to other agencies and levels of government. Council’s position at the

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coalface and its linkages with other levels of government position it perfectly for the role.

Recent partnerships and initiatives of this sort at Mansfield Shire Council include:

- development of strategic partnerships with key stakeholders including crown land managers, funding bodies and other government departments, water authorities, healthcare networks and education providers;
- representation on state-based reference groups such as the Fisheries Victoria Reference Group;
- representation on local, regional, state and federal industry bodies such as Tourism Northeast, and Hume Region Economic Development Network;
- involvement in specific national-level and long term programs that will benefit local business such as the National Landscapes Program.

Individual businesses are often time-limited and hence unable to resource their involvement in networks and partnerships of this sort. Local government therefore fills a vital networking role.

Via these partnerships and networks Council acts as an advocate for local business and industry. Whether it is in relation to telecommunications, planning regulations, water regulations, access to Crown Land, funding support or efforts to leverage funding – Local government is often the voice of local businesses that are otherwise unable to participate. LG also brings a holistic voice to the table as it is not beholden to any one business interest.

**Alpine Resorts drive regional and state economic development**

Partnership with the Mt Buller and Mt Stirling Alpine Resort Management Board is another relationship of strategic importance to Mansfield Shire’s local economy. Mt Buller and Mt Stirling Resorts fall outside the Mansfield Shire boundaries and outside the municipal framework, but the economic health and future vitality of both locations are inherently intertwined. Mansfield Shire Council has a genuine and vested interest in the long-term sustainability of the Mt Buller and Mt Stirling Resorts.

Furthermore the Victorian Alpine Resorts generally are net contributors to the regional and state gross domestic product and are significant in a regional and state economic development context.

Despite the provision of many services on behalf of its community and visitors, as generally associated with the functions of local government; the RMB is not a local government entity under Victoria Legislation. Eligibility for some state government funding streams and opportunities for input at policy and inquiry level can be limited for ARMBs in comparison with local government. The absence of any mention of Alpine Resort areas in the local Economic Development Inquiry is evidence that non-municipal areas can be overlooked.

**Recommendations**

5. Ensure Local Government representation (or mechanisms for direct input) exist for all key state-based reference/steering groups or advisory bodies that pertain to economic development.
6. Provide Alpine Resort Management Boards avenues for funding eligibility on behalf of their businesses and community and input to state policy and inquiry as afforded to local government authorities.

7. Provide funding and resources direct to Local Government for delivery and facilitation of local economic development initiatives, thereby strengthening and reinforcing the role of local government at the local level.

Focus on supporting existing business
Local economic development is about more than growth and the attraction of new business or industry. Our local businesses are a vital part of our community’s fabric; contributing to its character, heritage and vibrancy. Many of these businesses are small to medium-size enterprises that are content to stay that size. These small businesses make valuable contributions to our community and economy – their owners live, work and play in our municipality. They employ locals, they spend locally and they volunteer and donate locally.

If existing small businesses were to fail, our local economy would weaken, our community wellbeing would diminish and our municipality would be less attractive to new investors and residents. Hence, Mansfield Shire Council believes sustaining and supporting existing small business is of equal importance to the attraction and growth of new or larger business.

The imperatives of a free market and the impact of external forces mean some businesses will succeed and others will fail. However, Council seeks to limit the casualties via industry development programs including:

- subsidised to no or low cost for participant business workshops and seminars, some delivered in conjunction with Regional Development Victoria or other funding body;
- research to identify product gaps and business diversification opportunities (noted above);
- subsidized access to industry accredited training programs;
- partnership with the Mansfield District Business Association;
- provision of fit-for-purpose industrial space within the proposed Lakins Road Industrial Complex; and
- the provision of basic services that enable business to get on with business, including: roads, pathways, waste management and the appearance of public places.

Coordinating a cohesive image
Mansfield Shire Council also plays a central role in cooperative branding and marketing programs for Mansfield Mt Buller – the High Country. These programs provide a cohesive brand for local retailers, producers, artisans and hospitality enterprises – thereby expanding their marketing reach.

Council has been involved in the following initiatives in the Mansfield Mt Buller region:

- development of High Country Crafted branding and style guide
- development of ‘Mansfield Mt Buller – the High Country’ branding
- Mansfield Mt Buller Regional Tourism Association - funding and board representation
Tourism North East – our regional tourism organization (RTO) funding and board representation

Coordination of cooperative marketing ventures requires significant resources that are sometimes beyond the means of individual or small business collectives. Council plays an important facilitative role in sourcing programs and further subsidises businesses’ buy in to specific tacticals that fit with their marketing plans.

