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Parliamentary Inquiry on Local Economic Development Initiatives In Victoria

Indigo Shire Council Submission

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INTRODUCTION AND BACKGROUND

INDIGO SHIRE COMMUNITY PROFILE

Indigo Shire, with a population of 16,225, offers a unique mix of attractive rural surroundings, welcoming villages, four distinct seasons and a diverse and thriving economy. It encompasses the towns of Beechworth, Rutherglen, Chiltern, Yackandandah and several other smaller communities.

The economy relies on its rural and tourism base and its regional association with Albury, Wodonga and Wangaratta. Specifically, the economy is based on farming (beef, sheep, dairy, fruit and viticulture), the processing of local primary produce and the provision of services to people including health, social and tourism services.

Nestlé/Uncle Tobys, the Murray Goulburn Cooperative and the local wine industry are among the largest employers in the region which enjoys one of the lowest unemployment rates in rural Australia.

INDIGO SHIRE COUNCIL PLAN 2012-2016

The following is an extract from the Indigo Shire Council Plan 2012-2016.

VISION: a great place to live, work and visit.

MISSION: To support and develop a sustainable, thriving and resilient community through leadership and partnerships.

Latest figures from the Australian Bureau of Statistics show the population of Indigo Shire is growing at approximately 1% per year. This bodes well for the economic health of the Shire and is boosted by a healthy local and regional visitor market which has seen strong numbers maintained in the face of economic and environmental challenges.

Indigo Shire has continued to receive strong regional, metropolitan and national promotion through a number of regional and local tourism marketing campaigns.

In the financial year 2011-12 the Economic Development team continued to respond the needs of the business community by:

- Conducting a buy local and Christmas promotion;
- Strengthening communications with the business community;
- Delivering a marketing campaign for Beechworth;
- Promoting the Shire at the Regional Victoria Living Expo in Melbourne; and
- Delivering a business awards program.

INDIGO SHIRE COUNCIL PLAN 2012-2016 OBJECTIVES

Strategic Objective 3.3 - Encourage and facilitate appropriate economic growth and employment opportunities through:

- The Economic Development Strategy and Action Plan;
- Construction and marketing of industrial land;
- Retention of existing small businesses;
- New business investment; and
- Growth in the agricultural sector.
**Strategic Objective 3.4** - Maintain a broad and diverse cross-section of ages and cultures within our communities through skilled migration and skill retention.

**Strategic Objective 3.5** - Encourage and facilitate growth in the tourism sector through:

- New and innovative forms of tourism throughout the Shire
- Partnerships with local tourism groups
- Sustainable festivals and events

**STRUCTURE OF ECONOMIC DEVELOPMENT AND TOURISM**

The following flowchart shows how economic development and tourism operates within the Indigo Shire.
The Indigo Economic Development and Tourism Advisory Committee advises Council on strategic economic development and tourism initiatives. The Committee is industry based with representatives from local chambers of commerce and tourism associations in addition to skills-based positions. This voluntary Committee monitors the implementation of the Economic Development and Tourism Strategies whilst drawing on the expertise of its members in regard to current issues in the Indigo economy.

Tourism North East is the peak regional tourism body in Victoria’s High Country region and leads the development and promotion of a high quality visitor experience based on all season culinary and nature-based experience offerings. Shareholder organisations include six northeast Victoria Shire councils (including Indigo Shire Council), the Alpine Resorts, Parks Victoria and Tourism Victoria.

2012-13 Budget Commitment to Economic Development and Tourism

With an annual budget allocation of $1.8 million Indigo Shire makes a significant resource commitment to economic development and tourism. This includes six equivalent full time employees and nine casuals.

Included in the budget is a range of economic development activities and programs including:

- Chamber of commerce support initiatives;
- Buy local programs;
- Business awards;
- Training workshops;
- Business networking events;
- Mentor program;
- Township marketing;
- New business attraction; and
- Business growth and development.

Included in the budget is a range of tourism activities and programs including:

- Support for museums, tourism attractions and caravan parks;
- Destination marketing and media familiarisations;
- Product development including rail trails;
- Support for local and regional tourism associations;
- Visitor information centres; and
- Festivals and events.

