



**ECONOMIC DEVELOPMENT AND INFRASTRUCTURE
COMMITTEE**

**Inquiry into local economic development initiatives in
Victoria**

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Inquiry into local economic development initiatives in Victoria

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TABLE OF CONTENTS

The Economic Development and Infrastructure Committee	vii
Committee members and staff	ix
Terms of reference	xi
Chair’s foreword	xiii
List of recommendations	xv
List of figures	xix
List of acronyms	xxi
Chapter 1: Introduction	1
1.1 Background: Growing business is everyone’s business	1
1.1.1 Role of local government in economic development	2
1.1.2 Role of state and Commonwealth governments	3
1.1.3 Role of business and other stakeholders	3
1.2 Scope of the Inquiry	4
1.2.1 Inquiry process	4
1.2.2 Report overview	4
1.3 Key themes and findings	6
Chapter 2: Current local economic development initiatives in Victoria	9
2.1 Local government initiatives	9
2.1.1 Economic development strategies	10
2.1.2 Business support programs	15
2.1.3 Business attraction	18
2.1.4 Statutory planning	19
2.1.5 Local government one-stop-shops	19
2.1.6 Infrastructure provision	20
2.1.7 Encouraging the formation of business clusters	22
2.1.8 Supporting the green economy	23
2.1.9 Buy local campaigns	23
2.1.10 Tourism, festivals and events	24
2.1.11 Supporting small-to-medium enterprises and home-based businesses	26
2.1.12 Special rates and charges	26
2.1.13 Differential rating	27
2.1.14 The National Broadband Network and the digital economy	29
2.1.15 Supporting the local labour market	30

2.2	Victorian Government initiatives	31
2.2.1	Business support and attraction services	32
2.2.2	Regional Development Victoria	35
2.2.3	Regional Growth Fund	36
2.2.4	Regional Victoria Living Expo	37
2.2.5	Infrastructure provision	38
2.2.6	Places Victoria	39
2.3	Australian Government initiatives	40
2.3.1	Infrastructure Australia	40
2.3.2	Regional Development Australia	41
2.3.3	Federal constitutional recognition of local government	42
	Chapter 3: Partnership approaches to local economic development	43
3.1	Defining the roles of government and business in economic development	46
3.2	Local government in regional, rural and interface areas	51
3.3	Partnership approaches to local economic development	54
3.3.1	Cooperation models at the local level	56
3.3.1.1	Regional Development Australia committees	58
3.3.1.2	G21 — Geelong Region Alliance	60
3.3.1.3	Collaboration between Casey and Cardinia councils	62
3.3.2	Partnerships with the private sector	63
3.3.2.1	South East Melbourne Manufacturers Alliance	63
3.3.2.2	NORTH Link	65
3.3.2.3	Ballarat, Dandenong, Melbourne and Wyndham Committees	65
3.3.2.4	Chambers of commerce and retail traders associations	66
	Chapter 4: Barriers to success for local economic development initiatives	69
4.1	The Victorian planning system	69
4.1.1	Delays	72
4.1.1.1	Planning permits	72
4.1.1.2	Planning scheme	74
4.1.2	Planning policy commitment	75
4.1.3	Planning reform	76
4.1.3.1	Reforms to <i>Guidelines for planning permit applications in open, potable water supply catchment areas</i>	78
4.1.4	Appeals process	79

4.2	Compliance	84
4.2.1	WorkSafe and occupational health and safety	87
4.2.2	Green tape	88
4.2.3	Government grants	90
4.3	Infrastructure	90
4.3.1	Infrastructure framework	93
4.3.2	Transport and infrastructure	95
4.3.2.1	Public transport	95
4.3.2.2	Rail	96
4.3.2.3	Roads	97
4.3.3	Information and communications technology	99
4.3.4	Utilities	101
4.4	Population issues	102
4.4.1	Population decline	102
4.4.2	Rapid growth	104
4.4.3	Skilled workforce	104
4.5	Barriers at a local government level	106
4.5.1	Capacity of smaller local councils	106
4.5.2	Ineffective economic development	107
4.5.3	Perception of local government	109
4.5.4	Resources dedicated to local economic development	110
4.6	Private sector	112
4.6.1	Transitioning sectors	112
4.6.1.1	Manufacturing sector	112
4.6.1.2	Retail sector	114
4.6.1.3	Agricultural sector	115
4.6.2	Representation of the private sector	116
4.6.2.1	Business representation in council elections	116
4.6.3	Financial barriers	118
	Chapter 5: Local economic development in the 21st century	121
5.1	Promoting best practice in local government	121
5.2	Maximising existing resources	123
5.3	Identifying diverse funding sources	124
5.3.1	Infrastructure funding	126

5.4	Attracting new investment and enhancing employment opportunities	129
5.5	International cases studies in local economic development	132
5.5.1	London	132
5.5.1.1	Greater London Authority and the Mayor of London	132
5.5.1.2	Department for Business, Skills and Innovation	134
5.5.1.3	Local Economic Policy Unit	135
5.5.1.4	Enlightenment Economics	136
5.5.1.5	London First	137
5.5.1.6	Commonwealth Local Government Forum	138
5.5.2	Manchester	139
5.5.2.1	Manchester City Council	139
5.5.2.2	New Economy	140
5.5.2.3	Downtown Manchester	141
5.5.2.4	CLES Consulting	142
5.5.2.5	Building on Innovations from the United Kingdom	144
5.5.3	Amsterdam	144
5.5.3.1	Amsterdam inbusiness	145
5.5.3.2	Centre for Innovation, Leiden University, the Hague	146
5.5.4	Berlin	147
5.5.4.1	Association of German Chambers of Industry and Commerce	148
5.5.4.2	Berlin Central Station	148
	Bibliography	149
	Appendix 1: List of submissions	155
	Appendix 2: List of public hearings	157
	Appendix 3: List of briefings	163
	Appendix 4: Summary of local government economic development strategies	167
	Appendix 5: Responses to email questionnaire	187

THE ECONOMIC DEVELOPMENT AND INFRASTRUCTURE COMMITTEE

The Economic Development and Infrastructure Committee is a joint investigatory committee of the Victorian Parliament. The Committee was established under the *Parliamentary Committees Act 2003* (Vic) and its members have been drawn from both the Legislative Assembly and the Legislative Council.

The Committee's functions under the Act are to inquire into, consider and report to the Parliament on any proposal, matter or thing concerned with economic development, industrial affairs or infrastructure.

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COMMITTEE MEMBERS AND STAFF

The Inquiry was conducted during the 57th Parliament.

The members of the Economic Development and Infrastructure Committee are:

Mr Neale Burgess MP (Chair)

Mr Ben Carroll MP (from 14 August 2012)

Mr Martin Foley MP (Deputy Chair)

Mrs Christine Fyffe MP (from 21 March 2013)

Mr Wade Noonan MP (until 14 August 2012)

Mrs Inga Peulich MLC

Mr Geoff Shaw MP

For this inquiry, the Committee was supported by a secretariat comprising:

Mr Sean Coley Executive Officer

Dr Kelly Butler Research Officer (from 19 November 2012)

Mr Scott Martin Research Officer (until 21 September 2012)

Mr Matt Newington Administrative Officer
Research Officer (from 24 September to 16 November 2012)

TERMS OF REFERENCE

The terms of reference were received from the Legislative Assembly on 20 June 2012:

That under s 33 the Parliamentary Committees Act 2003, the Economic Development and Infrastructure Committee is required to inquire into, consider and report no later than 24 June 2013* on issues relating to local economic development initiatives in Victoria and, in particular, the Committee is requested to:

- (a) examine the range of existing local economic development programs being carried out in Victorian municipalities;
- (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;
- (c) examine whether the role of local government in rural and regional areas has different economic development tasks to that of metropolitan based municipalities;
- (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;
- (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
- (f) investigate best practice local economic development initiatives relevant to the terms of reference.

*On 17 April 2013 the Victorian Legislative Assembly amended the reporting date to 31 July 2013.

CHAIR'S FOREWORD

I am pleased to present the report of the Economic Development and Infrastructure Committee's Inquiry into local economic development initiatives in Victoria.

Economic development at the local level requires effective collaboration between all levels of government, local businesses and the community. It requires not only a genuine desire from government for economic progression, but also a supportive regulatory environment that tells industry that the local economy is 'open for business'.

Local economic development is influenced by a number of factors — many of which are outside the scope of the Inquiry's terms of reference. This report is about how government at all levels can stimulate and support local economic development.

Effective local economic development is dependent on integrated collaboration between government, business and the community, all working to reach a common goal. This relates not only to each local government area, but also to the State and Nation as a whole.

A key element of this inquiry involved examining the economic development strategies of Victoria's local councils, and how these had impacted the local municipality as well as the broader region. While there are a number of councils that perform particularly well when it comes to economic development initiatives, it is clear that there are many that are underperforming in this area. Economic development is a core function of Victorian councils and strategies should be driven in a clear, outcomes-based manner and monitored by stringent key performance indicators.

To be competitive in the global economy, it is imperative that Victoria embraces innovation. Better use of existing resources and continual improvements to production and processes will help establish Victoria and its municipalities as significant players in a national and global level. High-tech and high-quality products will differentiate our exports from the existing product mix. Effective links between Victorian education and training providers and the needs of local communities will help address skills gaps and help stimulate research and development in this space.

During the Inquiry, the Committee received written submissions from 76 stakeholders. The Committee was pleased to receive submissions from 43 local councils — over half of the 79 in Victoria. The Committee also met with and took evidence from 73 witnesses from 48 organisations.

The Committee also travelled overseas to meet with stakeholders from organisations that were identified in the inquiry research as examples of international best practice in relation to local economic development initiatives. During the study tour, the Committee met with government departments; industry associations; research groups; local businesses; and academic representatives in Manchester, London, Amsterdam and Berlin. On behalf of the Committee I would like them for meeting with us and sharing their valuable insights which have shaped the recommendations of this report.