Recommendation
8. Provide a balanced focus for economic development initiatives that values sustaining existing business as well as attracting or growing business.
A rural view on the role of local government

In rural municipalities many residents live, work and play in their local government area, representing a significant difference to metropolitan based municipalities.

As a consequence and in economic development terms, rural councils must prioritise the liveability of their municipality. Geographically, business owners, employees and residents are less able to travel to the next municipality to address any unfulfilled or unserviced needs. The provision of a conducive business environment is not enough. Instead, rural Councils must seek to create and support an attractive social, economic, natural and built environment.

Rural councils live with the spectre of population decline. A shrinking population means a reduction in rate revenues, resulting in a reduced capacity to provide services, which translates to a decline in liveability. It’s a vicious circle that sees businesses close and shopfront vacancies rise.

Thankfully, this has not been the case in Mansfield Shire. But as a small, rural Council you have to stay ahead of the game. To remain a liveable, desirable and economically vibrant municipality, you need to make sure all the ducks line up.

From a small rate base, with extensive infrastructure expenses and an acknowledged maintenance and renewal gap, rural councils already have a lot on their budget plate. With small populations and reduced economies of scale compared with metropolis, rural councils find themselves required to additionally fund or find solutions for many ‘public style’ and business services that might otherwise be provided by private investors. (Examples include childcare, sport and recreation facilities and aged care services.) This responsibility is juxtaposed with substantially reduced rate revenues due to a smaller ratepayer base. Local government in rural areas effectively become more accountable for ensuring broad state based public policy is enacted.

It’s a high pressure environment – the sense of responsibility for the stability of the local economy; high service and infrastructure costs; combined with limited resources. But while the pressures are considerable, the opportunities are also great. In some respects, rural Local governments have a heightened ability to shape and drive economic development at the local level.

For this reason it is vital that economic development is wholeheartedly embraced as a core function of local government. The perception of local government as little more than ‘rates, roads and rubbish’ is out-dated and threatens LG’s capacity to fulfil its legislated objective to “achieve the best outcomes for local communities”.

Unfortunately, the reality on the ground for small, rural Councils means economic development activities that support liveability and sustainability are sometimes among the first to have their budgets trimmed when dollars get tight. Infrastructure maintenance, basic service delivery and legislated activities such as planning controls and environmental health are relatively non-negotiable. However economic development activities including supporting existing business, research,

15 Local Government Act 1989, section 3C
strategic planning, cooperative marketing, product development and the ability to foster and maintain strategic partnerships are activities with more ‘fluid’ budgets. It is these activities that are sometimes reduced in scope due to the limited budgets associated with a small, rural ratepayer base.

It is therefore vital that State Government continue to provide support to rural Councils in their economic development role. And it is critical that the State Government approach to economic development in rural areas is one that uses, supports and reinforces the role and importance of local government and in no ways sidelines or marginalises it by a ‘go-direct’ to business process.

**Recommendations**

9. Continue to provide state-based funding avenues direct to Local Government for local economic development activities.

10. Acknowledge the unique budgetary constraints and ‘whole of community liveability’ objectives faced by small, rural Councils and implement funding ratios that reduce the local contributions required of rural municipalities.

11. Adopt a model for funding support that requires and builds local government involvement, ensuring provision of the local ‘holistic’ context.
A partnership approach – Local and State Government in local economic development

Many economic development activities overlap at the local and state level. These include strategic planning and planning controls, product development, research, business support and training, marketing, funding and basic service provision. In many cases this overlap is both necessary and desirable.

The key to effective policy outcomes is regular engagement with local government as the level of government with the most direct contact to local businesses and economies. No single industry sector or body can provide the same holistic view; and few businesses or industries exhibit the same public good imperative.

Nonetheless, Mansfield Shire Council believes strong partnerships between local business, Local Government and State Government are the best way to support local economic development. Each actor brings a unique perspective, different resources and its own networks to the table. Together we can capitalise on all three.

**Funding**

Local government’s unique vantage point means it is ideally placed to act as a conduit between local socio-economic structures and state funding streams. State Government funding for individual businesses is of great value – it is the mechanism by which it occurs that need examination. Local government can play a valuable role in promoting funding opportunities to local business and in assisting State Government to assess applications.

With LG acting as an intermediary, State Government funding is less likely to be captured by individual profit imperatives that do not align with a holistic, sustainable vision for local economic development. In contrast, individual state-based funding officers working directly with individual businesses can miss the vital strategic view that local government offers.

Council would argue strongly that the ‘go direct’ model from state government to local business in relation to various economic development funding opportunities and programs is not in the best interest of the local economy, undermines existing relationships and can further complicate processes for both business enterprises and local government.

