Submission
to the Parliamentary Inquiry into Local Economic Development Initiatives in Victoria
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1. Examine the range of existing local economic development programs being carried out in Victorian municipalities;

The Gannawarra Shire Council considers Economic Development as a high priority for the future prosperity of the municipality. Economic Development seeks to attract investment, support current businesses, diversify the agricultural sector and implement local and regional strategies.

The following points relate to existing initiatives in the Gannawarra shire:

- The Gannawarra Shire has developed an Economic Development Strategy and a long range strategy plan “Gannawarra 2025” to target local issues. These documents are important planning tools.
- Local strategies link to broader regional strategies and consider the needs of local businesses and communities. Council works closely with the business community to encourage business development and undertakes marketing to support business expansion.
- The Gannawarra Shire has a strong focus on energy development and utilising the local environment for sustainable development. A solar power prospectus and the Economic Development Strategy are driving commercial energy interest in large scale solar and biofuels.
- Gannawarra Shire Council has a strong focus on being investment ready across a broad range of industry sectors. This includes Industrial Estate Development, identification of land suitable for residential, agricultural and tourism development, identification of infrastructure and identifying and creating networks with investors seeking to develop projects in rural Victoria.
- A range of prospectuses have been developed to target large scale solar, industrial development and tourism development.
- Council undertakes significant marketing of the municipality to attract investment.
- Council sources developers and investors for local projects.
- Council provides assistance to business and community groups seeking to develop local economic development activities.
- Networking at regional levels through collaboration. The Murray River Group of Councils is a positive example of Councils coming together to provide direction on key issues impacting on the local economy.
2. Examine the appropriate role of local government in generating economic development and review the allocation of responsibility in this area with the State Government;

Local Government is the most appropriate body to manage local Economic Development but in conjunction with other levels of Government, commercial and community organisations.

The role of Regional Development Victoria (RDV) is critical in providing support to Local Government.

The Gannawarra shire is involved in many activities relating to generating economic development and provides the following points for consideration:

- Local Government has a good understanding of the needs of the local community and develops strategies in conjunction with the local community.
- Grant assistance for business is a State or Federal Government role. In many cases the funding programs are difficult for small businesses to access. These businesses provide jobs for many small communities.
- Infrastructure development is a joint role between all levels of Government.
- Local Government needs appropriate resources to provide economic development services across the municipality.
- Local Government is connected to relevant stakeholders and is well placed to coordinate and promote economic development activities.
- Some LGA’s have been heavily impacted by policy decisions and need assistance from Government to retain economic activity. Examples include the job losses experienced as a result of creating National Parks in Gunbower Forest.
- Major infrastructure assets such as roads and bridges, rail and road transport, power and natural gas, and the provision of local services have major impacts on rural Councils in supporting local economies. Support is needed to maintain these assets which are critical to local economies.

3. Examine whether the role of local government in rural and regional areas has different economic development tasks to that of metropolitan based municipalities;

The role of rural councils in Economic Development is different to that of metropolitan councils. Agriculture plays a key role in rural municipalities. Other significant issues facing rural councils include population decline and demographics, falling rate revenue and slow economic growth.

Examples of differences include the following points:

- There is a distinct difference in the roles of rural and metropolitan municipalities. Many rural municipalities do not have the high level of economic activity that many metropolitan municipalities have. Rural municipalities need to spend considerable resources identifying and sourcing economic development projects.
- Many rural economies relate to agriculture and therefore subject to fluctuating economic growth, declining populations and reductions in local services. Rural councils face many challenges in developing business activity.
• Many rural councils do not have the financial and physical resources required for Economic Development and struggle to provide expensive infrastructure needed for business development.

• Rural councils:
  o lack infrastructure such as natural gas to support economic development
  o have a small labour market to support agriculture and some professional services
  o have a lower service base to attract economic development
  o need to work hard on their comparative advantages to attract business
  o need population and jobs growth to drive the local economy.

Attracting metropolitan residents to rural areas is seen as a positive initiative in developing rural communities, however a lack of employment opportunities is restricting this growth opportunity. The Regional Victoria Living Expo is a positive initiative that has highlighted significant interest from metropolitan residents to relocate to rural Victoria.

4. 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;

A strong resource base is required to assist business development across areas of Economic Development, Planning and Infrastructure. It can be a timely and expensive exercise to service major developments and requires skilled and experienced staff.

Support from RDV staff is very good but they also have a large area to service making their role difficult at times. The role of the Melbourne based staff is often not clear to rural Councils and this can often impact on links to new opportunities.

Gannawarra Shire Council has an excellent Planning department which works closely with the Economic Development Team. A case study by RDV has recognised this relationship. This relationship provides many benefits to developers in all stages of development.