The report makes 43 recommendations on:

- clarifying the roles of government, the private sector and the community in economic development
- reinforcing the importance of economic development for communities
- promoting and strengthening collaboration and partnerships with the private sector
- infrastructure funding and delivery mechanisms
- improving investment attraction schemes
- improving the Victorian regulatory environment
- local government electoral reform.

I would like to thank the Committee members who were involved in this inquiry: Mr Martin Foley MP (Deputy Chair) Mr Ben Carroll MP, Mrs Christine Fyffe MP, Mrs Inga Peulich MLC and Mr Geoff Shaw MP, for their time and effort on this inquiry and for making the report one of substance.

The Committee also appreciates the work of the executive staff: Sean Coley, Executive Officer; Kelly Butler, Research Officer; Matt Newington Administrative Officer and Research Assistant; and Scott Martin, former research officer, for their dedication and work in completing this report.

I commend this report to the Parliament.



Neale Burgess MP
Chair

LIST OF RECOMMENDATIONS

- Recommendation 1:** The Victorian Government works with local councils to produce an effective definition of economic development which will guide all policy and program development in this area. Further, any such definition should recognise that growing business and jobs through sustainable economic development is the business of everyone including all levels of government, the private sector and the wider community. 4
- Recommendation 2:** The Victorian Government works with local councils to support the development of an innovative and agile entrepreneurial culture within Victorian cities and communities. 4
- Recommendation 3:** The Victorian Government establishes a financial commission to investigate financial reform of the local government sector with a view to linking greater fiscal authority to prescribed economic development outcomes on the basis of fiscal neutrality. 7
- Recommendation 4:** The Victorian Government requires all local government authorities to actively pursue economic development goals that align with identified economic development priorities, including those of other levels of government. 14
- Recommendation 5:** Section 3C of the *Local Government Act 1989* (Vic) be amended to reinforce the pursuit of economic development as a distinct objective for local councils. 14
- Recommendation 6:** The *Local Government Act 1989* (Vic) be amended to require local government authorities to prepare a separate economic development strategy that compliments the Council Plan required under section 125 and the Strategic Resource Plan required under section 126. 14
- Recommendation 7:** Following the amendments to the *Local Government Act 1989* (Vic) proposed above, appropriate sanctions be developed to ensure that all Victorian municipalities prioritise economic development as a core goal. 15
- Recommendation 8:** Section 95A of the *Local Government Act 1989* (Vic) be amended to ensure that clear economic development targets form part of the performance criteria of all relevant senior council staff, including the Chief Executive Officer. 15
- Recommendation 9:** The Department of State Development, Business and Innovation and Local Government Victoria support local councils in the preparation of economic development strategies with defined and measurable performance outcomes. 15
- Recommendation 10:** The Victorian Government works with local government to develop a state-wide framework for benchmarking the performance of Victoria's 79 councils in the area of economic development. 15
- Recommendation 11:** The *Local Government Act 1989* (Vic) be amended to require local councils to make available economic development strategies to their communities both in hardcopy and on council websites. 15
- Recommendation 12:** Local Government Victoria assists local councils to develop a model of consultation which would ensure that economic development strategies produced by local governments reflect priorities and challenges of local business, industry and the wider community. 15

- Recommendation 13:** The Department of State Development, Business and Innovation, in conjunction with Local Government Victoria, conducts a needs assessment to identify what support business needs to promote a culture of enterprise and innovation. 18
- Recommendation 14:** The Department of State Development, Business and Innovation, in conjunction with Local Government Victoria, reviews the online information provided by local councils to the business community, with a view to improving its clarity, accessibility and relevance. 18
- Recommendation 15:** The Victorian Government works with Victorian local councils to establish a one-stop-shop for business contact, support, information and advice within Victorian municipalities. 20
- Recommendation 16:** The Department of State Development, Business and Innovation adopts the recommendations of the Auditor-General's *Investment Attraction* report, to improve the Victorian Government's investment attraction and business support programs, such as the Regional Victoria Living Expo. 35
- Recommendation 17:** The Victorian Government continues to work with Victorian municipalities to stage the Regional Victoria Living Expo. 38
- Recommendation 18:** The Minister for Local Government amends the *Victorian State-Local Government Agreement* to include a definition of the roles, responsibilities and obligations of local and state government in relation to economic development policies and programs. 51
- Recommendation 19:** In setting out the roles, responsibilities and obligations of local and state governments in economic development the Victorian Government, with local government and the private sector, identifies local functional economies. 51
- Recommendation 20:** The Victorian Government develops a process to ensure that all Victorian municipalities and the private sector have regular input into identifying local economic development priorities that inform the state-wide economic development framework. 51
- Recommendation 21:** The Victorian Government works with Victorian municipalities and private sector industry leaders to identify ways to harness the knowledge and leadership capacity of the private sector in support of local investment in economic development jobs and growth. 67
- Recommendation 22:** The Victorian Government works with local government peak bodies and representative organisations to identify ways to strengthen the relationship between chambers of commerce, retail traders associations and local councils as part of engagement with the private sector to assist local economic development capacity building. 68
- Recommendation 23:** The Victorian Government reviews the process for planning scheme amendments and implements statutory time frames to reduce the time and resources expended in the planning process. 75
- Recommendation 24:** The Victorian Government reviews the *Guidelines for planning permit applications in open, potable water supply catchment areas* in consultation with local government, land and water managers, and local residents to ensure an equitable approach is achieved for developments in open, potable water supply catchments. 79

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- Recommendation 25:** The Minister for Planning addresses the problem of local councils delaying or refusing applications without justification, which otherwise meet all requirements of the local planning scheme. 82
- Recommendation 26:** The Victorian Government reviews the planning permit appeals process under the *Planning and Environment Act 1987* (Vic) to achieve a more efficient and timely approach to objections and applications for review. 83
- Recommendation 27:** The Victorian Government conducts an annual review of the waiting times for the Planning List at the Victorian Civil and Administrative Tribunal over the next three years to ensure that the government’s strategy to reduce waiting times is having the desired effect. 84
- Recommendation 28:** That the Victorian Government reviews legislation and guidelines that are unnecessary barriers to economic development. 86
- Recommendation 29:** The Victorian Government advocates for a new funding framework, which involves all tiers of government and the private sector, for funding of agreed long term infrastructure priorities. 95
- Recommendation 30:** The Victorian Government works with local government and the Australian Government to identify key strategic areas for the rollout of the National Broadband Network to promote enterprise, innovation and jobs. 101
- Recommendation 31:** The Victorian Government continues to explore and support innovative delivery mechanisms for post-compulsory education including via distance and online learning. 106
- Recommendation 32:** The Victorian Government considers ways that small local councils can collaborate to meet the expectations of the community, business, and state and federal governments, including the investigation of adopting shared service models. 107
- Recommendation 33:** The Victorian Government considers reviewing the *Municipal Association Act 1907* (Vic) with a view to modernising it, to ensure its continued value and relevance. 109
- Recommendation 34:** The Victorian Government, through legislation, creates a statutory obligation for economic development to be a priority of the Municipal Association of Victoria. 109
- Recommendation 35:** The Victorian Government considers both the benefits and consequences of allowing business tenants who are occupier ratepayers to vote in council elections, and on this basis determines whether or not the *Local Government Act 1989* (Vic) requires amendment to extend voting rights. 118
- Recommendation 36:** The Victorian Government undertakes an evaluation of the City of Greater Geelong’s recent adoption of a directly-elected mayor, with a view to expanding this electoral reform to other Victorian councils. 118
- Recommendation 37:** The Victorian Government works with local government, peak bodies and private providers, to ensure delivery of professional development programs for council personnel, both appointed and elected, that support the adoption of economic development best practice. 123

Recommendation 38: The Victorian Government works with local government to identify and establish shared services models and joint management initiatives to maximise the use of council resources. 124

Recommendation 39: The Victorian Government works with other levels of government and the private sector to identify and develop a funding framework and a range of funding models (involving contributions from government, value capture schemes and private sector sources) that can be used to finance key infrastructure projects with defined local economic development benefits. 129

Recommendation 40: The Department of State Development, Business and Innovation works with Victorian councils and the private sector to support investment attraction strategies, including those that leverage off other levels of government. 130

Recommendation 41: The Department of State Development, Business and Innovation works with Victorian local councils and the private sector to support business-led local economic development best practice approaches relevant to functional economic areas. 131

Recommendation 42: The Department of Education and Early Childhood Development and the Department of State Development, Business and Innovation conduct an assessment of the skills needs of business and industry that meet the needs of the locally-defined economic areas, with a view to aligning education and training opportunities to support local sectors identified for future growth. 132

Recommendation 43: The Victorian Government adopts a local economic development model that draws on the best aspects of the United Kingdom's local economic partnerships and the Netherlands' Amsterdam Economic Board, to ensure Victoria's functional economic areas are driven by a business-led organisation that works with government, leading educational institutions, the private sector and the wider community, to identify and implement local economic development. 144

LIST OF FIGURES

Figure 1: West of England Partnership LEP board structure	45
Figure 2: Implied net migration by age, Melbourne and regional Victoria, 2011–16	103
Figure 3: The ten resilience measures	143

