Dear Mr Coley,

Re: Response to Terms of Reference
Inquiry into local economic development activities in Victoria.
City of Greater Geelong

Please find detailed below correspondence in consideration of the inquiry terms of reference.

a) examine the range of existing local economic development programs being carried out in Victorian Municipalities.

Detailed below is a listing of the activities undertaken by the Economic Development Unit broken down into four areas.

1. International
2. National
3. State
4. Local

1) International Engagement / Liaison
Austrade Global Offices
Geelong Export Network
Embassy Engagement (UK, USA.)
Business Chamber Engagement (Italy, China)

2) National Engagement
Enterprise Connect
Infrastructure Australia Liaison
NBN Advocacy
Interstate business facilitation and expansion
Economic Development Australia
RDA

3) State Activities
Victorian Regional Living Expo 2012-2015
G21 Land Use Strategy
G21 Economic Development Strategy
Department of Business and Innovation
4) Local Activities

Agri business
- Secretariat
- Newsletter
- Geelong Summit

Clusters
- bioGeelong
- Food Co-products
- ICT

Business Events
- Geelong Small Business Festival (50 events annually)
- Geelong Mayoral Science Awards
- Expo's (2 annually)
- Smart Geelong Week

Business Facilitation

Business Networks and Memberships
- East Geelong Business Network
- The Geelong Chamber of Commerce
- The Lara Chamber of Commerce
- Springdale Business Network
- Business Network International
- Geelong Otway Tourism
- Geelong Manufacturing Council
- Geelong Export Network
- Engineering Network Geelong
- Smart Geelong Network
- Educational Institutions

Business Visits (100 per year)

Developer Engagement

Publications – developed inhouse
- City Scope
- Annual Economic Indicators
- Monthly Economic Indicators
- Geelong Ring Road Employment Precinct
- Open For Business

Geelong Business Calendar (web based)
Geelong Business TV (to be launched October 2012)

Healthy Communities Initiative

Media Releases / Marketing

Move to Geelong Website

Northern Gateway Project

Open For Business E-News

Small Business Service Mentoring Program

Social Media – Geelong Open for Business Twitter

Statistical Enquiries REMPLNA

Youth Strategy

Multicultural Action Plan

Skilled Migration Program

Small Business Victoria Workshops
b) examine the appropriate role of local government in generating economic development and review the allocation of responsibility in this area with State Government.

Local Government is well poised to provide information in support of business expansion and growth. The difficulty for local government is in balancing the financial investment made in securing business and growing business with the competing needs of its rate base. Business growth and expansion in any given area does have a direct impact on the place in which the business is situated, however the flow on effect is felt much more widely (ie staff spending wages outside of the municipality in which they were earned) and as such there is an economic argument for not using the rate base to support business growth that benefits other areas.

The State is arguably better placed to make the rational financial contribution decisions, however when this is operated in total isolation of Local Government the disconnect becomes a divide.

There is an apparent disconnect between the financial support services offered at the State Government level and the priorities espoused by local government. The lack of engagement and transparency in funding opportunities, business development opportunities and collaboration in the name of confidentiality is disconcerting. Local Government are also responsible to the Privacy Act and would be better placed to service the enquiries of State Government with greater background of the potential investor. Confidentiality agreements signed between Local govt and State govt would simplify the transference of commercially in confidence information.

c) examine whether the role of local government in rural and regional areas has different economic development tasks to that of metropolitan based municipalities.

Of greatest note is the more holistic nature of economic development in rural and regional areas. Metropolitan areas are more often characterised by fewer sectors driving their economies and can strategise in a more streamlined way. Predominantly servicing the retail, health, education and professional services sectors of which often share similar characteristics, LG's in the metro areas can adopt a focused approach.

Operating in a regional area, the challenge becomes more broad. At present the sectors that have traditionally driven regional and rural areas are under significant pressure. (manufacturing, agriculture). Transition is being made to other sectors predominantly tourism, health and education, however these sectors do not contribute to GDP like those traditional industries do. We are challenged by several factors including skill shortages and lack of transferable skills however the decline of traditional industry, particularly manufacturing is our greatest challenge.

In support of the above it is recognised that the Geelong region has a strong and robust economy with a business base of over 22,000 enterprises.

Barwon Health continues to be the largest employer with 3842 EFT, an increase of over 200 employees in the past 12 month period. Cotton On continue to emerge as one of the fastest growing employers in Geelong and education across the Department of Education Early Childhood and Community Development, The Catholic Education office, Deakin University and the Gordon continues to play a significant role as an employer.
As stated, the number of employees in our manufacturing sector continues to decline, however the importance of this sector to our economy remains critical. Manufacturing contributes $12 billion (47.1%) of the total output in Geelong with Retail contributing $1.1 billion (4.2%) Health Care $1 billion (3.9%) and Education $0.7 billion 3.1%. The ability of the manufacturing sector to be able to survive and thrive in this country is reliant on our ability to innovate. It is critical that all tiers of government collaborate to support industry innovation. Both Local and State Government provide programs and support services to aid industry in this endeavour; however the information exchange regarding what is being delivered is poor.