Issues realised in Economic Development include:

• Planning is seen as red tape by some developers. Some referral authorities are not timely in their replies which can sometimes hinder projects. In some cases perceived priorities of referral authorities can frustrate some developers.

• Extended timeframes in rezoning can impact on development.

• Staff resources in rural Councils are stretched. Assistance with staffing for Economic Development and Planning is required.

• Some Planning Scheme policy can restrict Economic Development. Access to planning support staff would be valuable in the application process, however many of these staff are Melbourne based and are not often well known to rural municipalities.

• Assistance is needed to encourage major developments into premises left vacant by industry closures and restructure. An example in the Gannawarra Shire is the Murray Goulburn factory in Leitchville.

• Many businesses need assistance in understanding compliance and are reluctant to expand due to perceived red tape, costs and timeframes. Councils planning department spends considerable time educating proponents on compliance issues.

• There are a wide range of issues that can restrict economic development activity in rural areas:
  o Water availability and cost for irrigation farmers
  o A lack of research and development, to encourage and identify new agricultural opportunities
5. 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;

There are several emerging areas of economic development potential that the Gannawarra Shire is actively pursuing. These opportunities are commercially based but subject to many external issues that are hindering timely development. They have the potential to generate new jobs and provide significant economic value to the local economy and the Victorian economy.

Examples of how local Government and State Government can support economic development:

- Agriculture is the main economic driver in Victoria but subject to many external issues that impact on growth and investment. A strategic approach is needed to identify future directions in agriculture amid growing concerns of a potential world food shortage. Farm organisations need to work with Government to build a stronger farming sector that is recognised for sustainable food production, employment opportunities and as a world leader in agriculture. This positive profile needs to drive new growth opportunities in rural Victoria.

- Facilitate development and growth along waterways, national parks and in environmentally attractive areas where people wish to invest. Doing so in a sustainable, planned and timely way.

- Identify the opportunities of new and emerging industries such as solar and green energy and how this can support rural Victoria. The solar industry is on the cusp of significant development that could be hindered by outdated infrastructure. Power purchase agreements with electricity retailers are proving difficult and are restricting growth of the solar industry.

- Provide greater levels of assistance to local industries that generate jobs. Many small businesses are not eligible for grant funding yet provide critical jobs in rural areas.

- Rural Victoria has many advantages for business development including water supplies, large Greenfield development sites, affordable land options, and a lifestyle conducive to young families. The Regional Victoria Living Expo is a great initiative to promote these opportunities and could be a tool to also focus on agriculture and new investment opportunities.

- Assist with bringing in new employees for specific labour markets such as the dairy industry.

- Support food processing for dairy, grains and livestock. A lack of skilled workers is restricting productivity.

- Develop strategies for future investment in agriculture and in particular future exports to world food markets. Products and markets need to be identified for future development.

- Jobs are the most critical area for development in regional areas – creation of jobs will create development. Metropolitan people want to relocate but jobs are restricting them from moving.

- A lack of specific infrastructure often steers development away from rural towns to larger cities.
6. Investigate best practice local economic development initiatives relevant to the terms of reference.

The Gannawarra Shire has several areas that should be considered for further investigation and potential case studies. These include:

- **Solar Power Development in North West Victoria**, Gannawarra Shire Council has developed an investment ready model for the development of large scale solar power that was considered a model for northern Victoria. The proposal included an investment prospectus developed in conjunction with the City of Greater Bendigo and Loddon Shire Council. It has proven to be a very good marketing tool to attract significant business interest.

- **Bell Environmental, Regional Development Victoria Case Study**, Bell Environmental developed a regional facility in Kerang to service clients across southern New South Wales and northern Victoria. Council support was an influential factor in selecting Kerang as its preferred location. The case study highlights the positive working relationship between Council and business.

- **Gannawarra Shire Council Economic Development Strategy**, This strategy has a specific key focus area on developing the natural environment for economic growth and builds on Council and community objectives to achieve such.

- **Gannawarra 2025**, This document outlines the Strategic Community Plan for Gannawarra Shire. It is a long range strategy plan with inspirational goals and a range of suggested programs as to how to achieve those goals.

Gannawarra Shire Council recognises that Economic Development is one of its key priorities for the future viability of the municipality. Gannawarra Shire has the potential for growth and in the near future will see an increase in the uptake of land close to waterways as people realise the attraction of lifestyle living.

Council strives towards achieving a balance between protection of the natural environment and encouraging development opportunities by strongly promoting ecologically sustainable development. Council is actively working with land and water management agencies and community groups to ensure a consistent and comprehensive approach to the protection, enhancement and management of the natural assets.