31 August 2012

Sean Coley
Executive Officer
Economic Development & Infrastructure Committee
Parliament of Victoria
Parliament House, Spring Street
EAST MELBOURNE VIC 3002
Via email: edic@parliament.vic.gov.au

Dear Sean

Submission: Inquiry into local economic development initiatives in Victoria

Thank you for your letter dated 20 July 2012 inviting the Strathbogie Shire Council to make a submission on the above inquiry.

On behalf of Council, I submit the following based on the Terms of Reference of the Committee:

1. Existing local economic development programs in Victorian municipalities

The Strathbogie Shire Council is presently developing an Economic Development Master Plan which was funded by the State government (3 to 1 basis). Whilst Strathbogie enjoys the competitive advantages of a favourable location, excellent transport infrastructure and a sound base of existing industries, its economy is to some extent struggling to respond to a series of challenges including bypassing of key towns by the Hume and Goulburn freeways, an aging population/workforce, pull factors associated with the larger nearby centres of Shepparton, Seymour and Benalla, the recent prolonged drought and subsequent floods, structural economic change and the closure of some significant local industries/employers.

To date Council’s responses to these economic challenges have been driven by a series of separate strategic planning processes which have generally focussed on particular geographic localities or industry sectors. Whilst Council has been active in its planning and implementation of economic initiatives, it has lacked a coordinated shire-wide economic development master plan and action plan to guide its efforts. Currently, the only shire-wide economic development objectives are contained in the Council Plan. These are ‘high level’ objectives and do not drive specific action.

The aim of this project is to prepare an integrated Economic Development Master Plan which applies across the whole of Strathbogie Shire, inclusive of a detailed Action Plan which drives and guides specific action/projects, and allows for practical, time framed and measurable implementation of the actions/projects. The Master Plan will provide for short, medium and longer term action.

Council is also seeking funding from the State Government to partly fund a new position, Economic Growth Coordinator, which will drive the economic master plan and implement initiatives in economic development, tourism/events and marketing.
On a regional basis, the The Hume Strategy for Sustainable Communities 2010-2020 is a strategy document which is currently being used to formulate the Regional Growth Plan (RGP) for the Hume Region as per the Minister’s direction. This will assist attracting investment into the region, especially in potential residential growth in urban centres that have been identified by the strategy and RGP. In addition, the Goulburn River Valley Tourism Marketing Strategy 2011-2016 is also linked to economic development initiatives for the Goulburn Valley region.

2. The appropriate role of local and state government in generating economic development

On the reactive or non-solicited inquiries, local government is usually the first contact for small to medium employment proposals and commercial investment opportunities. State or regional significant investment may come via notification by State Government, e.g. Department of Business and Innovation or Regional Development Victoria. Regardless of the introduction method, local and state must ensure that any worthy proposal is considered to be a joint project between the two tiers of government and assist each other in:

- Statutory compliance
- Planning requirements
- Community consultation/information programs
- Infrastructure requirements (including power and water options)
- Business modelling
- Workforce and educational requirements
- Financial assistance

In relation to proactive economic development generation;

*The state needs to:*

- Ensure state policy is designed to allow local government to be innovative and flexible in their local policy to assist new businesses establishing in rural areas.
- For small rural municipalities (like Strathbogie Shire), jointly fund economic development strategies and skilled personnel to deliver the objectives.
- Encourage larger municipalities to partner with smaller surrounding shires to assist with resources and skills to generate investment that benefits the region as a whole.
- Develop action plans to rollout the infrastructure needed to capture invest opportunities, especially in small shires with restricted capital budgets. The main infrastructure an investor needs is three-phase power, water security, reliable broadband, road and rail suitable for heavy transport.
- Streamline approval processes for re-zoning and planning scheme amendments. This will ensure statutory compliance is not the inhibiter.

*Local government needs to:*

- Ensure local policy is consistent with state.
- Jointly fund economic development strategies and budget for skilled personnel and appropriate resources.
- Partner with larger and neighbouring municipalities to deliver regional economic development outcomes.
- Develop strategies to encourage investment and growth in the shire.
• Ensure the statutory services and asset services of council are pro-
sustainable development and assist the developer/investor through the
statutory process and infrastructure requirements; e.g. be responsive,
flexible, "quick to act" and maintain the highest standard of customer
service achievable.
• Participate in reviewing or formulating state policy and regional
collaborative initiatives in economic development.
• Provide local advice and solutions to the developer/investor and setup
support and networking contacts with the shire and region.