Given the time, money and relationship energy invested in all funding applications, Council advocates for a simple process that requires local government endorsement and provides a high level of certainty regarding outcome early in the process.

It is vital that local governments do not expend unnecessary resources on project development when there is little chance of grant success or the pipeline of projects with merit will dry up.
Recommendations
12. Local Government act as the key bridge between local business and State Government funding streams.
13. State Government funding officers work directly with Local Government economic development officers to determine and agree local economic development priorities/strategies and funding opportunities/dispersals within the local area.
14. Establish a funding model that for assessment and approvals, that provides efficiencies and greater certainty to applicants.

Rural and Regional Economic Development funding model

If you accept that sustainable economic development and strategic planning on behalf of business and community is a core function of rural local government, then it follows that state government funds should be expended in pursuit of state policy and planning objectives via and in consultation with rural local government.
**Policy-making**

By consulting regularly with Local Government before making policy changes, State Government could avoid unintended consequences of policy changes. Local government’s involvement in the provision of social, environmental and economic services provides it with a unique and multi ‘hatted’ vantage point from which to assess the impact of proposed policy. Cause and effect is often felt most intensely at the local level, hence local government has the potential to identify linkages between policy areas.

The following policy decisions highlight the unintended economic knock-on effects of policy decisions.
**VCAL funding cuts**

A reduction in funding for Victorian Certificate of Applied Learning (VCAL) programs has limited Mansfield Secondary College’s capacity to continue its award-winning School Based New Apprenticeships program.

The school’s unique Agribusiness program has seen the development of relationships forged between farm businesses, students and the school in an exercise that has resulted in youth farm sector employment and youth further education and training in rural sector undergraduate and graduate programs.

The 2012 Victorian Parliament of Victoria Inquiry into the capacity of the farming sector to attract and retain young farmers and respond to an ageing workforce considered the merits of the Mansfield program and recommended:

**Recommendation 13**

*That the state government provide funding to package the Mansfield agribusiness program for consideration and adoption by other schools; for a facilitator to be responsible for that role and to assist in its broader establishment; and to meet the costs associated with running such a program for schools willing to take it on.*

At a time when the government is exploring options to improve agricultural based education and training and farm sector workforce capacity for sustainability of the sector, we believe public investment in successful models is warranted. Cuts to VCAL funding may or may not have been justified, however the knock-on effects to the local agricultural businesses appears not to have been considered.

**1:40 hectare dwelling density guidelines**

Indiscriminate adherence to VPP Clause 14.02-1 (which limits the construction of dwellings on unsewered lots in potable water catchments) has had vast ramifications for local economic development in Mansfield Shire. As a popular tree-change and lifestyle destination, small acreage properties are a popular choice for new residents. The 1:40 hectare ruling has however brought residential construction on small rural acreages to a near standstill. While the precautionary principle encapsulated in the guideline around water quality in the catchment is to be applauded, its recent heavy-handed application has had a detrimental impact on local community and business, creating great angst and uncertainty.

A more nuanced, case-by-case application of the guideline – or a more nuanced enunciation of the guideline itself, would ensure more balanced economic, social and environmental policy outcomes.

See Recommendation 20.
Regular consultation with local government could avoid unintended policy consequences such as this. By viewing Local Government as a policy-making partner, State Government could substantially enhance its policy outcomes.

**Recommendations**
15. Strengthen mechanisms for Local Government input into State Government policy-making processes including planning policy, environmental policy, education policy, agricultural policy, tourism policy, emergency management policy and water policy. Any examples of existing mechanisms that work well or could be built upon?
17. Direct financial support for School Based New Apprenticeship Scheme programs.

**Business support and training**
Mansfield Shire Council’s partnership with Small Business Victoria has provided local businesses with affordable access to local workshops and support. Such programs are a vital component in efforts to sustain local businesses and Council is keen to see the program continue.

It’s important that facilitators have the appropriate rural and small community background in presentation of their material.

Provision for funding of ‘tailored’ programs could see best fit with the needs of rural small to medium sized business enterprises.

**Recommendations**
18. Continue to fund Small Business Victoria programs with delivery at source, tailored for rural areas in consultation with Local Government, with provision for small number of attendees.

**Land use and planning controls**

**Supporting local economic development**
From a destination and liveability perspective it is vital that any proposed future land uses fit with the attributes of the area and the future aspirations of its community.

Council agrees with the Victorian Competition & Efficiency Commission that tourism-related developments in an area depend not only on how the land is zoned, but also on the local policies and schedules that apply to the zones that guide councils in assessing permit applications. In order to get the policies, zones and local schedules right, there needs to be careful attention paid to the potential outcomes of state and local policy change – the intended and unintended, with an eye on the ‘end game.’

