Submission by Wodonga City Council

Inquiry into local economic development initiatives in Victoria
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1. Context – City of Wodonga

1.1 Strategic location.

Wodonga is strategically placed between Melbourne and Sydney on Australia’s most mature freight corridor – the Hume Freeway.

Recognised as Australia’s 18th largest city, the twin city of Albury Wodonga performs a crucial role in the catalysing of significant development along the eastern seaboard.

Wodonga’s position on a national freight route has made it an ideal base for transport operators as well as other industry that has distribution requirements along the eastern seaboard and access to access ports.

The city of Wodonga is a mainly urban local government area with a total land area of 434 sq/ km.
1.2 Population & demographics

According to estimated residential population data released by ABS in April 2012, Wodonga is Victoria’s fastest growing regional city with a current growth rate of 2.1%. The city has a young population with an average age of 35 along with a strong representation of people in the primary workforce age of 18 - 44. Forecasts estimate Wodonga’s population to reach 50,000 by 2026.

Combined with Albury the twin cities form Australia’s 18th largest city with a population of 107,000 residents.

Wodonga’s growth over the census period of 2006 – 2011 was greater than surrounding municipalities of Indigo Shire, Alpine Shire, Towong Shire, Rural City of Wangaratta and AlburyCity combined.

Currently, the estimated total service catchment of Wodonga is 180,000 people.

The strong growth and wide catchment area depicts the regional role of Wodonga in the context of job creation, housing options and provision of key services such as health, education, sport and housing provision.
1.3 Economy

Wodonga, when combined with Albury, forms Victoria’s third largest economic zone with an annual gross regional product of almost $5.7 billion. Only Geelong and the Melbourne statistical district have larger gross regional product.

The economy is fuelled by over 7,000 businesses. The condensed nature of the economy (750 sq/km area) provides for a highly integrated supply chain with an ability to capture greater levels of flow on expenditure.

Wodonga’s main employment sectors are manufacturing, public administration and safety, and retail. The city has access to an urban labour force of approximately 47,000 and 80,000 regionally. The provision of infrastructure will be crucial in ensuring growth in jobs can occur and adequately supply the growing population base.
In terms of value added activity, defence plays a major role in Wodonga’s economic growth. The manufacturing sector is second, however, has a low output – value add ratio. Importantly a transition to higher value added activities in the manufacturing sector needs to take place. All key sectors are growing with overall value add activity growing by 7% in 2011.

1.4 Central activity area.

Wodonga’s Central Activity Area (CAA) is undergoing significant change as a result of the removal of the Melbourne – Sydney rail line and several other significant developments.

Within the CAA’s core, 9.91 hectares of land will be released for development over a number of years by Places Victoria, with the first expression of interest for land parcels at Junction Place closing in June this year.

The redevelopment of the former rail land under the control of Places Victoria is envisaged to create almost 1,500 jobs over the life of the development. Additional jobs and investment will be generated from developments on VicTrack land and other vacant commercial sites in the total CAA which encompasses an area of approximately 100 hectares.
Other projects taking place in the CAA that will create significant investment and job generation include the recently started $25 million Quest Apartments and Tavern development, $11.5 million Cube Wodonga, and the planned Mann Central shopping centre project (500 jobs).

To ensure the realisation of these opportunities significant infrastructure works and place making activities need to take place.

1.5 Leneva Baranduda growth front

Council is currently undertaking a growth area framework plan for the Leneva/Baranduda area to Wodonga’s south. The area covers 19km² and will contain approximately 14,000 houses. An integrated approach has been taken to ensure the growth plan considers social infrastructure, transport infrastructure, education precincts, activity centres, community facilities, sports precincts and open space.

While Leneva/Baranduda will be the major growth front for future population growth, significant residential activity will also occur to the east of the city and to a lesser extent the west.

Through the provision of sports, education, health and employment services the growth of Wodonga will play a significant role as a service centre for the surrounding regions.

1.6 Logic industry hub

Logic was established in 2004 when council rezoned 440 hectares of land at Barnawartha North from rural land to Industrial 1 zone along with a 12 hectare site east of the Murray Valley Highway to Business 4. Logic Wodonga has since been expanded to 604 hectares. The project has been given state significance.

Logic Wodonga is located at the intersection of the Hume Freeway and Murray Valley Highway, 14 kilometres west of Wodonga, and directly adjoins the North East Railway line (the main Melbourne to Sydney route). Logic Wodonga is located 290 km north of Melbourne and 580 km south of Sydney. The strategic position of logic Wodonga means that businesses can reach over 75% of Australia’s population by next day transport shift.

Logic has created transport and freight efficiencies, as well as providing a supply of industrial land in the Upper Hume region for the next 20 – 30 years to create economic development and employment opportunities. In total, it is estimated Logic will eventually accommodate approximately 5,000 employees.