In smaller shires economic development and tourism are intrinsically linked. Much of the business activity centres around the tourism industry with growth and new investment often coming from this sector. To reflect this strong connection economic development and tourism departments in local government have often been merged and operate in an environment of cooperation as opposed to separate business units.
RESPONSE TO THE TERMS OF REFERENCE

A. EXAMINE THE RANGE OF EXISTING LOCAL ECONOMIC DEVELOPMENT PROGRAMS BEING CARRIED OUT IN VICTORIAN MUNICIPALITIES;

Economic development and tourism have a close association within the Indigo Shire and North East Victoria.

Indigo Shire’s Economic Development Strategy (2012-2017) aims to facilitate and encourage sustainable growth, attract and retain people and connect businesses and industry across the Shire.

Key directions for growth include tourism, businesses, agriculture/viticulture and investment. People make Indigo Shire an attractive and vibrant community with skills, employment, attraction and lifestyle being the key directions identified. Connection allows businesses to work together and Council plays a facilitation, networking and mentoring role in this process.

Indigo Shire’s Draft Tourism Strategy 2012-15 strategic goals include:

- Strengthen the quality of infrastructure and product in the region in order to enhance the visitor experience;
- Increase visitation and yield for the region with a strong digital presence, consistent branding and targeted marketing campaigns;
- Build a strong and collaborative tourism industry by providing appropriate tools and facilitating cooperative opportunities; and
- Lobby for funds and secure community support for investment in major infrastructure projects in the region.

Tourism North East’s Strategic Plan 2012-2014 has the following objectives:

- Implement a communication strategy that communicates the points of difference to the target market and drives regional engagement; and
- Create an authentic experience focussed industry, developing new products and service that deliver key regional differentiators.

B. 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 has historically, and will continue, to play an essential role in economic development. This role is based around assisting existing businesses to achieve their plans for growth, creating the right environment for new investment through a strong local economy and well developed infrastructure in addition to managing projects which encourage sustainable communities and job creation.

Indigo Shire’s Economic Development Unit provides the following services to encourage economic growth and prosperity:

- Support to existing businesses through training and networking opportunities;
- Assistance to existing businesses wishing to expand;
- Support to prospective and existing businesses with business planning;
- Connection to the local community and economy;
- Links to government departments including planning, building and environmental health;
• Provision of economic and demographic statistics;
• Access to mentoring and referral to business support agencies; and
• Sourcing of funding opportunities.

The State Government is also an integral part of economic development, providing a facilitation role ensuring projects have the appropriate support to be delivered at the local level. Often this support is in the form of funding various projects from consultancy based research projects to infrastructure upgrades.

Recently the State Government has provided funding support for the following projects in the Indigo Shire via the Department of Planning and Community Development and the Department of Business and Innovation including:

• Yackandandah Industrial Estates Infrastructure Upgrade – 2009;
• Tangambalanga Industrial Estate Infrastructure Upgrade – 2009;
• Indigo Gold Trail infrastructure and multi-media – 2011;
• A Lift for Small Business Marketing Program (Beechworth) – 2012;
• Chiltern Industrial Estate Feasibility Study (Parts 1 and 2) – 2012; and
• Chiltern Discovery Centre Feasibility Study – 2012.

Funding for the following projects is currently being sought from the State Government:

• Indigo “Know and Grow” Business Development Program which includes a research component and an implementation program;
• Yackandandah Chamber of Commerce Business and Strategic Marketing Plan;
• Indigo Festival Digital Footage Project;
• Chiltern Goods Shed Redevelopment (funding via VicTrack); and
• Chiltern Industrial Estate – Infrastructure Development

Indigo Shire is currently in short supply of small and large “investment ready” industrial sites. Research conducted to date has shown that Chiltern is strategically positioned as an industrial hub. It is located on the Hume Highway corridor, has all services available and ample land supply. Zoning remains a challenge however Council is keen to plan for the future supply of industrial land and will require financial support from the State Government in order to develop subdivisions to attract significant new investment.

The State Government also provides other valuable business services through Small Business Victoria including business information services and training programs. These services form part of the referral role played by local government economic development practitioners.