LIST OF ACRONYMS

AGCIC	Association of German Chambers of Industry and Commerce
AiA	Ambitions into Achievements
ARA	Australian Retailers Association
ARCC	Alpine Resorts Co-ordinating Council
B&AB	Bendigo and Adelaide Bank
CAA	Central activities area
CC	City Council
CEO	Chief executive officer
CfB	Committee for Ballarat
CfD	Committee for Dandenong
CfM	Committee for Melbourne
CfW	Committee for Wyndham
CLES	Centre for Local Economic Strategies
CLGF	Commonwealth Local Government Forum
COAG	Council of Australian Governments
CoC	Chamber of commerce
CPI	Consumer price index
DBI	Department of Business and Innovation
DMIB	Downtown Manchester in Business
DPCD	Department of Planning and Community Development
DSDBI	Department of State Development, Business and Innovation
EDA	Economic Development Australia
EES	Environment Effects Statement
EPA	Environment Protection Authority
G21	G21 — Geelong Region Alliance
GAA	Growth Areas Authority
GFC	Global financial crisis of 2007–08
GLA	Greater London Authority
HBBs	Home-based businesses
HRLGN	Hume Region Local Government Network
ICT	Information and communications technology
KPIs	Key performance indicators
LEPs	Local enterprise partnerships
Lepu	Local Economic Policy Unit
LGA	Local government area
LGV	Local Government Victoria
MACE	Mansfield Adult Continuing Education
MAV	Municipal Association of Victoria
MCA	Minerals Council of Australia's Victorian Division
MDC	Mildura Development Corporation
NBN	National Broadband Network
NGOs	Non-government organisations
OH&S	Occupational health and safety
P&E Act	<i>Planning and Environment Act 1987 (Vic)</i>

PC	Property Council of Australia's Victorian Division
QUANGOS	Quasi-autonomous non-governmental organisations
R&D	Research and development
RCC	Rural City Council
RCV	Rural Councils Victoria
RDA	Regional Development Australia
RGF	Regional Growth Fund
SC	Shire Council
SEBN	South East Business Networks
SEMMA	South East Melbourne Manufacturing Alliance
SMEs	Small-to-medium enterprises
UK	United Kingdom
VAGO	Victorian Auditor-General's Office
VCAT	Victorian Civil and Administrative Tribunal
VCEC	Victorian Competition and Efficiency Commission
VECCI	Victorian Employers' Chamber of Commerce and Industry
VFF	Victorian Farmers Federation (Mansfield Branch)
VPSMAC	Victorian Planning System Ministerial Advisory Committee
VRI	Victorian racing industry

CHAPTER 1: INTRODUCTION

On 20 June 2012, the Economic Development and Infrastructure Committee (EDIC) received a reference from the Victorian Parliament to inquire into local economic development in Victoria.

The terms of reference require the Committee to inquire into and report on local economic development initiatives in Victoria. In particular, the Committee was requested to:

- (a) examine the range of existing local economic development programs being carried out in Victorian municipalities;
- (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;
- (c) examine whether the role of local government in rural and regional areas has different economic development tasks to that of metropolitan based municipalities;
- (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;
- (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
- (f) investigate best practice local economic development initiatives relevant to the terms of reference. The Inquiry focused on the role councils play in fostering local economic development and what other levels of government, along with the private sector and peak bodies, can do to encourage businesses to establish and remain in a locality. This report is about how councils can and should do more and ways in which all levels of government can work together to better coordinate local economic development strategies.

1.1 Background: Growing business is everyone's business

There are a range of views on what is meant by 'local development'. Development at a local level combines economic, social and environmental elements. The social element is particularly important — 'social capital' is often referred to as a measure of advantage from intra- and

inter-community networking.¹ Development, however, does not equate to growth or population increase, and should be considered more as an ongoing, sustainable progression of the location.²

The Committee recognises there are two distinct ways to carry out local economic development strategies, which are broadly termed 'top-down' or 'bottom-up'. The Committee believes that successful economic development strategies adopt a mix of both approaches, as growing business is everyone's business, with a shared responsibility and a shared benefit.

Bottom-up approaches are largely community-directed. These approaches aim to capitalise on an area's existing resource base and grow local networks between business, government and community stakeholders. In contrast, top down approaches are typically led by central government and often view the attraction of new business and industry to an area as the key to growth. Stephen Jones, from the University of Queensland, argues that although there is agreement that top-down policies produce little economic development, there is a 'strong political imperative associated with this area of policy.'³

Proponents of bottom-up policies argue that expanding the existing economic base promotes sustainable local development. Local businesses are 'tied' to the community and are more likely to remain in and employ people from the area. Larger firms, on the other hand, have more capacity to move through regions, and their departure can result in devastating economic effects to the communities they leave behind.⁴

Bottom-up development is most effective in areas where the community has established its own development initiatives independent of government input. From an international perspective, the rise of Silicon Valley in the United States as a global technology hub is often cited as how bottom-up development can lead to enormous economic growth in a region.⁵

1.1.1 Role of local government in economic development

The Committee is of the view that local government should be well-placed to drive local economic development because of its proximity to the community, local businesses and organisations. However, with some notable exceptions, in the Committee's investigations local government was regularly seen as a barrier to local economic development.

For the business community, councils are seen as another level of regulation⁶ and at times businesses question the motives of proactive engagement by councils in local economic

¹ John Martin, 'A case study approach to investigating local development initiatives in small rural towns in Victoria', in *Endogenous regional development: Perspectives, measurement and empirical investigation*, Robert Stimson, et al. (eds), Edward Elgar Ltd, 2011.

² Ken Mansell, 'Global regions: The local and the global in the Ballarat region of Victoria', *Local-Global*, vol. 1, 2005; Paul Collits, 'The Howard Government and regional development', *Australasian Journal of Regional Studies*, vol. 14, no. 3, 2008.

³ Stephen Jones, 'Can Australian local governments have a role in local economic development?: Three cases of evidence', *Urban Policy and Research*, vol. 26, no. 1, 2008, p. 30.

⁴ Ibid.

⁵ Ibid.

⁶ Ibid.; Shameem Ali, et al., 'Local government support programs for home-based businesses: Challenges and strategies', *International Journal of Business Research*, vol. 11, no. 1, 2011.

development. Local government is seen as being responsible for compliance and regulation, rather than offering business support and driving economic development.

Some businesses lack confidence in council support for business development due to 'local politics'.⁷ The cost of resolving issues with councils is also a significant issue for home-based businesses (HBBs) and small-to-medium enterprises (SMEs).⁸

Local government Acts establishing constitutional control over local government by state governments were passed in all states in the early 1990s. Early legislation has since evolved through amendments to cover areas such as planning and the environment however similar amendments have not been made in relation to local economic development. Researcher Stephen Jones claims that some Commonwealth and State Government agencies have low expectations of the abilities of local governments. Consequently the agencies tend to either closely scrutinise local government or consider it irrelevant and ignore the councils. Agencies are also reluctant to work with councils that are unwilling to comply with administrative requirements of regional development initiatives.⁹ The Committee recognises that whilst in some cases this reflects the approach of local councils, it also notes the recent report of the Victorian Auditor-General on the capacity and size of small regional councils to be able to participate in such programs.¹⁰

1.1.2 Role of state and Commonwealth governments

Historically Commonwealth and state governments have played a variety of roles in relation to local economic development, ranging from policy directives and taxation, to specific areas of direct control in areas such as planning. The role of government in economic development is to set the scene by providing the most business friendly environment possible that is consistent with its responsibilities to the community in general.

1.1.3 Role of business and other stakeholders

Business opportunities present opportunities for all. Business drives economic development, creation of wealth, jobs and other opportunities. The word 'wealth' comes from two old English words — 'weal' and 'th' meaning 'the condition of well being', or as Robert Kennedy put it 'the things that make life worth living'.

⁷ Ameeta Jain, 'Knowledge distribution nodes and home based businesses: Role of local business associations and local council in Casey LGA', *Australasian Journal of Regional Studies*, vol. 17, no. 2, 2011, pp. 135–136; Stephen Jones, 'Can Australian local governments have a role in local economic development?: Three cases of evidence', *Urban Policy and Research*, vol. 26, no. 1, 2008, p. 34.

⁸ Ameeta Jain, 'Knowledge distribution nodes and home based businesses: Role of local business associations and local council in Casey LGA', *Australasian Journal of Regional Studies*, vol. 17, no. 2, 2011.

⁹ Stephen Jones, 'Can Australian local governments have a role in local economic development?: Three cases of evidence', *Urban Policy and Research*, vol. 26, no. 1, 2008, pp. 34–35.

¹⁰ Victorian Auditor-General, *Performance reporting by local government*, Melbourne, 2012.

Recommendation 1

The Victorian Government works with local councils to produce an effective definition of economic development which will guide all policy and program development in this area. Further, any such definition should recognise that growing business and jobs through sustainable economic development is the business of everyone including all levels of government, the private sector and the wider community.

Recommendation 2

The Victorian Government works with local councils to support the development of an innovative and agile entrepreneurial culture within Victorian cities and communities.

1.2 Scope of the Inquiry

1.2.1 Inquiry process

The Committee received the terms of reference from the Legislative Assembly on 20 June 2012 and called for public submissions to the Inquiry in Victorian and national newspapers in July 2012. The Chair of the Committee also wrote to 144 key stakeholders. Overall, the Committee received 76 submissions (see Appendix 1).

Nine sessions of public hearings were convened from October 2012 to April 2013 (see Appendix 2). The Committee took evidence from 73 witnesses representing 48 organisations including local governments; peak bodies; universities; local community and environmental groups; and professional associations. The Committee also heard evidence from the Department of Business and Innovation (DBI).

As part of its evidence gathering for the Inquiry, the Committee travelled to outer suburban municipalities and rural and regional areas in Victoria, as well as undertaking an international best practice study tour to the United Kingdom (UK), the Netherlands and Germany.