Council notes that removing the requirement that tourism-related activities are undertaken ‘in conjunction with agricultural activities’ will provide more flexibility for
tourism development but that there also needs to be surety for established agricultural activities or development of appropriate agricultural activities.

Councils can support local economic development by having an adequate supply of land zoned for commercial and industrial purposes in appropriate areas that do not exacerbate issues with different land uses and interface conflicts likely to raise third party objections.

The proposed Lakins Road Industrial Complex, will provide fit-for-purpose industrial space for existing businesses wishing to expand and for new businesses. The business case is currently with Council for consideration and partnering with State Government will be critical to its success.

Barriers to local economic development – planning delays & lack of certainty

It is important that Planning Schemes in rural and regional areas which control land use reflect a regional and smaller settlement approach to provision for commercial and industrial uses, rather than the metro-centric State provisions that currently apply. For instance, where car parking provision applies, the “one size fits all” approach translates throughout Victoria no matter what the local conditions.

Planning Schemes should be able to reflect local conditions more easily in their municipal strategic statements, local policies or schedules to zones and be able to rely on amendments to Planning Schemes being dealt with by the Department of Planning and Community Development in a timely manner.

For many years amendments have taken between 12 months to 2 years to process by the DPCD. To lessen planning delays dealing with amendments, which can often involve projects to enhance economic development in a community, the bureaucratic delays in the amendment process must be addressed. The delay is not caused by the Responsible Authority at the local level but at the Department level. For example, a recent fast track amendment which was merely to correct a zoning error in the mapping took 3 months for a final decision to be made by the Department.

Other planning delays that can cause a barrier to local economic development often involve third party appeal rights. To avoid these delays the purpose of specific zones must be clear as well as the decision guidelines for the assessment of proposals. Councils must have the ability to set local policy through the Local Planning Policy Framework and schedules to zones and these must be given full weight by the Victorian Civil and Administrative Tribunal when appeal rights are exercised by a third party.

The “solution” to removing barriers for local economic development is not simply to make all land uses possible in any zone:

Unfortunately the answer to encouraging local economic development cannot simply be achieved by easing restrictions in zones as the Victorian Government currently proposes. Making a number of zones “all things to all people” where application can be made for a permit for almost anything does not take into account a balance of economic, environmental and amenity issues.
Rather than making planning easier to navigate, it increases the uncertainty and provides more chance for conflicting interests. If there is little restriction concerning what can occur in a variety of zones, this needs to be supported by robust decision making guidelines and a clear connection between the permitted uses and the purpose of the zone. This is no longer the case if you look at the proposed amendments to the zoning requirements in the Farming Zone, Commercial Zone, Industrial Zone and Residential Zones currently under consideration by the Victorian Government.

In the Farming Zone whilst some of the changes, such as a relaxation of requirements for primary produce sales, rural industry and a rural store are welcomed as they support agricultural activity in the Shire and may also improve the viability of farms, it is considered that there are not enough checks and balances to control new permit required uses.

No explanation is provided as to why all industrial land uses are now appropriate in a Farming Zone and how this will not undermine the entire purpose of the Farming Zone, ie to provide for the use of land for agriculture.

Not having rigour around how commercial/industrial uses are linked to supporting agriculture in the locality may actually increase uncertainty and conflict within the planning system due to lack of relevant decision making criteria in Clause 35.07-6 as to when such uses are appropriate.

Potentially we could end up at VCAT more often because commercial/industrial land uses not related to farming in the locality want to take advantage of lower land costs because there is no comprehensive decision making framework in place.

A general lack of relationship between tourism, commercial and industrial uses and benefits to an individual farming enterprise or the broader farming community could mean that commercial and industrial uses may want to utilise existing small farming lots close to settlements unless there is some form of safeguard in the Victorian Planning Provisions.

This could lead to a situation where smaller farming lots along our major thoroughfares, for instance, are subject to applications for commercial and industrial uses (eg restaurants, hotels, trade supplies) thus leading to ribbon development. Maroondah Highway/Mt Buller Road in particular, given its exposure to high volumes of traffic would face significant pressure for commercial/industrial uses. This could change the character of our Shire if not appropriately controlled by State policy and the zone provisions themselves. Our Significant Landscape Overlay and Alpine Approach policy would do little to control such development given they were developed at a time where non agricultural uses were linked to farming on the land.