3. The difference in economic development roles between rural and
metropolitan municipalities

Both roles are about initiating and supporting business and industry growth,
expansion and new commerce projects. The areas where the specifics of the
roles start to differ are based on the demographics and the critical mass to
support expansion and growth. In addition, the infrastructure and utility
requirements are a major part of a business model which may limit growth
capacity in rural areas if the burden is placed solely on the developer.

With existing industry in the rural sector, e.g. agriculture primary production,
there is less diversity which means external factors like climate change,
globalisation, national and state policy (e.g. Murray-Darling Basin Plan) put
pressure on rural industry to be more adaptive and innovative, have the
capacity to adjust the cost of production or transfer to other business/industry
sectors. Thus the rural council role must include:
• Investigate and identify business and industry needs in the shire
• Investigate potential greenfield sites for new industry
• Investigate, resource and implement a shire and regional economic
development master plan/strategy
• Support to business to be innovative
• Assist in transfer of business focus (when required)
• Strategize for change and the impact of external factors
• Encourage and arrange regional collaboration, e.g. support networks,
resource sharing
• Advocate for government funding and policy intervention
• Partner with developer, state and federal government to ensure
appropriate infrastructure and land use zoning requirements are
available
• Assist the developer/industry group through the statutory compliance
regime, e.g. provide proactive customer response and assistance

Part of the metropolitan role should be to support business initiatives and
industry relocation into the rural areas which have less encroachment by high
to medium density residential development, and which have more Greenfield
sites.

4. Barriers to local economic development -- including, but limited
to, compliance costs, planning delays -- and solutions to address
these

The main barriers that potential investors into our shire find are:
• Lack of infrastructure, e.g. utilities (3 phase power, gas), water, road
(heavy freight standard), reliable rail and commercial airport availability
• Poor broadband capacity/access
• Access to professional resources, e.g. small councils find it hard with limited budgets to employ high profile industry experts and fund dedicated economic development positions
• Restricted small rural council budgets to invest in infrastructure, business support and industry investment
• Competing interests of tradition farming activities and intensive agriculture/animal husbandry; and lifestyle residential development in inappropriate areas
• Shortage of industrial sites and appropriately zoned sites
• Skilled workforce supply
• Variety of accommodation choices for transferred employees
• Transportation costs
• Planning scheme delays to get sites zoned correctly
• Government intervention (or not) to guarantee long term viability, e.g. restricting third party rights to impede development
• External factors, e.g. exchange rate, global financial crisis, climate change etc
• Lack of diversification opportunities

5. Ways in which municipal councils and the Victorian Government can jointly support local economic development to promote employment and new investment

The following involvement by the Victorian Government is considered essential to small rural shires:

- Ensure councils are adequately resources especially to facilitate investment which benefits the region and state
- Streamline the planning system to ensure time delays are minimised and local policy intent is not restricted
- Share statistical information and relevant studies
- Introduce potential investors to specific shires in need of economic growth
- Prepare and implement regional economic development strategies
- Invest in rural tourism and events
- Host business forums and expo's to promote the region
- Involve small councils in policy making in planning and economic development

6. Best practice local economic development initiatives

In summary best practice is based around:

- Building on your competitive strengths.
- Fostering business development, retention and attraction.
- Good marketing strategies.
- Regional collaboration (with state and federal assistance).
- Promoting business collaboration and networking to capitalise of production chains and value adding.
- Improving communication between all tiers of government, the community, local businesses and prospective businesses regarding economic development.
• Ensure infrastructure meets the demand to facilitate economic growth, through effective asset planning, management and cooperation between responsible authorities.

• Ensure strategic planning (Planning Scheme) has currency and serves the purpose of attracting, retaining and expanding sustainable industry growth and investment, e.g. appropriate zoning and planning controls.

Please contact Phil Howard, Director Sustainable Development, on 5795 0000 if you have any further queries.

Yours sincerely

Steve Crawcour
Chief Executive Officer

CC: DSD