Logic has already secured $131 million private investment and is underpinned by current business operators Woolworths Regional Distribution centre, national transport operator Border Express and the National Industry Skills and Training Centre. A further $15.8 million investment for a truck service centre Fatigue Management facility has been lodged for planning approval while another 8,500 sqm
warehouse facility for a transport operator has been given planning approval. The service centre and fatigue management development will play a key role in creating transport efficiencies along the Hume Freeway as well as addressing fatigue management issues for drivers. Within 12 months it is envisaged Logic will host an employment base of over 590 people.

Logic Wodonga leverages off existing critical supporting infrastructure not easily replicated including:

- Hume Freeway between Melbourne, Canberra and Sydney.
- Murray Valley Highway leading to Adelaide and key freight destinations along the Murray River.
- A full interchange from Hume Freeway capable of dealing with B doubles and future next generation High Productivity Vehicles.
- Internal roads designed and constructed (almost 2 km of road infrastructure is in place) to cater for intra-estate transport vehicles to deal with freight movements within the Logic estate between warehouses and the proposed intermodal terminal.
- Significant existing infrastructure and services (power, water, fibre optic).
- Main Sydney – Melbourne gas line runs through Logic and can be accessed via a gas gate.
- Melbourne – Sydney rail line interfaces with the southern boundary.

The final remaining pillar to Logic’s business case is the securing of a rail terminal capable of receiving freight trains in excess of 2km in length.
2. Range of programs

2.1 Government programs

The City of Wodonga acknowledges the range of programs on offer through the State Government of Victoria and the critical role the available funding plays in delivering projects to advance communities and economies. In particular, Regional Development Victoria’s $1 billion Regional Growth Fund which provides funding avenues for infrastructure, planning, manufacturing, business development, tourism and several other project sectors.

Wodonga City Council currently has several local economic development initiatives that will generate significant job creation and investment over the next 10 years. This includes the following key areas:

- CBA redevelopment and planning;
- Logic industry hub;
- Baranduda/ Leneva growth front;
- Bonegilla Migrant Experience; and
- Gateway Island precinct.

The continuance of programs such as the Regional Growth Fund will be essential in unlocking the potential of the above projects to ensure the current government’s ambition of creating strong, vibrant regional cities is achieved.

2.2 Planning assistance

Initiatives such as the Regional and Rural Planning Flying Squad under the Department of Planning and Community Development have played a critical role in ensuring the significant planning work being undertaken in Wodonga can be achieved in a timely manner. Regional and rural councils often find the securing of specialist staff difficult, particularly for short term strategic roles.

As such, Wodonga City Council encourages the continuance of this program beyond June 2014 and further encourages the committee to examine expanding this valuable program to enable increased available specialist planners to assist regional councils experiencing significant planning requirements such as Wodonga City Council.

2.3 Funding assistance

The regional service role Wodonga plays places an increased burden on infrastructure development requirements. While Wodonga has a population of approximately 37,000 residents the total estimated service catchment extends to 180,000. While the provision of services for a regional population reduces the cost burden for smaller surrounding rural municipalities it can create a cost burden for cities such as Wodonga.
To alleviate this the provision of funding programs that recognise significant regional economic and social infrastructure requirements on ‘Regional Cities’ should be considered via a specific fund enabling identified projects of regional benefit to be undertaken. Verification of the scope can be achieved via approval from the relevant Regional Development Australia committee. Further, where possible, allocations of funding for such projects could be funded under an extended Local Government Infrastructure program to provide funding certainty for major projects.

Recommendation:

That:

1. Key programs such as the Regional Growth Fund continue to be funded to ensure key economic focussed projects being undertaken by councils can be completed.

2. Programs such as the Local Government Infrastructure program be continued to enable councils to plan for key projects with levels of certainty.

3. The Regional and Rural Planning Flying Squad be continued beyond June 2014 and expanded to provide greater specialist assistance to growing regional cities and rural municipalities.
3. Role of local government in economic development

3.1 Local government function

In the context of economic development, local government plays a diverse role which crosses multiple council business units. Council’s role in the below is integral to ensure the city grows in a coordinated, planned manner taking a holistic perspective. Further, council is required to fill a gap in the market when the private sector does not actively participate.

This is particularly so for sectors such as industrial land development which typically has low returns and long holding costs. Wodonga City Council has in the past lost several local manufacturers to other centres due to an inadequate supply of industrial land.