In the proposed General Residential Zone the insertion of a greater number of as of right commercial uses, all of which have conditions of being within 100m of a commercial or mixed use zone, not only potentially undermines the integrity of our central commercial areas but also potentially undermines the character and amenity of residential areas.
At present the Residential 1 zone requires a permit for food and drink premises and a medical centre. Offices are a prohibited use.

This new zone, blurs the boundaries between residential and commercial zones and in townships like Mansfield, it is considered to be detrimental to residential amenity and the concentration of commercial uses in a coherent central commercial district.

Given the spread of business zones within our township, this new zone would lead to potential commercial creep along Chenery Street, Mt Buller Road, Maroondah Highway and Highett Street given that residential land values are less than those in areas with a commercial zoning.

There is little policy direction and assistance provided to Council to withstand such creep in the decision guidelines that accompany the zone. Again, this potentially leads to more applications where there is conflict between community aspirations and those of a proponent.

In the proposed Industrial Zone the removal of limitations on office and restricted retail floor space may be appropriate in larger regional towns and metropolitan areas but we believe that it could be detrimental to our industrial areas by consuming scarce industrial zoned land.

The widening of office and retail activity in industrial areas, which are designed to accommodate industrial uses with potentially adverse amenity impacts, may well create conflicts between these uses.

Industrial land is generally cheaper than business zoned land and therefore it may be more attractive for offices and restricted retail uses to develop in these areas, rather than the central business district.

Small/medium rural towns often have a restricted supply of industrial land and it is imperative that such land is reserved for industrial uses, many of which have amenity impacts, rather than a wider range of commercial uses.

The current limitations on office of 500m² provides a balance between promoting industry and allowing some office space to be developed to support industrial land uses.

1:40 hectare dwelling density guidelines

Indiscriminate adherence to VPP Clause 14.02-1 (which limits the construction of dwellings on unsewered lots in potable water catchments) has had vast ramifications for local economic development in Mansfield Shire.

As a popular tree-change and lifestyle destination, small acreage properties are a popular choice for new residents. The 1:40 hectare ruling has however brought residential construction on small rural acreages to a near standstill. While the precautionary principle encapsulated in the guideline around water quality in the catchment is to be applauded, its recent heavy-handed application has had a detrimental impact on local community and business, creating great angst and uncertainty.
Recommendations

19. Planning Schemes should be able to reflect local conditions more easily in their municipal strategic statements, local policies or schedules to zones and be able to rely on amendments to Planning Schemes being dealt with by the Department of Planning and Community Development in a timely manner.

20. Rescind the planning guideline restricting residential developments in potable water supply catchments and work with Local Government and other land and water managers to best provide certainty for water quality in potable water supply catchments.

Major projects and product development

Mansfield Shire Council is enormously appreciative of the support it has received from State Government for major economic development projects and events in the past. Projects like the High Country Visitor Information Centre, the sealing of the Eildon Jamieson Road and TARGA High Country create widespread and ongoing economic benefit to our community.

Without the involvement of local community, Local Government and State Government many of these projects simply wouldn’t have occurred. Community and local business help to identify gaps and opportunities; Local Government pulls the various thoughts and threads together in a holistic fashion; and State Government acts as a financial facilitator. The model leaves detailed decision-making at the local level, ensuring tailored projects suited to local circumstances that contribute to the sustainability of the destination and region.

Please see Recommendations 2 & 3.
Barriers to economic development and the solutions
Various barriers to economic development have been discussed in other parts of this submission – funding constraints and the unintended effects of policy change being key amongst them. In addition to these challenges Mansfield Shire Council highlights the following barriers to local economic development in Mansfield Shire.

Investment environment for tourism - drive the supply side
There is no one state or federal agency responsible for the supply side of tourism. According to the State of the Industry Report 2010, "with weak revenue growth, tourism’s key indicators for supply are not strong. Employment growth and productivity for the sector are down and investment growth in key areas such as accommodation is looking weak."

In relation to tourism investment in built infrastructure – it seems there are numerous opportunities for referral and the chance to veto, yet no one agency has the responsibility to make it happen. Numerous reports, studies, strategies and management plans concur on the need for tourism investment into product and infrastructure to support the high end, high yield experience seeker market prepared to pay for the value add.

Yet the focus remains on the demand side of tourism and not the supply. The need for product development has been well identified yet the current approach leaves it to the private sector entrepreneur to deliver and then makes the process difficult, confusing and expensive to navigate.

Supply side tourism needs a champion to cut through the red tape. In what is an incredibly complex area that is highly politicised, nothing meaningful will change without an accountable whole of government approach and determination to drive change as a priority.