1.2.2 Report overview

This report is divided into five chapters:

- Chapter 1 provides a background and overview of the Inquiry, including its terms of reference, scope, process and key findings.
- Chapter 2 explores existing local economic development initiative programs currently active in Victoria, including:
 - local government initiatives such as business support programs
 - business attraction initiatives
 - business clusters
 - locality promotion/tourism, statutory planning processes, special rates schemes and differential rating

- broadband, supporting the digital economy, education and skills programs (supporting a local labour force), HBBs and SMEs.
- state government initiatives such as DBI and the Department of Planning and Community Development (DPCD) programs; RDV; Business Victoria; the Regional Growth Fund; infrastructure provision; strategic planning; business attraction; and trade missions
- federal government initiatives, including the role of Infrastructure Australia, Regional Development Australia (RDA), the National Broadband Network (NBN), and the possible constitutional recognition of local government.
- Chapter 3 looks at partnership and collaborative approaches to local economic development, the capacity of local government to support local economic development and the differing needs of local economic development initiative programs in metropolitan, rural and interface areas. The Chapter then notes the differing roles of government and the private sector in supporting local economic development initiatives, collaborative local economic development initiatives and regional partnerships (between local government areas [LGAs]; business and government; peak bodies/associations).
- Chapter 4 covers the areas that inquiry stakeholders considered to be barriers to successful local economic development including:
 - the Victorian planning system
 - compliance issues, including WorkSafe and occupational health and safety (OH&S)
 - infrastructure
 - population management, including attracting, generating and retaining skilled workers
 - local government–specific issues, such as ‘siloes’ councils; effective private sector engagement; resourcing
 - private sector–specific issues such as industry transitions and representation by local government.
- Chapter 5 looks ahead to ways of generating local economic development, new ideas, and of what has emerged in local economic development from overseas and interstate investigations, including innovative funding proposals, ways to attract new investment, enhancing employment and developing skills.

Setting aside the fact that federal and state governments set policies relevant to and which impact on local economic development, the Committee found that in the local government sector, few councils have adopted an integrated, whole-of-council approach to economic development.

1.3 Key themes and findings

Overall, the Committee found that few local councils have adopted an integrated, whole-of-government approach to economic development. Notwithstanding a number of standout Victorian councils — for which economic development is already a serious and overriding commitment — the Committee is of the view that the operations of most councils would require a dramatic refocus if the objective of growing business and jobs is to be advanced.

The Committee believes that economic development should be a core focus for all Victorian councils. This should be reflected in an integrated manner across all councils' social, cultural and place management policies, and in the pursuit of collaborative business and stakeholder relationships. Best practice models, economic development research literature and the Committee's own investigations all point to the benefits of this approach. While the Committee found few examples of this approach amongst Victorian councils, the Committee is confident that with changes in council cultures, organisational structures and capacity building programs, local government will have the opportunity to provide effective leadership to better support economic development.

In the Committee's view there is a need for all local councils to implement economic development strategies with clear aims and measurable outcomes that are linked and integrated with all council strategies and activities. The Committee understands a robust economic development strategy to include clearly defined key performance indicators (KPIs), against which council performance is regularly assessed and reviewed. The strategies should be developed in consultation with key stakeholders, including local businesses, industry and ratepayers. These same stakeholders should be regularly consulted in the delivery of economic development programs and activities.

Local government economic development strategies have the potential to contribute significantly to job creation and the promotion of community wellbeing. At the same time, the efforts of local government should be integrated with both state- and federal-level policies for sustainable economic growth. Indeed, one of the major themes that emerged during the Inquiry is the need for local councils to pursue economic development goals in collaboration with: business and industry, with neighbouring councils which share functional economies of interest, and with both state and federal governments.

Further, in terms of working alongside other tiers of government, the Committee is of the view that local government economic development activities should clearly contribute to the priorities identified by state and federal governments. The best results will be achieved through an integrated bottom-up approach across all levels of government with a shared vision and respect for the role of each level of government in the pursuit of economic development. This approach needs to recognise the central importance of entrepreneurship and an agile economic culture. The Committee believes that the most efficient use of public funds can be achieved if local government works in partnership with other stakeholders to maximise the value of resources and avoid service duplication.

Beyond identifying the infrastructure deficit, few local governments (with some notable exceptions) or their peak bodies identified any constructive role for local government to be part

of the solution for infrastructure project funding and delivery. As part of a more proactive approach to local economic development, the Committee believes that all local councils should effectively collaborate with the local business community in this space, to harness local development opportunities through an integrated strategy and a proactive role alongside business, to advance identified local priorities.

The Committee observed a number of excellent partnerships between neighbouring LGAs, and examined the benefits of councils participating in regional bodies such as RDA committees. Throughout this report the Committee highlights a range of successful cooperative projects between local government and the private sector, including industry alliances, skills and education investments and the identification of infrastructure priorities. This report highlights a number of local economic development initiatives that the Committee considers to represent best practice, which should be examined by all Victorian councils as possible models.

The Committee also examined partnerships between local government, other stakeholders and the private sector in a number of international jurisdictions. The Committee was impressed by the development of local enterprise partnerships (LEPs) within the UK, which bring together business leaders, government, education institutions, the voluntary sector and other community stakeholders to prioritise local economic development goals. The Committee also notes the international trend for some devolution of fiscal responsibility from central government to local councils. Accordingly, in this report the Committee makes recommendations for the Victorian Government to investigate how this can occur in an accountable way, but believes that further work is required to improve local government capacity and governance before this can take place. While the UK's government structure differs significantly from that in Australia, the Committee is of the view that there may be an opportunity to consider a limited devolution of fiscal responsibility to local government, similar to the processes taking place in the UK. In particular, there is scope to provide local government with a growth tax mechanism in return for the achievement of defined economic development outputs.

The committee therefore recommends:

Recommendation 3

The Victorian Government establishes a financial commission to investigate financial reform of the local government sector with a view to linking greater fiscal authority to prescribed economic development outcomes on the basis of fiscal neutrality.



CHAPTER 2: CURRENT LOCAL ECONOMIC DEVELOPMENT INITIATIVES IN VICTORIA

This chapter provides an overview of local economic development initiatives currently in operation throughout Victoria. In doing so, the chapter addresses term of reference (a) that requests the Committee ‘examine the range of existing local economic development programs being carried out in Victorian municipalities’. At present, economic development programs are delivered by all levels of government, both separately and in partnership with each other.

Broadly, local councils are of the view that supporting the local economy is fundamental to ensuring that their localities are attractive places to live, work and conduct business. Evidence received by the Committee indicates that local councils are involved in a broad range of activities and programs that contribute to economic development at the local level. However, the Committee found that very few local government authorities have adopted a proactive, whole-of-council approach to economic development. While some councils have developed comprehensive economic development strategies in consultation with local stakeholders, the Committee found that this approach was not commonplace in Victorian municipalities. The Committee was concerned that many of the economic development strategies prepared by councils were vague, and lacked defined and measurable performance targets. In addition, the Committee found that councils often dedicated minimal staff and resources to support economic development initiatives.

The Committee is of the view that local councils have a vital role to play in economic development, in concert with the Victorian Government. The Committee makes a number of recommendations designed to support local councils to develop effective economic development policies and to provide appropriate business and industry support programs. The Committee considers economic development to be everyone’s business and a core responsibility of local government. Accordingly, the Committee recommends that the *Local Government Act 1989* (Vic) be amended to reflect the fundamental importance of economic development to the future of Victorian communities. Overall, the Committee believes that the most efficient use of public resources can be achieved if local councils pursue economic development goals that not only respond to local concerns, but which also clearly engage with broader regional and state-wide economic development priorities and stakeholders, including business.

2.1 Local government initiatives

Throughout the Inquiry the Committee received a strong level of engagement from local government, with just over 50 per cent of all councils submitting a response to the terms of reference. Further, more than half of the total number of submissions received by the Committee came from municipal councils (43 from a total of 79 councils). This figure includes

responses from 78 per cent of all urban councils, 50 per cent of regional city councils, 37 per cent of rural shires, and all outer suburban or 'interface' councils.

In addition, the Committee collected data from council websites about the economic development activities of all Victorian municipalities, including information on each council's economic development strategies and its lead directorate for economic development. This evidence is summarised in Appendix 4.

Submissions received from local councils report that local government currently delivers a range of economic development programs, such as business support and skills workshops (often funded by the Victorian Government), business incubators for start-up enterprises and home-based businesses (HBBs), and local area marketing and promotional events. Some councils provide financial and/or in-kind support to traders associations and chambers of commerce (CoCs); some are funded by special rate schemes. Stand-out local government authorities are also engaged proactively in attracting business and industry investment through lobbying and networking activities, and through the development of well-resourced industry or employment 'precincts'. The following sections provide a summary of the various economic development policies and programs which currently exist within the local government sector.

2.1.1 Economic development strategies

All local councils that provided a submission to the Inquiry noted that they participated in some form of strategic planning for their area that included an economic development component, and all noted that they sought to assist local business and industry. The Committee found that the priority and resources allocated to economic development initiatives within a local government authority could vary dramatically, according to geographic location, demographic trends and the priority placed on economic development by a local government's elected officials and appointed staff.

The Committee is however unable to accurately report on the number of staff and resources that local government authorities currently dedicate to economic development activities due to the reluctance of many councils to provide the relevant information. Appendix 4 and 5 compile information on the economic development strategies of Victorian municipalities. However, not all councils have made this information easily available on their websites, and some councils did not respond to the Committee's requests for information relating to their economic development policies and programs. Further, the Municipal Association of Victoria (MAV) stated that it does not collect information relating to the economic development activities or staffing arrangements of local councils.¹¹

Approximately 70 per cent of councils that responded to the Inquiry reported that their economic development programs were coordinated by a small team within a larger planning or tourism department. The remaining 30 per cent of councils were equipped with a specialised economic development department. Similarly, the number of staff members available to support

¹¹ Owen Harvey-Beavis, Manager, Research and Strategy, Municipal Association of Victoria, *Transcript of evidence*, 8 November 2012, p. 6.

economic development activities fluctuated significantly; for example, in some areas economic development is the responsibility of one staff member.¹²

The Committee observes that local councils have a statutory responsibility to undertake forward planning for their areas. Under section 12A of the *Planning and Environment Act 1987* (Vic) (P&E Act) a council must prepare a 'municipal strategic statement' for its area which must outline 'the strategic planning, land use and development objectives of the' council.¹³ The municipal strategic statement must be consistent with the council plan and strategic resource plan required under sections 125 and 126 of the *Local Government Act 1989* (Vic).¹⁴ Accordingly, the overwhelming majority of Victorian municipalities have produced an economic development strategy as part of their strategic planning processes.