A terrific initiative of the State Government, in support of regional economic development, was the Regional Victoria Living Expo held in Melbourne over three days for the first time in April 2012. The State Government provided funding to the 48 regional Councils to attend the event over a three year period from 2012 to 2014. This enabled Councils to directly engage with Melbournians who were genuinely considering moving to or investing in regional Victoria. With over 8,000 people in attendance, the event was considered a huge success and generated a great deal of interest in Indigo Shire and regional Victoria. The Goodmove campaign, a post event initiative, continues to encourage relocation to regional Victoria.

Indigo Shire has also received valuable support from the State Government ($75,000 grant matched with $25,000 from Indigo Shire) through the Local Skills Partnership Program which subsidises the engagement of a local business development professional for a period of two years to assist with the implementation of economic development programs. In 2011/12 the key outcomes of the Indigo Business Development Professional Project were:

• Increased business capacity and resilience;
- Additional economic development capacity to undertake activities that could not be achieved with existing resources;
- Better networked and skilled up businesses throughout the shire; and
- Successful delivery of a range of new initiatives.

The Local Skills Partnership Program concludes in March 2013 however an extension of the Program would be most welcome.

C. EXAMINE WHETHER THE ROLE OF LOCAL GOVERNMENT IN RURAL AND REGIONAL AREAS HAS DIFFERENT ECONOMIC DEVELOPMENT TASKS TO THAT OF METROPOLITAN BASED MUNICIPALITIES;

Economic development is very different in rural and regional areas. Activities often have a stronger community and/or tourism focus. Community economic development activities may involve improving community assets such as museums and halls. Tourism activities may involve encouraging investment that adds value to the visitor experience eg. accommodation, food and wine, activities and attractions.

Rural areas have a small manufacturing and business base. In Indigo Shire there are three major manufacturers yet the Shire covers approximately 2,016 square kilometres. Rural councils are at a distinct disadvantage in comparison to metropolitan councils with regards to saturation of businesses. Metropolitan municipalities benefit from high concentrations of businesses contained within a small area whereas rural councils have to oversee large geographical areas with far fewer businesses. The issue of fewer businesses in rural areas is compounded by the challenges of isolation and small local markets.

In rural and regional areas encouraging local people to support local businesses is an important component of economic development. Small townships experience significant retail leakage and local governments are always trying reduce the impact of this trend and help small retailers be sustainable.

In 2011 Indigo Shire Council undertook a Buy Local campaign to encourage local shoppers to support local businesses. Buy Local aimed to boost the local economy as money spent locally is more likely to be reinvested within the Shire; this in turn helps support and thus grow local businesses and communities. Many businesses support local events, community organisations and employ local people, without this ongoing support many of these things would cease to exist. The initiative involved distributing 10,000 promotional bags to local businesses, Visitor Information Centres, Council offices and libraries. The bags included a promotional flyer explaining the promotion. Shoppers spotted using Buy Local bags at businesses within the Indigo Shire were rewarded with spot prizes and entry into the draw for assorted donated gift vouchers to spend at participating Indigo businesses.

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;

Under-developed infrastructure is a barrier to economic development. In Indigo Shire piped natural gas is only available in Chiltern and Rutherglen leaving the townships of Beechworth and Yackandandah without this energy source. This can have an impact on attracting new residents as it is more expensive to heat homes from LPG cylinders or using electricity. A lack of natural gas can also prohibit new investment opportunities as energy usage costs play an important role in a business’ relocation or establishment decisions.
The solution is to prepare a better business case for connecting natural gas to rural towns to encourage sustainability, growth, new investment and a better quality of life for existing and new residents.

Statutory planning flexibility can be a barrier to economic development. The Indigo Shire contains vast tracks of rural zoned land preserved for agricultural use, this limits the opportunity for lifestyle (small acreage) properties which are highly sought after by city residents looking to experience and indulge in the pleasures of rural or country life.

The solution is to provide flexibility within the planning scheme to accommodate lifestyle properties whilst preserving high quality agricultural land.