A further difference between regional and rural local government operations and that of the metropolitan counterparts would be the attraction and retention of skilled personnel.

Geelong has just undertaken its annual skill shortage survey (August 2012) which denotes 77 employers noting 233 current skills shortages. These skill shortages are predominantly in the health and social services sector, a sector renowned for not being able to retain staff in non-metro areas. The disparity between the skill shortages that are emerging and existing and the educational preferences of our population and courses being offered by our institutions seems to be growing. It will require a collaborative, cross government, consolidated effort to ensure Geelong can remain robust in meeting community need and in ensuring that our employers do not buckle under the weight of trying to fill positions and to ensure we retain skilled employees able to strengthen the knowledge base in our workforces.

d) identify the barriers to local economic development, including compliance costs for business and planning delays, in operating in local municipalities and develop solutions to address these barriers.

Economic Development is a long term game, government terms are not. The reality is that building a long term strategy that can survive the machinations of the political environment is difficult. The success of economic development practice is grounded in information exchange and fostering relationships and this requires trust in the longer term vision.

Where this is countered is in the fact that local government is a long term institution, not likely to be dissipated any time soon! While the policy direction may change, (as with any level of govt) at the council officer level, the overall aim remains somewhat constant in endeavouring to deliver both economic and social prosperity for out local community.

Over the period April to August the Economic Development department of the City of Greater Geelong has visited 61 SME businesses and gathered data on the challenges these businesses face. 6% of these businesses indicate Local Government Planning processes as prohibitive, 9% site the regulatory environment and prohibitive and %13 detail rising costs as having an adverse effect on their business.

The challenge of the changing nature of purchasing/buying (whilst is not an issue we measure) has emerged as an area that is not well understood by business. SME’s are perplexed at how to manage the need (for the first time in history) to juggle such divergent buying patterns across the generations. Business recognise that they can not service every demographic but struggle to understand where the can gain most value.

Solutions to address issues are localised, often sector specific - the focus being on trying to be supportive and remain responsive to our business communities needs. Question a) highlights the diversity of activities undertaken.
e) examine ways in which municipal councils and the Victorian Government can jointly support local economic development, enhance and promote employment and attract new investment, especially in localities with emerging economic potential.

The recently circulated National Governors Association Chairs Initiative, Growing State Economies cites “Helping entrepreneurs start grow and renew business is one of the most important things a government can do to create jobs and raise standards of living”. This publication goes on to detail 12 actions, however most tellingly states that “many agencies and leaders still see attracting companies from elsewhere as the top priority, even though only 2% of annual job gains across states can be attributed to business relocations”. This report goes on to note that for the fiscal year 2013 these agencies are proposing to expend 26.9% more of their economic development funds to strategic business attraction than they did in the fiscal year 2012.

The focus on the silver bullet large multinational who will magically appear to locate in any given LG area and boost the employment base by 1000 plus employees is detracting from supporting where the real growth is coming from; start ups with a niche product or unique operation. Our pertinent example is TAC verses Cotton On. Cotton On have emerged as one of Geelong’s’ top 15 companies in a short 6 year period, TAC was a decentralisation decision that was not a strategic move by Local Government to pursue, however TAC is espoused as the success story.

Infrastructure projects that are catalytic to economic growth are an area that Local Government can not deliver without the support of State Government. Recent examples in our municipality include the Geelong Ring Road, The Geelong Innovation and Investment Fund and The Geelong Ring Road Employment Precinct.

The Geelong Ring Road has been catalytic across not only our municipality but the region. The road infrastructure has generated investment in business and delivered on greater lifestyle amenity. It has facilitated access to markets, other major infrastructure assets such as Avalon Airport and the Geelong Port and has acted as a catalyst for people being able to live in a regional area due to travel time savings.

The Geelong Innovation and Investment Fund provided access to capital for business investment that has seen Geelong business expand and innovate. From a local government perspective the failing of this fund was the administration and the lack of ongoing engagement with the business. As this fund was administered at the State level, the knowledge at the local government level of what was being achieved was lacking and continues to be lacking.

The Geelong Ring-road Employment Precinct is a very exciting, but challenging project. With the potential to deliver on 8,000 jobs in the longer term the importance of this project and the importance of the location that this industrial estate is located in can not be understand. For a Local Govt a difficulty with a project of this nature is the long term realisation of the upfront investment.
f) investigate best practice local government development initiatives relevant to the terms of reference.

Yours sincerely,

TERRY DEMEO
MANAGER

ECONOMIC DEVELOPMENT
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Attach: Economic Development Terms of Reference and Original Submission request