The Committee found that some councils demonstrated a commitment to evidence-based strategic planning and were active in undertaking research and analysis to support economic policy.¹⁵ The Committee was impressed by the economic development strategies developed by Greater Dandenong City Council (CC), Ballarat CC and Greater Geelong CC. The Committee also had the opportunity to observe during site visits the way that staff from these councils engaged with local business and industry. All three councils have adopted a holistic, whole-of-council approach to economic development that aims to integrate urban planning, infrastructure provision and business support programs with an overarching vision for the future of the municipality. Ballarat CC has taken a unique approach to economic development, viewing it as connected to 'the liveability of the city'.¹⁶ The council aims to take a leadership role within the broader region, acknowledging that 'local government is responsible for focusing the strategic vision of the multitude of stakeholders that exist across the key sectors driving our whole economy'.¹⁷ Greater Geelong CC has also adopted a regional approach to economic development and has established productive partnerships with industry and other tiers of government through G21 — Geelong Region Alliance (G21).¹⁸ Of the metropolitan councils considered by the Committee, Greater Dandenong CC stands as an exemplar of best practice in the area of economic development, with an economic development unit that supports a whole-of-council approach to 'facilitating economic strategy, business development, business and community networks and economic advocacy'.¹⁹ Further, all three councils have developed their economic development plans through extensive consultation and engagement with business, industry and the wider community, and have been active in participating in regional economic development structures .

¹² Jeff Pulford, Director, Destination and Economy, Ballarat City Council, *Transcript of evidence*, 24 January 2013, p. 10.

¹³ *Local Government Act 1989* (Vic), 11/1989, section 12A(3)(a).

¹⁴ *Ibid.*, sections 125–26.

¹⁵ See especially Darebin City Council, *Submission*, no. 17, 29 August 2012; Yarra Ranges Shire Council, *Submission*, no. 59, 27 September 2012.

¹⁶ Jeff Pulford, Director, Destination and Economy, Ballarat City Council, *Transcript of evidence*, 24 January 2013, p. 9.

¹⁷ Ballarat City Council, *Submission*, no. 28, 31 August 2012, p. 6.

¹⁸ See Greater Geelong City Council, *Submission*, no. 44, 10 September 2012; G21 — Geelong Region Alliance, *Submission*, no. 64, 5 October 2012.

¹⁹ Greater Dandenong City Council, *Submission*, no. 33, 3 September 2012, p. 3.

While the Committee encountered a number of councils with a sophisticated approach to economic development, the Committee also notes that the level of detail in council economic development plans varies immensely between municipalities, as do the methods of evaluating the effectiveness of such plans against defined outcomes. The Committee was concerned that the majority of councils did not have clearly defined economic development priorities, and did not set measurable performance targets and key performance indicators (KPIs). In his evidence to the Committee, Mr Des Pearson, the recently retired Victorian Auditor-General, stressed the importance of local government introducing 'performance indicator reporting' to improve accountability and transparency for local communities, and to meaningfully gauge the effectiveness of economic development strategies.²⁰ Mr Pearson stated that 'utopia for me would be the ability to have these concise performance statements up on a website so that as a citizen you can compare your local government authority with an equivalent one in different respects'.²¹ Summarising the findings of the Auditor-General's 2012 report *Performance reporting by local government*, Mr Pearson stated that:

We found deficiencies there [in reporting processes]: inadequate implementation of initiatives and adherence to policy and procedures, so again there was a good framework set up and good intentions but they were not followed through to delivery; weak oversight and monitoring of council activities and outcomes ... and inadequate attention to addressing persistent performance issues.²²

Although the Auditor-General's report acknowledged that 'some improvements were evident at councils since 2008', 'the progress to date has not been sufficient to satisfy the information needs of residents and ratepayers, to drive continuous improvement, or to deliver timely performance reporting'.²³ Similarly, Professor Bob Stimson, from the University of Melbourne, noted that local government has not developed 'a really good understanding, particularly over time, of what the measurable dynamics and outcomes are in terms of local regional economic performance'.²⁴

The Committee also notes the evidence provided by Mr Dennis Hovenden, Chief Executive Officer (CEO) of Frankston CC, who stated that:

If you have a look at community satisfaction surveys in relation to local government right across Victoria, one of the key three low areas where the community marks councils down is economic development.²⁵

Mr Hovenden suggested that communities 'are critical of the performance because, in part, they do not understand the importance of why local government is involved in economic development'.²⁶

²⁰ Des Pearson, Auditor-General, Victorian Auditor-General's Office, *Transcript of evidence*, 16 October 2012, p. 8.

²¹ Ibid.

²² Ibid., p. 6. See also Victorian Auditor-General, *Performance reporting by local government*, Melbourne, 2012.

²³ Victorian Auditor-General, *Performance reporting by local government*, Melbourne, 2012, p. vii.

²⁴ Professor Bob Stimson, University of Melbourne, *Transcript of evidence*, 16 October 2012, p. 2.

²⁵ Dennis Hovenden, Chief Executive Officer, Frankston City Council, *Transcript of evidence*, 27 February 2013, p. 3.

A common concern raised by a number of stakeholders was that many local councils do not have the skills required to prepare effective economic development strategies. At a public hearing in Melbourne, the University of Melbourne's Professor Bob Stimson argued that state governments should play a stronger role in assisting local government to prepare economic development strategies. Professor Stimson stated that:

I think one of the most powerful things that central government — state government — can do would be to resource local regions with the capability to actually implement practices in terms of undertaking a regional development strategy that is using best practice. That is not happening. There is not the capability necessarily within a region. Places like Melbourne might have it, but most local governments ... they do not.²⁷

In a similar way Dr Alan March, also of the University of Melbourne, argued that state governments can assist to build 'capacity in local government to continue to undertake economic development and to manage forward planning processes rather than taking it out of their hands'.²⁸

The Committee was disappointed that in evidence submitted by the MAV, the organisation did not consider itself to be an appropriate body to lead local councils to develop economic development policy. The MAV argued that it plays a role in up-skilling new councillors, but did not have a responsibility to engage 'local government professionals' around economic development issues'.²⁹ In evidence to the Committee the MAV also noted that it did not have a unit or advisory committee dedicated to economic development policy that could assist local government to address economic development issues.³⁰ This lack of leadership by a peak body in the area of economic development is concerning. This issue is the basis of a recommendation in Chapter 4. In contrast, the Committee notes that the Victorian Employers' Chamber of Commerce and Industry (VECCI) has been active in assisting local councils to address economic issues, particularly in relation to preparing business cases and interpreting economic research data.³¹

The Committee notes that the Department of Planning and Community Development (DPCD) and Local Government Victoria (LGV) have recently prepared the *Local government planning and reporting better practice guide*, to 'assist local governments to meet statutory planning and accountability requirements'.³² The guide also provides advice on how to prepare appropriate council plans that reflect the 'vision and aspirations of the community and capture the character and identity of the municipality'.³³ LGV is also presently working with local councils to develop a

²⁶ Ibid.

²⁷ Professor Bob Stimson, University of Melbourne, *Transcript of evidence*, 16 October 2012, p. 4.

²⁸ Dr Alan March, University of Melbourne, *Transcript of evidence*, 31 October 2012, p. 11.

²⁹ Owen Harvey-Beavis, Manager, Research and Strategy, Municipal Association of Victoria, *Transcript of evidence*, 8 November 2012, p. 6.

³⁰ Ibid., p. 10.

³¹ Steven Wojtkiw, Executive Manager, Policy, Victorian Employers' Chamber of Commerce and Industry, *Transcript of evidence*, 8 November 2012, pp. 6–7.

³² Local Government Victoria, *Local government planning and reporting better practice guide*, Melbourne, 2013, p. 5.

³³ Ibid., p. 9.

performance reporting framework 'to ensure that all councils are measuring and reporting on their performance in a consistent way'.³⁴

The Committee notes that section 3C of the *Local Government Act 1989* (Vic) states that one of the objectives of a local council is 'to promote the social, economic and environmental viability and sustainability of the municipal district'.³⁵ The Committee is concerned that the Act does not require local councils to prioritise economic development as a primary goal, from which other objectives should flow. Accordingly, few local councils prioritise economic development as a central goal, which necessitates a proactive, whole-of-council approach.

The Committee also observes that section 95A of the *Local Government Act 1989* (Vic) mandates that the employment contracts of senior council officers (including the CEO) should 'specify performance criteria for the purpose of reviews of the senior officer's performance'.³⁶ The Committee believes that these performance criteria should include defined economic development targets for relevant senior council staff.

The Committee is of the view that a review of legislation is needed to build the capacity of the local government sector, particularly in relation to governance and the development of effective economic development strategies. The benefits of a partnership approach to local economic development are discussed in depth in Chapter 3. At the same time, the Committee believes that public resources can be most effectively used if local government economic development strategies engage with broader state government objectives.

In order to strengthen the focus of local government on economic development, the Committee recommends that:

Recommendation 4

The Victorian Government requires all local government authorities to actively pursue economic development goals that align with identified economic development priorities, including those of other levels of government.

Recommendation 5

Section 3C of the *Local Government Act 1989* (Vic) be amended to reinforce the pursuit of economic development as a distinct objective for local councils.