The Bushfire Management Overlays (BMO) have introduced an additional complexity to the planning system and therefore economic development. The BMO adds to the cost of developing greenfield sites in rural and regional areas. Businesses must now consider access, setbacks, fire fighting capacity and building materials when designing new sites. There are examples in Indigo Shire where industrial land is covered by a BMO and potential buyers are reconsidering their options due to the expense involved in developing the sites.

The solution is for economic development and planning practitioners to work closely with developers to broaden understanding of the BMO’s and investigate innovative ways to save costs in the development process eg. sustainable energy sources.

The on-going preference afforded to the large regional centres of Ballarat, Bendigo and Geelong is to the detriment of smaller rural Councils. It would appear that these centres receive a disproportionate amount of support through funding and active promotion by the State Government when their growth is clearly guaranteed due to the close proximity to Melbourne. Rural Councils often feel a sense of isolation and neglect when there is a perception that significant energy and support is provided to well-established regional cities.

The solution is for the State Government to adopt a more equitable strategy of support for both rural and regional communities.

The reduction in State Government services at the local level is also a barrier to economic development. For example, the recent cut to the number of positions within the Department of Primary Industries in North East Victoria shows that agriculture is not a high priority for the State Government whilst agriculture is worth in excess $130 million and is the backbone of the Indigo economy, as it is for many other local government areas.

The solution is to retain jobs in rural and regional areas which support key industries such as agriculture.

Access to main transport corridors can be a barrier to economic development, particularly in rural areas. Logistical decisions such as access to rail and road networks are a high priority for new investors. In the Indigo Shire only one of the towns, Chiltern, has direct access to the Hume Freeway and Melbourne-Sydney rail line. This provides a challenge for businesses that rely heavily on transporting goods and services. Furthermore, this creates a geographical barrier for residents who require access to public transport.

The solution is to provide better connections to road and rail services while concentrating industrial development at strategic locations where transport connections are readily available.

A skilled workforce is essential to attract new investment and enable local businesses to grow. If a skilled workforce is not available or easily mobilised it can be a barrier to economic development. For example, many tourism businesses find it difficult to find and retain skilled workers, chefs and hospitality staff, due to seasonal fluctuations in trade. The Government...
could provide a solution by providing funding to boost tourism marketing to attract a more equitable spread of visitation throughout the year.

**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; AND**

The Victorian Government is already a great supporter of local economic development.

The Government’s commitment to new investment, growth and innovation in the manufacturing sector is commendable but may not be sustainable in a competitive global environment dominated by offshore low-cost labour markets.

The Government sees manufacturing businesses with greater than 20 employees as the priority for assistance yet in rural communities most businesses have fewer than 10 employees and are generally tourism or retail related. It is important to recognise that small business is crucial to rural economies and growth comes from this sector in small increments. Providing further support to small businesses through funding and skill development, irrespective of the sector they operate in, will certainly help economic development activities in rural areas.

The retail sector is struggling under the national dominance of supermarket duopoly Coles and Woolworths and the impact of on-line shopping. This has a massive impact on smaller communities where independents, such as IGA and Foodworks supermarkets, find it difficult to capture and retain market share whilst providing an essential service to their communities. The Victorian Government could provide assistance by actively supporting the principal of buy local through a state wide marketing effort similar to the successful Australian Made campaign.

There is also great opportunity to reintroduce initiatives such as the StreetLIFE program which provides valuable support to village style shopping precincts which are the heart of small communities.

Small towns need a solid employment base to retain and attract residents. There is often a reliance on tourism which doesn’t provide the volume required to be sustainable.

Governments need to work in partnership to attract new industries to rural areas. This can be achieved by having investment ready industrial land to take advantage of the limited opportunities that are available and continuing to actively promote the benefits of operating a business in rural and regional locations. Providing further incentives for businesses to relocate to rural areas, without the associated red tape, may assist with new investment and job creation.

**F. INVESTIGATE BEST PRACTICE LOCAL ECONOMIC DEVELOPMENT INITIATIVES RELEVANT TO THE TERMS OF REFERENCE.**

See Hume Region Local Government Network Submission to the Parliamentary Inquiry on Local Economic Development Initiatives In Victoria.