Recommendation
21. Responsibility for investment related supply side of tourism to sit with one government department that has meaningful key performance measures and/or whole of government cabinet level committee.
23. Consider creation of a ‘tourism planning overlay’ that could be relevant across public and private land to appropriately recognize the importance for development of the sector.
24. Funding stream targeted toward public investment in rural areas for start up or kick start development projects, that once established will attract ongoing private investment and enterprise.

**Iconic product for the international ‘experience seeker’**

As the 2010 Tourism Research Australia State of the Industry\(^ {17}\) report indicates, Australians do not regard domestic travel as compelling. The forecasts for domestic tourism are worrying for a region reliant on tourism, compounded by the fact that growth is forecast to come from internationals; particularly from Asia/China - yet their dispersal rate into the regions is poor.

In the nature based and adventure tourism area, we struggle to offer the iconic experiences offered by more pro-active competitors in the eco-tourism market – British Colombia, New Zealand and Tasmania. We need to build on unique and authentic high country/mountain experiences, and develop ‘luxury lodge’ style accommodation on public and private land that support such experiences, to be competitive in attracting higher yield domestic and global tourism revenue.

Currently commercial accommodation is not permitted in Alpine National Parks. However historic cattlemen’s and snow pioneer huts remain, and are much loved and appreciated by a broad spectrum of visitors and users. Not only do they provide important heritage links with our recent past and embody the look and feel of the Australian bush, they provide vital shelter in cases of emergency.

Some of our national parks embrace the accommodation model such as Wilson’s Promontory and camping is encouraged across the board. Typically in the Alpine National Park, long drop toilets are the sole visitor amenity. So the low yield, free to enter and free independent traveller who is well equipped is well provided for. What we do not cater for, and lag behind our competitors in, is the provision for those experience seekers – domestic and international – that want a better quality of product and are prepared to pay for the authentic and unique value add of an expert guide and quality facilities and services.

The need for iconic product development to take advantage of our nature based and adventure tourism strengths is well established and referenced across key government strategy documents including the Regional Tourism Action Plan, the Nature Based Tourism Strategy and the Australian Alps National Landscapes Master Plan.

Changing acts and legislation to enable appropriate commercial accommodation at key locations on public land would significantly remove the barriers and red tape so that entrepreneurs and investors who understand trends and opportunities on the global tourism stage may make significant investment in product development to capitalise on our unique tourism offer.

**Recommendation**

25. Update the regulatory environment to enable appropriate investment for the high yield visitor on public land.

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Dispersal into regions

Public transport to and within the regions is limited and not by its nature compatible with the needs of tourists. Transport is a critical supply issue for tourism, particularly given the need to find solutions for dispersal into the regions. Growth in tourism is tipped to come from the international market that is typically not self-drive. Inadequate year round transportation was identified in Council’s Product Development A Business Case 2010, as a particular retardant to the growth of tourism and business development in the region.

While there is not a regulatory barrier to the provision of transport for visitors per se, the cost of entry to the market and the potential seed time for an investment in this type of product development to pay off has proven prohibitive.

Where a gap in the competitive market place for an important service exists, it is appropriate and typical that government steps in to provide or assist in establishment.

An ‘adventure’ bus hop on hop off style, from Melbourne to Albury and on to Sydney via Yarra Valley, Mansfield and the King Valley, has been identified in a number of studies as a desirable product to assist dispersal of, in particular, international visitors. This approach is supported in the Australian Alps National Landscapes Masterplan. It is also consistent with Tourism Victoria’s developing touring route being the Yarra Valley to High Country and the Melbourne to Sydney touring routes.

Complementary quality product already exists along the route as evidenced by the ‘Victorian Adventure Trail’, however it is beyond the capacity of the small to medium sized businesses to provide and market their own transport bus solution. Genuine interest from commercial operators exists to invest in a shared risk scenario to start up a transport adventure bus solution. Adventure Tours Australia, Australia Pacific Tours and Bunyip Tours are among the businesses interested in developing the critical transport links.

Recommendations

26. Inquiry to recommend government consider a ‘business incubator’ model for projects that meet broad industry and community objectives such as a pilot ‘Adventure Bus’ transport solution to disperse tourists from Melbourne to regional Victoria. Funding to assist in the start up phase over 2 to 3 years, to establish a regular and reliable service, while building toward a critical mass of visitor demand and industry awareness.

Management of State assets - adequate resourcing

The Mansfield Parks Victoria and DSE branches are responsible for vast tracts of public land that represent key tourism assets for the state. The on the ground staff numbers are small yet the increasing popularity of the Park, supported by initiatives such as Healthy Parks Healthy People and a more proactive tourism culture, means increasing visitation.

The requirements for asset maintenance, including tracks and trails, signage, revegetation, weed control and visitor education, regulation and compliance are
many and increasing.