Recommendation 6

The *Local Government Act 1989* (Vic) be amended to require local government authorities to prepare a separate economic development strategy that compliments the Council Plan required under section 125 and the Strategic Resource Plan required under section 126.

³⁴ Local Government Victoria, 'Performance reporting', viewed 4 June 2013, <<http://www.dpcd.vic.gov.au/>>.

³⁵ *Local Government Act 1989* (Vic), 11/1989, section 3c(2)(a).

³⁶ *Ibid.*, section 95A(2)(a).

Recommendation 7

Following the amendments to the *Local Government Act 1989* (Vic) proposed above, appropriate sanctions be developed to ensure that all Victorian municipalities prioritise economic development as a core goal.

Recommendation 8

Section 95A of the *Local Government Act 1989* (Vic) be amended to ensure that clear economic development targets form part of the performance criteria of all relevant senior council staff, including the Chief Executive Officer.

As part of the broader move to identify clear economic development priorities with measurable outcomes, the Committee recommends that:

Recommendation 9

The Department of State Development, Business and Innovation and Local Government Victoria support local councils in the preparation of economic development strategies with defined and measurable performance outcomes.

Recommendation 10

The Victorian Government works with local government to develop a state-wide framework for benchmarking the performance of Victoria's 79 councils in the area of economic development.

To ensure that local communities can access transparent data about the outcomes of council economic development strategies, the Committee recommends that:

Recommendation 11

The *Local Government Act 1989* (Vic) be amended to require local councils to make available economic development strategies to their communities both in hardcopy and on council websites.

In order to ensure that council economic development strategies reflect the priorities of local stakeholders, the Committee recommends that:

Recommendation 12

Local Government Victoria assists local councils to develop a model of consultation which would ensure that economic development strategies produced by local governments reflect priorities and challenges of local business, industry and the wider community.

2.1.2 Business support programs

The Committee heard that Victorian councils provide a range of support services and programs to local businesses. This support takes a variety of forms including the provision of information and resources to both new and existing businesses, delivering training programs and workshops, hosting networking events and mentoring services. Many of the workshops offered by local

government are funded by Business Victoria, through the Department of State Development, Business and Innovation (DSDBI).

Local councils offer a range of programs designed to support new businesses. For example, Melton CC assists new businesses to develop sound business plans and connects business owners with appropriate information, education courses, and training.³⁷ The kind of programs available varies considerably throughout the State, with some municipalities, such as Swan Hill Rural City Council (RCC), acknowledging that their services to business operate on an 'ad hoc' basis.³⁸ In comparison, other councils offer a wide assortment of support programs designed to assist both existing and new businesses. For example, Whitehorse CC has developed a range of business support workshops and training sessions such as KickStart and Boost Your Business for new enterprises.³⁹ Glen Eira CC and Kingston CC run a joint mentoring initiative that 'matches small business operators with a mentor from an experienced business'.⁴⁰ Further, Kingston CC also hosts a monthly CEO roundtable with small-to-medium enterprises (SMEs) to facilitate 'meaningful knowledge exchange and peer-to-peer mentoring'.⁴¹ Both Goldfields Shire Council (SC) and Hume CC reported that they tailored their business support services to encourage the expansion of existing business. Brimbank CC also focuses on supporting businesses to become more competitive and resilient to create a local economy that is able to better 'withstand downturn or shocks'.⁴²

Networking events and business awards are a common feature of many local government economic development programs. The Committee found that networking events are a popular way for councils to bring business people together, and that business awards are considered a good way to highlight the vibrancy of a local area.⁴³ A number of councils offer mentoring and events designed to support women in business, including Hume SC, Kingston CC, Greater Dandenong CC, Glen Eira CC, Bayside CC, Yarra Ranges SC, Cardinia SC and Casey CC.⁴⁴ Several councils, — including Casey CC, Maroondah CC, Whitehorse CC — indicated that they ran 'business week' events to spotlight activity in the business community.⁴⁵

The Committee was impressed by the economic development initiatives pursued by Greater Dandenong CC. In a submission to the Inquiry, Greater Dandenong CC argued that its 'two-pronged' approach to industry support is unique and is seen as a 'benchmark for many

³⁷ Melton Shire Council, *Submission*, no. 31, 31 August 2012, p. 4.

³⁸ Swan Hill Rural City Council, *Submission*, no. 43, 7 September 2012, p. 1.

³⁹ Whitehorse City Council, *Submission*, no. 19, 30 August 2012, p. 3.

⁴⁰ Kingston City Council, *Submission*, no. 20, 31 August 2012, p. 9.

⁴¹ *Ibid.*

⁴² Central Goldfields Shire Council, *Submission*, no. 14, 24 August 2012, p. 1; Hume City Council, *Submission*, no. 18, 29 August 2012, p. 7; Brimbank City Council, *Submission*, no. 58, 24 September 2012, p. 2.

⁴³ The following councils noted that they ran business breakfasts: Bayside CC, Boroondara CC, Banyule CC, Hume CC, Melton SC, Frankston CC, Port Phillip CC, Casey CC and Cardinia SC.

⁴⁴ Hume City Council, *Submission*, no. 18, 29 August 2012, p. 13; Kingston City Council, *Submission*, no. 20, 31 August 2012, p. 20; Greater Dandenong City Council, *Submission*, no. 33, 3 September 2012, p. 6; Glen Eira City Council, *Submission*, no. 45, 12 September 2012, p. 2; Bayside City Council, *Submission*, no. 50, 17 September 2012, p. 5; Yarra Ranges Shire Council, *Submission*, no. 59, 27 September 2012, p. 13; Casey City and Cardinia Shire Councils, *Submission*, no. 68, 12 October 2012, p. 4.

⁴⁵ Casey City and Cardinia Shire Councils, *Submission*, no. 68, 12 October 2012, p. 4.

councils across Australia'.⁴⁶ The economic development arm of the council consists of the economic development unit and South East Business Networks (SEBN). The two units are not co-located with other council offices, but are situated in a 'hub' with two other business organisations that are supported, but not run, by the Council: the South East Melbourne Manufacturing Alliance (SEMMA) and the Greater Dandenong CoC. SEBN is the business networking unit of Greater Dandenong that engages with over 500 companies and 2500 people annually, generally in small groups or roundtables. The networks include CEO mentoring, export/globalisation, manufacturing excellence, and OH&S. In its submission, Greater Dandenong CC describes the outcome of this 'two-pronged' approach in the following way:

Working in partnership with many and varied organisations, including education and technology providers for more than 20 years, SEBN acts as both a catalyst (of new ideas and global good practice) and an enabler encouraging an environment of collaboration and sharing of information and expertise. An indirect consequence is the creation of strategic interaction/knowledge-sharing between business leaders and the formation of relationships.⁴⁷

The importance of council officers developing good working relationships with business and industry leaders was also emphasised by Bass Coast SC. In its submission the council argued that the success of its economic development programs relied on 'excellent relationships with local business operators', to ensure that council offered services that meet the needs of businesses.⁴⁸

The Committee found that the majority of councils considered communicating with businesses to be one of their key roles. Typically, councils provide information about the business support programs offered by both council and the Victorian Government through their websites. Some of the more proactive councils maintain extensive business directories and databases designed to connect business with both each other and local residents. A particularly strong example of effective communication with the business community is the BizMaroondah website developed by Maroondah CC. Launched in 2011, BizMaroondah serves as 'a "one-stop-shop" for local businesses to find out information about business assistance, local programs and how to effectively promote their business to the wider region'.⁴⁹ In its submission Maroondah CC states that increasing awareness of council support services is a 'priority'. The council aims to achieve this not only through the BizMaroondah website but via magazine and a bi-monthly email newsletter.⁵⁰ In a similar way, Nillumbik SC has recently developed the Enterprise Assist website that acts as 'one stop shop for information and advice, providing local businesses with easy access to information, mentoring and assistance'.⁵¹

Academics working in the area of local economic development have identified the lack of awareness of government support services as an impediment to small business growth. In particular, Sahmeem Ali et al. have suggested that small businesses are often confused about

⁴⁶ Greater Dandenong City Council, *Submission*, no. 33, 3 September 2012, p. 3; Maroondah City Council, *Submission*, no. 30, 31 August 2012, p. 2; Whitehorse City Council, *Submission*, no. 19, 30 August 2012, p. 3.

⁴⁷ Greater Dandenong City Council, *Submission*, no. 33, 3 September 2012, p. 5.

⁴⁸ Bass Coast Shire Council, *Submission*, no. 5, 15 August 2012, p. 2.

⁴⁹ Maroondah City Council, *Submission*, no. 30, 31 August 2012, p. 1.

⁵⁰ *Ibid.*, p. 2.

⁵¹ Nillumbik Shire Council, 'Enterprise Nillumbik', viewed 3 April 2013, <<http://enterprisenillumbik.com.au/>>.

which level of government provides each service.⁵² However, the authors have also acknowledged that there are various obstacles that inhibit service providers from reaching small businesses and HBBs. Some barriers include establishing credibility with businesses, customising support programs and making contact with low profile businesses.

The Committee agrees that local councils have a key role to play in ensuring that businesses are aware of the various support and networking opportunities that are available. While the Committee acknowledges that some councils have developed excellent websites and information packages to assist businesses, it is concerned by the lack of clarity and information found on other council sites. Indeed, while the Committee received a great deal of evidence from local councils relating to their local economic development initiatives in submissions and at public hearings, this same information was often not easily accessible on council websites. Further, the Committee is concerned that local government develops its support services in consultation with local business and industry.

Accordingly, the Committee recommends:

Recommendation 13

The Department of State Development, Business and Innovation, in conjunction with Local Government Victoria, conducts a needs assessment to identify what support business needs to promote a culture of enterprise and innovation.

Recommendation 14

The Department of State Development, Business and Innovation, in conjunction with Local Government Victoria, reviews the online information provided by local councils to the business community, with a view to improving its clarity, accessibility and relevance.

