6 September 2012

The Executive Officer
Economic Development and Infrastructure Committee
Parliament of Victoria
Spring Street
EAST MELBOURNE VIC 3002

Dear Mr Coley

INQUIRY INTO LOCAL ECONOMIC DEVELOPMENT INITIATIVES IN VICTORIA

Thank you for your letter dated 20 July 2012 inviting Latrobe City Council to forward a submission in relation to the inquiry.

I enclose Latrobe City Council’s submission in relation to the inquiry into local economic development initiatives in Victoria.

I appreciate the opportunity to be able to provide Latrobe City Council’s submission to this inquiry. Latrobe City Council would be happy to participate in the public hearing of this inquiry to expand our submission should you require.

Should you wish to discuss the submission, the officer contact at Latrobe City Council is Geoff Hill, Manager Economic Development directly on or email

Yours sincerely,

CR ED VERMEULEN
Mayor
Latrobe City Council Submission
Economic Development and Infrastructure Committee
Inquiry into local economic development initiatives in Victoria
Victoria's Major Regional Centre

Latrobe City is one of the four major Victorian Regional Cities and one of the fastest growing non metropolitan centres in Australia. Latrobe City is home to 80,000 people and is located approximately 150 km east of Melbourne. The municipality is characterised by four major urban areas- Morwell, Traralgon, Churchill and Moe/Newborough and also includes seven smaller townships.

Latrobe City is the most populated local government area within the region of Gippsland which is also demonstrating strong population growth. A major strength for Latrobe City is its geographic central location within the Gippsland region that makes it the natural regional centre. Latrobe City is known for excellence in education and training, healthcare and as the commercial and cultural centre of the Gippsland region. Latrobe City offers world class educational and skills training facilities as well as world class recreational and entertainment facilities and transport infrastructure.

Power generators located in Latrobe City supply over 90% of Victoria's electricity generation requirements. Brown coal-fired electricity generation is an important part of the regional economy. In August 2008, Latrobe City Council commissioned Compelling Economics to undertake an Economic Data Report on the economic importance of coal and electricity to the local economy. The report demonstrated that the value-added in Latrobe City by the coal and electricity sectors is estimated at $802.4 million which represents 21.2% of Latrobe City's Gross Regional Product of $3.8 billion. For every ten direct jobs the in coal and electricity sector, it is estimated that a further eight jobs are sustained in the local economy.

With a Gross Regional Product of approximately $4 billion and annual business turnover estimated at $10.3 billion, the City makes a significant contribution to the Victorian economy. Employment growth in Latrobe City is strong, and in recent years this growth has exceeded that in the other three major regional centres. A significant amount of capital investment is in the planning pipeline as demonstrated by the following projects:

- Lion (formerly National Foods) $55 million expansion (underway)
- Mahindra Aerospace $22 million investment for an approximate 75% share in ownership of GippsAero (underway)
- TRUenergy Combined Cycle Gas Turbine (CCGT) Power Station (capital cost unknown)
- HRL Clean Coal Power Station $750 million
Latrobe City Council Submission

Latrobe City Council appreciates the opportunity of providing this submission to the Economic Development & Infrastructure Committee’s inquiry into local economic development initiatives in Victoria.

The importance of effective economic development to the Latrobe City community is underpinned by adopted policy including:

- Latrobe 2026- The community vision for the Latrobe Valley (Attachment 1);
  
  The community vision for the Latrobe Valley, Latrobe 2026, describes the preferred future for Latrobe Valley. In 2026, the Latrobe Valley will be a liveable and vibrant region, sustainable and enterprising with collaborative and inclusive leadership. One of the primary priorities identified by the community in the vision is diversification and expansion of local industry to ensure continued growth of the local workforce.

- Positioning Latrobe City for a Low Carbon Emissions Future, 2010 (Attachment 2);
  
  Latrobe City Council recognises the growing community concern about climate change and it supports international and Australian policies to reduce greenhouse gas emissions. The constraints on carbon-based emissions that will arise from these policies have significant implications for the ongoing sustainability, vitality and well-being of the Latrobe City community. In 2010, Latrobe City Council developed a policy entitled Positioning Latrobe City for a Low Carbon Emissions Future. The policy identifies the expected implications of Government mitigation policies on the City and proposes transition arrangements to enable Latrobe City to optimise its transition and continue to prosper within a low carbon emission future.

- Latrobe City Council Economic Sustainability Strategy 2011 – 2015 (Attachment 3);
  
  The Latrobe City Council Economic Sustainability Strategy 2011 – 2015 was adopted by Latrobe City Council in June 2011. The Strategy:
  
  • Provides a framework to direct Latrobe City Council economic development activities;
  • Guides the work of Council so that work can be prioritised to focus on those activities that best position Latrobe City to prosper in a changing economic environment; and
  • Identifies emerging challenges and opportunities and corresponding actions to assist business to grow and invest.