Access to tracks and trails can be limited because of a lack of resource to keep them open. This can lead to reclamation by stealth – where established tracks now overgrown can eventually be lost to the user network. The requirements of the native vegetation act make it very difficult to create new tracks and trails so it becomes even more important to keep open and maintain what we have. In addition, dispersal of visitation is critical to avoid overuse and hotspots that impact negatively on the environment and visitor experience.

Given the local knowledge and expertise at the public land local level, Council advocates a trend away from centralization and increasing discretion at the local and regional level where management decisions and priorities, especially as they relate to visitors and tourism can be informed with local stakeholder input.

**Recommendations**

27. Increase public land management resources on the ground at the local level in recognition of considerable tourism values, without compromising primary management objectives.

28. Establish a pilot program for Mansfield local tourism operators (LTOs) that sees greater LTO access to Alpine National Park management tracks reflected by greater level of responsibility for planning and maintenance.

29. Consider positive and negative tourism impacts from a destination viewpoint when determining public land resource and works priorities.

**Access to technology**

As a rural municipality, access to technology and telecommunications infrastructure is central to the region’s capacity to attract and retain business investment. Unfortunately a considerable portion of our shire – both residential and visitor access - does not have reliable access to mobile reception; much of the Shire cannot access ADSL2+ and Mansfield has not been included in the first three year rollout plan for the National Broadband Network. It seems locations in the Shire not connected to the existing copper network will have satellite NBN access before existing copper-based clients.

**Recommendation**

30. State Government to advocate for faster NBN rollout to rural, isolated communities.

31. State Government to advocate to Federal Government and telecommunications infrastructure providers for the improvement of mobile phone coverage in rural regions.

**Compliance costs**

Many small businesses face increasing compliance costs across an increasing number of agencies. While the business community generally accepts the need for

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compliance where safety is the outcome, frustration builds at what is seen as an unnecessary level of control at local and state levels.

As the bar is set higher, the costs rise yet there is no direct relationship with income or profit. Additionally, local businesses report a lack of clarity between multiple layers of compliance and across state borders. Businesses that export their product and/or services get caught up in the ‘red tape’.

**Recommendation**

32. Support for national harmonisation for business licences and permits.
33. Offset/subsidise costs for fees/permits for small to medium sized rural based businesses.

**Water – a great tourism asset**

Lake Eildon is one of Victoria’s most popular holiday resorts. It has 515 km shoreline and stores six times as much water as Sydney Harbour at full supply level. Abutting the lake is the Lake Eildon National Park.

Eildon has been a popular holiday destination for many years and is home to a substantial houseboat fleet. In spring and summer, the lake’s long quiet reaches and deep waters attract trout fisherman, water skiers and houseboaters. The lake has both public and private harbours where hundreds of craft are moored. Water sports are very popular at Lake Eildon due to its large surface area and extensive shoreline which is accessible by boat.

Common activities include boating, swimming and fishing. Releases from the Snobs Creek Fish Hatchery ensure that the lake is well stocked with trout and other native fish. Facilities around the lake include caravan parks, camping grounds, motels, houseboat hire and services, picnic areas and public boat ramps.

Irrigation remains the primary purpose of Lake Eildon and recently the north south pipeline means water can also be sent to service metropolitan Melbourne. Clearly water is a scarce and valuable resource.

Given its local socio-economic significance and statewide contribution on a tourism front, impacts on tourism should be a key consideration for management in relation to retaining maximum lake levels and the timing of release of water.

The Goulburn Murray Lake Eildon Land and On Water Management Plan identifies key strategies and actions for the future management of the lake for all stakeholders. It is critical that resources be applied to the actions as a priority.

**Recommendation**

34. Tourism to be a key consideration in public management of water assets including Lake Eildon.
Best practice in the High Country – Destination Sustainability

“We have a shared vision of destination sustainability built around natural environment, nature based and adventure tourism, accessibility and authenticity.” 19

Mansfield Mt Buller’s ‘Destination Sustainability’ project demonstrates a commitment to holistic, sustainable economic development and is made possible via collaborative, partnerships that span public and private sectors, Local and State Government.

As a nationally recognised visitor destination, Mansfield Mt Buller – the High Country is founded on a shared core asset – the natural environment. Signatories to the Destination Sustainability project jointly acknowledge that we cannot continue to trade for the long-term with a growth, yield and access mentality – unless we collectively understand our social and environmental capacity to cope.

The project is an exercise in building inter-agency and land manager understanding and co-operation about the interrelatedness of our actions on each other and the destination as a whole. And it is a project that recognises fundamentally that sustainability in our patch is not all about tourism.