2.1.3 Business attraction

The Committee heard evidence from a number of councils that have adopted a proactive approach to attracting new businesses to their local area. In its submission Central Goldfield SC wrote about their targeted efforts to encourage a Melbourne-based business to relocate to Maryborough, which included 'bussing the employees and their families to Maryborough for a town tour, [and] inspection of the new manufacturing facility'.⁵³ Hume CC has also pursued business relocation opportunities, and Greater Bendigo CC has recently benefitted from the decentralisation of the State Trustees.⁵⁴ Brimbank CC has developed a 'branding' campaign aimed at investors.⁵⁵

Other councils have directed their business attraction efforts towards international markets. For example, Greater Geelong SC has embarked on a number of trade missions, and Campaspe SC

⁵² Shameem Ali, et al., 'Local government support programs for home-based businesses: Challenges and strategies', *International Journal of Business Research*, vol. 11, no. 1, 2011, pp. 166–72.

⁵³ Central Goldfields Shire Council, *Submission*, no. 14, 24 August 2012, p. 2.

⁵⁴ Hume City Council, *Submission*, no. 18, 29 August 2012, p. 3. The Committee toured the new State Trustees Bendigo office on 23 January 2013.

⁵⁵ Brimbank City Council, *Submission*, no. 58, 24 September 2012, p. 5.

has employed a Chinese Relationships Officer to expand the area's sister-city relationships.⁵⁶ Moreover, Campaspe SC has partnered with neighbouring Moira SC and Greater Shepparton CC to form a regional export development project to bring 'the global market place to the regional product base'.⁵⁷

At the same time, the Committee observed that some councils are ambivalent about efforts to attract new businesses, as this can create an atmosphere of competition between neighbouring areas. For example, Greater Geelong CC is critical of approaches to regional economic development that 'focus on the silver bullet large multinational who will magically appear to locate in any given LG area and boost the employment bases by 1000 plus employees', thus detracting from support for 'start-ups'.⁵⁸ In response to these concerns local councils have increasingly turned to regional economic development strategies that encourage partnerships and collaboration, rather than competition, with neighbouring local government areas (LGAs). Partnership approaches to economic development are discussed in detail in Chapter 3.

2.1.4 Statutory planning

The Committee heard that many local councils offer services to assist businesses and industry to navigate the requirements of the planning system. A number of councils noted that planning and building regulations are often perceived by businesses as an obstacle and in response have implemented 'fast track' planning processes designed to minimise delays. For example, Gannawarra SC, Maroondah CC and Moreland CC have all identified planning as an area of concern for local businesses and as a result work closely with new and established businesses to minimise the impact of planning processes on investment and expansion opportunities.⁵⁹ Brimbank CC reported that it has recently completed a review of its statutory planning services with a view to minimising the barriers to business associated with planning delays.⁶⁰

Despite the existence of these services, the Committee also heard from a number of stakeholders that believed that the requirements of the planning system were a barrier to business development. At the same time, the Committee acknowledges that the Victorian Government has recently introduced a number of reforms to the Victorian planning scheme — including a new zoning regime and the simplified VicSmart permit assessment system — which aim to streamline the planning framework at a local level.⁶¹ These issues are discussed further in Chapter 4.

2.1.5 Local government one-stop-shops

The Committee received some evidence that suggested local government business support and statutory planning services would be more efficient if provided by a one-stop-shop. Mr Dennis

⁵⁶ Campaspe Shire Council, *Submission*, no. 56, 19 September 2012, p. 17.@17

⁵⁷ Ibid.

⁵⁸ Greater Geelong City Council, *Submission*, no. 44, 10 September 2012, p. 5.

⁵⁹ Gannawarra Shire Council, *Submission*, no. 60, 27 September 2012, p. 3; Maroondah City Council, *Submission*, no. 30, 31 August 2012, p. 3; Moreland City Council, *Submission*, no. 39, 6 September 2012, p. 2.

⁶⁰ Brimbank City Council, *Submission*, no. 58, 24 September 2012, p. 4.

⁶¹ Department of Planning and Community Development, 'Reformed zones for Victoria', viewed 14 May 2013, <<http://www.dpcd.vic.gov.au>>; Department of Planning and Community Development, *VicSmart fact sheet*, Victorian Government, Melbourne, 2012.

Hovenden, CEO of Frankston CC, endorsed the notion of a one-stop-shop to support investment in local areas, arguing that:

If a person is setting up a business and wants to invest in our municipality, they should have access to the planning department, they should have access to the CEO, they should have access to the people who are involved in the provision of infrastructure — all in the room at the one time, right from day one, sitting around the table again exploring. Not saying no — exploring ... it is a great starting point if you are all together on the starting line talking about the same thing.⁶²

Mr Mark Sanders, President of the Geelong CoC reported that government funding has recently been secured to establish a one-stop-shop for small business for the Geelong region.⁶³

Whittlesea SC noted that the council often acts as a “‘case manager” for businesses whereby all dealings with government are facilitated by one senior officer’ to avoid confusion.⁶⁴ In its submission East Gippsland SC also explored the benefits of a one-stop-shop for businesses, stating that:

A practical way to improve the services available to businesses would be the establishment of a shop front service. The Business Enterprise Centre model is a good example of a portal to provide the services and information required by businesses at a local level. The centre could be supported by Council activities (e.g. business permit requirements), Small Business Victoria information, services provided by industry organisations (e.g. VECCI) and training institutions and organisations. Whilst somewhat of a cliché, it would be a one-stop shop for services.⁶⁵

The Committee is of the view that it would be beneficial for both new and existing businesses if their interactions with council business and planning services could be streamlined to avoid confusion and duplication. While the concept of a one-stop-shop may not be feasible for many local councils, at a minimum all councils should designate one staff member as a point of contact for the business community.

Therefore, the Committee recommends:

Recommendation 15

The Victorian Government works with Victorian local councils to establish a one-stop-shop for business contact, support, information and advice within Victorian municipalities.

2.1.6 Infrastructure provision

Victorian municipalities make a significant contribution to their local economy through the provision and maintenance of infrastructure. According to the MAV ‘Victorian councils collectively manage over \$60 billion worth of assets, including roads, bridges, drains, town halls,

⁶² Dennis Hovenden, Chief Executive Officer, Frankston City Council, *Transcript of evidence*, 27 February 2013, p. 5.

⁶³ Mark Sanders, President, Geelong Chamber of Commerce, *Transcript of evidence*, 13 March 2013, p. 2.

⁶⁴ Whittlesea Shire Council, *Submission*, no. 48, 14 September 2012, p. 15.

⁶⁵ East Gippsland Shire Council, *Submission*, no. 55, 19 September 2012, p. 13.

recreation/leisure facilities, community service facilities, libraries and parks'.⁶⁶ The contribution of local government is particularly important in respect of roads, as councils are responsible for 85 per cent of Victoria's road network.⁶⁷ Further, as discussed below, councils also undertake beautification works, main street maintenance, planting trees and providing car parking to support their retail sector and CBDs.⁶⁸

Councils reported that infrastructure works are funded in a range of ways, including through rates, special rates and charges on businesses (as discussed further below), and by the Victorian Government. A number of stakeholders, including the Committee for Melbourne (CfM), argued that local government should expand the use of developer contributions, value capture schemes and benefitted area levies in order to finance necessary infrastructure works.⁶⁹ The Committee believes there is potential for both local and state governments to explore alternate ways of funding infrastructure, and this issue is explored further in Chapter 5.

While local councils are responsible for providing and maintaining a range of local infrastructure, most local government authorities were of the view that it was the Victorian Government — and to some extent the Australian Government — that ultimately held responsibility for delivering major infrastructure projects. For example, Greater Geelong CC argues that 'infrastructure projects that are catalytic to economic growth are an area that Local Government can not [sic] deliver without the support of State Government'.⁷⁰ This view was also shared by the Campaspe SC, which believes that the Victorian Government can act as a 'catalyst' by 'providing essential infrastructure for regional communities'.⁷¹ Greater Dandenong CC argued that one of the key roles of local government in regards to infrastructure was to 'capitalise' on the major projects delivered by the Victorian Government, such as EastLink.⁷² In terms of providing infrastructure, Mr Cleaver from the MAV suggested that the role of local government is constrained as:

... economic development is fundamentally reliant on infrastructure. To that extent, any role of councils really needs to hang off state or federal government action in terms of providing infrastructure and setting a framework.⁷³

The Property Council of Australia's Victorian Division (PC) stated a similar view, arguing that the Victorian Government should 'invest in city-shaping infrastructure that will underpin future economic prosperity'.⁷⁴ The PC has argued that the private sector requires greater 'clarity' from

⁶⁶ Municipal Association of Victoria, *Submission*, no. 41, 7 September 2012, p. 3.

⁶⁷ *Ibid.*, p. 6.

⁶⁸ Banyule City Council, *Submission*, no. 9, 17 August 2012; Mainstreet Australia, *Submission*, no. 46, 14 September 2012.

⁶⁹ Kate Roffey, Chief Executive Officer, Committee for Melbourne, *Transcript of evidence*, 31 October 2012, p. 8. See also Property Council of Australia securing Vic's future

⁷⁰ Greater Geelong City Council, *Submission*, no. 44, 10 September 2012, p. 5.

⁷¹ Campaspe Shire Council, *Submission*, no. 56, 19 September 2012, p. 6.

⁷² Greater Dandenong City Council, *Submission*, no. 33, 3 September 2012, p. 9.

⁷³ James Cleaver, Policy Adviser, Municipal Association of Victoria, *Transcript of evidence*, 8 November 2012, p. 2.