  The Strategy was developed following comprehensive consultation with the Latrobe City business community and key government stakeholder groups.
Existing local economic development programs in Victorian municipalities

The Economic Sustainability Strategy 2011 – 2015 proposes actions that will consolidate Latrobe City's position as a major regional city and service centre for the Gippsland region and drive economic growth at a pace exceeding that of other regional centres as measured by:

- Job creation;
- Growth in gross regional product; and
- Reduction in unemployment rates.

An underlying principle of the revised Economic Sustainability Strategy is that the economic development activities undertaken by Latrobe City Council are intended to complement, rather than duplicate, services provided by other Government agencies and private sector accountants, consultants, solicitors, financiers and training providers.

To achieve sustainable economic development, Latrobe City Council is focusing on three equally important and inter-dependent groups of activities (Figure 1):

- Providing strategic business development services for new and existing businesses;
- Building the Latrobe City investment brand; and
- Creating an enabling business environment that fosters business activity and supports further investment.
The appropriate role of local and state government in generating economic development

Rather than setting and implementing economic and marketing plans for each sector (a task better suited to those operating within each sector), Latrobe City Council believes it can add the most value to Economic Sustainability by:

- Advocating in the interests of the business and broader community;
- Facilitating capacity building, networking opportunities and partnerships in the business community;
- Providing information, data, modelling and advisory services to support investment efforts;
- Exhibiting strong leadership and supporting regional partnerships to ensure coordinated regional plans are in place;
- Ensuring that Latrobe City Council's services related to economic development are delivered efficiently;
- Promoting Latrobe City and pursuing investment opportunities;
- Supporting job creation and economic diversification in key employment zones; and
- Proactively identifying and aggressively pursuing new investment opportunities.

The importance of an integrated, non-hierarchical partnership approach by all levels of government is recognised as a critical attribute for successful economic development.

The difference in economic development roles between rural and metropolitan municipalities

The nature of the rural (regional municipalities) dictate a dependency by residents on the region in which they reside for a wide range of essentials including jobs, education, recreation and produce. Conversely, the proximity and interrelationship of metropolitan municipalities is likely to result in a lower resident dependency as it is possible and usual for residents to live in one municipality and work, shop and be educated in others.

Latrobe City Council proposes that this situation results in higher priority being placed on economic development by residents within regional Victoria compared to those in metropolitan Victoria. Given a comparatively low rate base, this is turn has the significant potential to place a higher burden on rural
Barriers to local economic development – including, but not limited to, compliance costs, planning days – and solutions to address these

The Latrobe City Economic Sustainability Strategy was developed in consultation with key business and government stakeholders. From the significant amount of information gained from eight face to face group sessions during this consultation period together with a series of follow up individual discussions, a range of common opportunities, obstacles / threats and key Council activities were developed. (Figure 2)

Access to sufficient skilled labour and innovative and efficient urban planning are recognised as two key opportunities to reduce barriers to economic development. Given these two issues are beyond the ability of a single municipality to address and the belief that the issues are common across Victoria, Latrobe City Council requests the Victorian Government continue to focus as a priority on the following.

- The provision of efficient and effective training, particularly vocational training, to ensure access to a sustainable supply of skilled labour for business; and

- The continued review of the Victorian Planning Scheme to ensure proper and innovative urban planning can be maintained without unnecessarily restricting development opportunities.

**Figure 2**
The vast majority of Latrobe City businesses (94%) fit within the Small and Medium Enterprise (SME) sector and the critical importance of ensuring ongoing viability for this sector is well recognised. Latrobe City Council requests that the Victorian Government initiate an increased focus on small business support particularly focused on skill development and information provision for this sector.

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

The importance of an integrated, non-hierarchical partnership approach by all levels of government is recognised by Latrobe city Council as a critical attribute for successful economic development.

Latrobe City Council is keen to continue to work proactively with the Victorian and Australian governments to progress sustainable economic development within the Gippsland Region.

Best practice local economic development initiatives

The Latrobe City Economic Sustainability Strategy 2011 – 2015 has been developed to provide the most effective methodology for progressing sustainable economic development opportunities given the resources able to be allocated to the task in light of limited budgets and competing priorities.

The Strategy Action Plan contains 36 Actions under the following Focus Areas:

- Retention and Growth of Existing Business;
- Pursuing New Investment;
- Building the Latrobe City Investment Brand;
- Providing Strong Leadership and Clear Direction;
- Advocating for an Attractive Policy Setting;
- Conducting Innovative and Effective Urban Planning;
- Increasing Access to Skilled Labour;
- Developing High Quality Infrastructure and Services;
- Facilitating Sustainable Use of Natural Resources; and
- Contributing to a Liveable and Vibrant Community.
Latrobe City Council Submission to the Economic Development & Infrastructure Committee- Inquiry into local economic development initiatives in Victoria

Latrobe City Council would welcome an opportunity to outline this approach to the Committee in further detail.