Signatories to our key principles include Mansfield Shire Council, Department of Sustainability and Environment, Parks Victoria, Mt Buller Mt Stirling Alpine Resort Management Board, Goulburn Murray Water, Goulburn Broken Catchment Management Authority, VicForests, Tourism Vic, Buller Ski Lifts, and Adventure Victoria.

Key principles include commitments to: participate and engage in policy and legislative frameworks; collaborate with key destination stakeholders; coordinate our risk management; strengthen our winter and non-winter experience in response to climate change; approach product development in a strategic and innovative way; and preserve culture and enrich community amenity.

‘Destination Sustainability’ embraces a triple bottom line approach and entails an understanding of ‘for the common and greater good of the whole’. The shared vision and principles are a foundation for future collaborative projects such as the Epic Mountain Bike trail. In this instance a solid partnership paved the way for a successful funding application to Federal Government.

**Recommendation**

36. Extend Mansfield’s destination sustainability model across regional Victoria.

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19 Our Sustainable Destination: Mansfield Mt Buller – the High Country, 2010.
## Summary of recommendations

1. Affirm economic development as a core function of local government.
2. Ensure State Government funding support for strategic planning and research activities at the local (municipal) level.
3. Continue State Government funding support for the development and implementation of major and minor projects that demonstrate appropriate and high yield opportunities for existing and future businesses.
4. Ensure criteria for State Government funding for major projects include Local Government endorsement and projects’ ability to demonstrate a strong commitment to sustainable economic development and a triple bottom line approach.
5. Ensure Local Government representation (or mechanisms for direct input) exist for all key state-based reference/steering groups or advisory bodies that pertain to economic development.
6. Provide Alpine Resort Management Boards avenues for funding eligibility on behalf of their businesses and community and input to state policy and inquiry as afforded to local government authorities.
7. Provide funding and resources direct to Local Government for delivery and facilitation of local economic development initiatives, thereby strengthening and reinforcing the role of local government at the local level.
8. Provide a balanced focus for economic development initiatives that values sustaining existing business as well as attracting or growing business.
9. Continue to provide state-based funding avenues direct to Local Government for local economic development activities.
10. Acknowledge the unique budgetary constraints and ‘whole of community liveability’ objectives faced by small, rural Councils and implement funding ratios that reduce the local contributions required of rural municipalities.
11. Adopt a model for funding support that requires and builds local government involvement, ensuring provision of the local ‘holistic’ context.
12. Local Government act as the key bridge between local business and State Government funding streams.
13. State Government funding officers work directly with Local Government economic development officers to determine and agree local economic development priorities/strategies and funding opportunities/dispersals within the local area.
14. Establish a funding model that for assessment and approvals, that provides efficiencies and greater certainty to applicants.
15. Strengthen mechanisms for Local Government input into State Government policy-making processes including planning policy, environmental policy, education policy, agricultural policy, tourism policy, emergency management policy and water policy. Any examples of existing mechanisms that work well or could be built upon?
17. Direct financial support for School Based New Apprenticeship Scheme programs.
18. Continue to fund Small Business Victoria programs with delivery at source, tailored for rural areas in consultation with local government, with provision for small number of attendees.
19. Planning Schemes should be able to reflect local conditions more easily in their municipal strategic statements, local policies or schedules to zones and be able to rely on amendments to Planning Schemes being dealt with by the Department of Planning and Community Development in a timely manner.

20. Rescind the planning guideline restricting residential developments in potable water supply catchments and work with Local Government and other land and water managers to best provide certainty for water quality in potable water supply catchments.

21. Responsibility for investment related supply side of tourism to sit with one government department that has meaningful key performance measures and/or whole of government cabinet level committee.


23. Consider creation of a ‘tourism planning overlay’ that could be relevant across public and private land to appropriately recognize the importance for development of the sector.

24. Funding stream targeted toward public investment in rural areas for start up or kick start development projects, that once established will attract ongoing private investment and enterprise.

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27. Increase public land management resources on the ground at the local level in recognition of considerable tourism values, without compromising primary management objectives.

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29. Consider positive and negative tourism impacts from a destination viewpoint when determining public land resource and works priorities.

30. State Government to advocate for faster NBN rollout to rural, isolated communities.

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32. Support for national harmonisation for business licences and permits.

33. Offset/subsidise costs for fees/permits for small to medium sized rural based businesses.

34. Tourism to be a key consideration in public management of water assets including Lake Eildon.

35. Prioritise State Government funding for Lake Eildon Land & On Water Management Plan actions

36. Extend Mansfield’s destination sustainability model across regional Victoria.