- Identify issues and lobby state and federal governments on behalf of local community.
- Strategic land use management to ensure coordinated and harmonious city growth.
- Provision of infrastructure to facilitate residential and commercial development including roads, service infrastructure (sewer, drainage, etc).
- Provision of community based facilities such as community halls, libraries, child and aged care facilities, galleries, museums, parks, sports fields, open space, walking and cycle paths etc.
- Policy setting.
- Program coordination and facilitation.
- Activation of development (eg. industrial land) where the returns and holding costs are such that the private sector will not enter the market.
- Point of contact for businesses and residents on issues impacting local community and the progression of the city.
- Promotion of the competitive advantages of investing in the city.
- Facilitation of expansionary activity for existing businesses.
- Promotion of the liveability aspects of the city to encourage inward migration and retention.
- Informing government and business organisations of the merits of key projects that advance the local and regional economy.
Facilitating local workforce development projects.

Participating in regional projects of mutual benefits with other municipalities.

3.2 State Government function

The State Government has a major economic development role to play in the stimulating of economies via the following methods:

- Through funding programs, meeting the shortfall between private sector and or local government to activate worthwhile projects that will advance local and regional economies. For example:
  - Funding through the Regional Growth Fund provides business incentives to expand and take up more sustainable technologies;
  - Funding for key infrastructure projects including performing arts centres, industrial precincts and community centres which will lead to increased economic activity and social capital building;
  - Funding for planning work to activate economic and community outcomes such as strategic planning work; and
  - Reduce the burden of infrastructure provision on local governments experiencing strong sustained growth to ensure positive economic outcomes are achieved.

- Represent the merits of projects to federal government counterparts.

- Undertake strategic work on a regional basis to respond to local initiatives.

- Ensure projects which do not have an acceptable ROI, but have identified economic merits such as employment generation are supported through funding.

3.3 Differing metro and regional roles

Municipalities in regional centres are often required to become involved in projects not taken up by the private sector to ensure the economic interests of the local community are protected. Typically this is due to projects having low returns and extended holding cost which do not appeal to the private sector.

An example of this is the provision of industrial land. Typically this function is undertaken by the private sector in metropolitan areas as the returns and consumption rates are greater. In contrast, private developers in regional areas have shown little desire to provide serviced industrial estates due to slow consumption rates, holding costs and lower returns than available in other land development sectors. This results in the need for council to provide industrial employment generating land to ensure key sectors of the economy are advanced and new jobs are created.
In addition, regional councils are challenged with proactively facilitating population growth while fringe Melbourne areas are challenged with managing the rapid influx of people. Therefore, the role council plays in managing these different scenarios, is markedly different.

**Recommendation**

1. **That the State Government maintains a focus on ensuring council projects which have identified employment and community outcomes are supported through funding mechanisms that have flexibility to deliver local priorities.**

2. **That the State Government seeks confirmation of priority projects from Local Government to maximise coordination of project delivery and policy formulation of funding programs.**

3. **That Local Government is supported by State Government with representation to Federal Government departments to raise the profile of priority projects that have clear economic benefits.**

4. **That provisions are put in place by the government to assist regional municipalities grow and prosper to create vibrant regional centres.**
4. Barriers to local economic development

4.1 Skilled staff availability

In a regional context, securing skilled staff can be difficult. This is particularly so for fixed term positions. As a result the progression of key projects can often be delayed causing frustration for investors and potential loss of projects.

As identified previously, the provision of skilled staff through programs such the Regional and Rural Planning Flying Squad have played a critical role in ensuring the progression of specialist planning work can be undertaken in a timely manner. Wodonga City Council therefore supports the continuance of this service provision and recommends the expansion of services to include access to a greater pool of specialists such as urban design, environmental planning, and strategic planning to ensure key planning projects that activate economic activity can progress in a timely manner.

4.2 State Government resources

While Wodonga forms part of the second largest economic zone in Victoria with a gross regional product of $5.6 billion and an economy that expanded by approximately 7% in 2011 the city is serviced by one department of business and innovation representative. Furthermore, this position is required to service a region covering a large geographic area outside of Wodonga.

Wodonga alone is 10% larger than the next biggest economy in the Hume region, Shepparton, yet is not adequately resourced. This limitation of human resources to service the region places a considerable barrier to activating employment and investment outcomes, reduces the awareness and subsequent impact of the wealth of available programs and stymies potential expansionary activity by existing local businesses.

A significant business survey (625 responses received) with the local business community indicated over 40% of businesses intended to undertake capital expansions during the 2011/2012 period. The demand for assistance in the area of business expansion and retention is therefore established.

The solution to the service barrier is therefore the provision of additional resources by the State Government to recognise the significance of Wodonga’s economy, better communicate the full range of programs available for business and Local Government and work in tandem with Local Government to existing business in their desire to undertake expansionary activities.
Recommendation:

1. That the State Government ensure the provision of services to businesses in major regional economies is not compromised by ensuring adequate resources are in place.

2. That regular updates of the range of programs available to business and Local Government be undertaken via in person visits and/or email/newsletter communications.

3. That programs such as the Regional and Rural Planning Flying Squad be expanded to enable greater access to specialists to ensure key projects are not delayed.

Patience Harrington
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