

# WHAT IS THE ROLE FOR LOCAL GOVERNMENT IN ECONOMIC DEVELOPMENT?

BY SASHA LENNON

In my travels throughout Australia's cities, regions and more remote communities, I find a general consensus among those I meet that local government, whether large or small, makes an important contribution to local and regional economic development. It is true that while the other tiers of government may spend more money on economic development facilitation and promotion, local and regional councils are equally, if not in many respects, more important contributors because of their ubiquitous engagement with the communities they serve.

However, exactly what role councils should take in helping to grow their local economies can sometimes be a point of contention. Some argue councils should be 'hands-off', allowing the private sector to drive economic development unimpeded by local

government, or any government for that matter. Others plead the case for a more pro-active and even entrepreneurial role on the part of their local councils.

In my view, there is no one or the other. Australian and international experience shows that there is a range of alternative approaches or models for economic development facilitation and there are a variety of activities that councils can engage in to directly facilitate positive industry and employment outcomes that benefit their communities.

The approach to economic development differs in different areas depending on a number of factors, such as the level of social and economic prosperity, the local economic / industrial structure, planning frameworks and identified strategic priorities for





economic development, available funding for economic development initiatives, local organisational and institutional relationships, cultural norms and even local personalities.

While there are numerous and locally-specific variations of these broad categorisations, in brief, the sorts of activities that councils can pro-actively pursue to facilitate economic development include the following:

- **Facilitator:** This can take the form of providing an ‘enabling’ environment for local economic development by, for example: providing and promoting local information and advisory services for prospective and existing businesses, either administered by the council or other agencies and organisations; delivering a streamlined development approval process; or by providing a clear policy statement focusing the council’s development objectives and the types of industries and jobs it seeks to encourage.
- **Co-ordinator:** Here, the council takes the role of co-ordinating the provision of infrastructure or services for which it is not directly responsible but which are required for new business development. This co-ordinating role would generally be undertaken in partnership with other government agencies, private sector representatives and / or community interest groups.

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- **Stimulator / promoter:** This is where the council takes specific action to encourage business creation / start-up, expansion or attraction. This can be undertaken through a branding and marketing role or by providing direct support or encouragement (e.g. through in-kind incentives) for particular industry sectors to establish or expand.
- **Entrepreneur / developer:** Here the council would become directly involved in, for example, property development activities, either as a sole operator or in partnership arrangements with the private or public sector. In such cases, the development project in question is typically aligned with the council’s economic development strategy objectives, with the support of the local land use planning framework.

Councils do not necessarily need to ‘choose’ any one of these types of roles and would be best-placed to engage in a mix of activities that cut across all of these broad classifications. Indeed, many councils are already engaged in some of these activities, either as part of their economic development activities or other related functions.

In understanding these varying roles and functions, as economic development practitioners we can start to think about appropriate responses to the many issues and challenges currently facing our local economies and communities.



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