⁷⁴ Property Council of Australia — Victorian Division, *Submission*, no. 65, 5 October 2012, p. 6.

the Victorian Government in regards to its future infrastructure priorities in order to support the decision-making of investors.⁷⁵

Typically, councils argued that one of their major responsibilities in relation to infrastructure is to lobby other tiers of government to fund key projects and upgrades.⁷⁶ At the same time, councils widely acknowledged that the Victorian Government faced challenges in balancing the needs of different areas when deciding to progress major projects and as such needed to prioritise infrastructure that would benefit the whole State. The role of Infrastructure Australia in addressing competing infrastructure priorities is discussed below.

The Committee is of the view that local government should be proactive in exploring options for partnering with the private sector to fund local infrastructure priorities. In particular, evidence received by the CfM suggests that there may be opportunities for local government to secure private sector investment to complete grade separations. This, and other alternative financing proposals, is discussed further in Chapter 5.

2.1.7 Encouraging the formation of business clusters

A number of councils indicated that they sought to attract new business through the creation of specific clusters or industry precincts. Campaspe SC has been particularly active in encouraging the growth of clusters in the winemaking, poultry and water technology sectors. The council notes that these clusters are defined by 'integration between growing, processing, suppliers, regulators, and distributors', and it promotes these 'competitive strengths' in order to attract new businesses.⁷⁷ Campaspe SC describes its approach to supporting clusters in the following way:

... clusters must be industry led if they are to prosper. Local Government can provide the forums through which the clusters might grow. It can support cluster growth through its role as an infrastructure provider and in its role as an economic lobbyist for its region.⁷⁸

Other councils reported that they encouraged the growth of clusters through strategic planning processes designed to safeguard industrial land, such as Moreland CC's preservation of three core industrial employment precincts.⁷⁹ Several councils — including Gannawarra SC, Loddon SC and Horsham SC — have sought to sustain clusters by actively developing and selling industrial land, and undertaking key infrastructure works to encourage businesses to co-locate.⁸⁰

In their submissions some councils expressed the desire to encourage the future growth of clusters, such as a healthcare innovation cluster for Yarra Ranges SC.⁸¹ In the Bayside area, the

⁷⁵ Ibid., p. 7.

⁷⁶ See for example the following submissions: Hume Region Local Government Network, *Submission*, no. 15, 24 August 2012, p. 13; Wodonga City Council, *Submission*, no. 21, 31 August 2012, p. 9; Indigo Shire Council, *Submission*, no. 22, 31 August 2012, p. 5; Campaspe Shire Council, *Submission*, no. 56, 19 September 2012, p. 15; Southern Melbourne Regional Development Australia Committee, *Submission*, no. 70, 12 October 2012, p. 5.

⁷⁷ Campaspe Shire Council, *Submission*, no. 56, 19 September 2012, p. 16.

⁷⁸ Ibid., p. 15.

⁷⁹ Moreland City Council, *Submission*, no. 39, 6 September 2012, p. 2.

⁸⁰ Gannawarra Shire Council, *Submission*, no. 60, 27 September 2012, p. 5.

⁸¹ Yarra Ranges Shire Council, *Submission*, no. 59, 27 September 2012, p. 8.

council has planned to transform a former industrial hub in Highett and Cheltenham into technology business park, which will include infrastructure works and the ‘establishment of a consistent and unifying landscape and urban design theme to the area which presents it as a single identifiable precinct’.⁸² In 2004, Wodonga CC established the Logic Industry Hub to support the Melbourne–Sydney freight transport corridor, by re-zoning rural land for industrial use.⁸³ The council plans to encourage further growth of distributions centres at the site by building a fatigue management and service centre to support freight operators.

The Committee also heard about the importance of business clusters from international organisations, particularly those based in London, Manchester and Amsterdam. The role of government in supporting clusters will be discussed further in Chapter 5.

2.1.8 Supporting the green economy

Several municipalities indicated their approach to economic development included an emphasis on supporting emerging green industries, including Nillumbik, Port Phillip and Whittlesea councils.⁸⁴ Campaspe SC stated that it has partnered with neighbouring LGAs to develop a project to address the impact of ‘climate variability’ on the agricultural sector — the Living with Less Water: Adaptation Strategies for the New Dryland project.⁸⁵ Similarly, Latrobe CC has designed a policy to address ‘growing community concerns about climate change’, focused on promoting the diversification of local industry.⁸⁶ In submissions to the Inquiry Whittlesea and Yarra Ranges councils both noted that they have developed programs to support businesses to implement sustainable practices. For Whittlesea CC, the aim of such programs is ‘to achieve successful business growth and job creation by encouraging investment and supporting and enabling local businesses to adapt to, and capitalise on, the shift towards a low-carbon economy’.⁸⁷

2.1.9 Buy local campaigns

Local government authorities undertake a range of activities designed to promote their local areas as attractive places to live, work and conduct business. These can range from advertising ‘buy local’ schemes promoting local retail precincts, to complex location ‘branding’ campaigns. Generally, councils reported that they aimed to project an overall positive image of their local area, to promote the benefits of supporting local businesses, and engaged in place-making activities designed to produce inviting retail and community spaces.

The following councils noted that they ran ‘live/work/buy local’ campaigns designed to boost retail expenditure in their areas: Corangamite SC, Whitehorse CC, Melton CC, Pyrenees SC and Boroondara CC.⁸⁸ Similarly, Ballarat CC operates the Ballarat Industry Participation Program

⁸² Bayside City Council, *Submission*, no. 50, 17 September 2012, p. 4.

⁸³ Wodonga City Council, *Submission*, no. 21, 31 August 2012, pp. 5–6.

⁸⁴ Nillumbik Shire Council, *Submission*, no. 67, 10 October 2012, p. 1; Port Phillip City Council, *Submission*, no. 57, 19 September 2012, p. 9; Whittlesea Shire Council, *Submission*, no. 48, 14 September 2012, p. 14.

⁸⁵ Campaspe Shire Council, *Submission*, no. 56, 19 September 2012, p. 14.

⁸⁶ Latrobe City Council, *Submission*, no. 42, 7 September 2012, p. 3.

⁸⁷ Whittlesea Shire Council, *Submission*, no. 48, 14 September 2012, p. 14.

⁸⁸ Corangamite Shire Council, *Submission*, no. 51, 17 September 2012, p. 3; Whitehorse City Council, *Submission*, no. 19, 30 August 2012, p. 3; Melton Shire Council, *Submission*, no. 31, 31 August 2012, p. 6;

designed to draw the attention of local industry and businesses to the council's own procurement needs.⁸⁹ Some councils have adopted creative ways of promoting local retail, such as Greater Dandenong CC's dining and cultural tour brochures and Darebin CC's initiative to revitalise empty shopfronts are spaces for artists.⁹⁰

A number of councils reported that they undertook significant infrastructure and beautification works designed to improve the amenity of local retail spaces and 'main street' precincts. In its submission to the Inquiry, Mainstreet Australia argued that local government has a responsibility to provide 'appropriate frameworks' to shape the development of main street precincts, including land use planning controls, maintenance/improvement works and the provision of public health permits.⁹¹ Alongside infrastructure provision and strategic planning, councils also generally assist their retail sector by supporting traders associations and partnering with CoCs.

Local governments have recently benefitted from introduction of the Victorian Government's Streetlife program, which provides support to local government, business groups and traders associations 'to improve the competitiveness and economic outcomes of their local shopping precinct'.⁹² The program offers local councils grant funding of a maximum of \$20 000 (for up to 80 per cent of the total cost of a project), while retail traders associations can apply for funding of up to \$5000 to support their activities.⁹³ Darebin CC argues that the program 'inject[s] new life into new and small retail business strips' and will give much needed help to businesses to develop marketing strategies and improve online and social media capacity'.⁹⁴ Surf Coast SC suggests that the program is particularly helpful for rural municipalities as it 'provides valuable support to village style shopping precincts which are the heart of small communities'.⁹⁵ The Australian Retailers Association (ARA) also noted the importance of the program for retail strips, especially those in rural areas.⁹⁶

2.1.10 Tourism, festivals and events

A significant number of councils engage in location promotion designed to attract tourists to their region. The Committee found that tourism was a priority for a range of councils from Melbourne-based municipalities such as Yarra CC and Melton CC, to regional LGAs like the Pyrenees SC and Central Goldfields SC.⁹⁷ For some municipalities, such as Corangamite SC, tourism activities are centred around environmental features like the Great Ocean Road, Port

Pyrenees Shire Council, *Submission*, no. 47, 14 September 2012, p. 2; Boroondara City Council, *Submission*, no. 53, 19 September 2012, p. 4.

⁸⁹ Ballarat City Council, *Submission*, no. 28, 31 August 2012, p. 5. See also Hume City Council, *Submission*, no. 18, 29 August 2012, p. 2; 25.

⁹⁰ Greater Dandenong City Council, *Submission*, no. 33, 3 September 2012, p. 4; Darebin City Council, *Submission*, no. 17, 29 August 2012, p. 3.

⁹¹ Mainstreet Australia, *Submission*, no. 46, 14 September 2012, p. 5.

⁹² Business Victoria, 'Streetlife', viewed 22 May 2013, <<http://www.business.vic.gov.au>>.

⁹³ *Ibid.*

⁹⁴ Darebin City Council, *Submission*, no. 17, 29 August 2012, p. 3.

⁹⁵ Surf Coast Shire Council, *Submission*, no. 23, 31 August 2012, p. 9.

⁹⁶ Heath Michael, Director, Policy, Government and Corporate Relations, Australian Retailers Association, *Transcript of evidence*, 8 November 2012, p. 10.

⁹⁷ Yarra City Council, *Submission*, no. 4, 13 August 2012, p. 2; Melton Shire Council, *Submission*, no. 31, 31 August 2012, p. 4; Pyrenees Shire Council, *Submission*, no. 47, 14 September 2012, p. 1; Central Goldfields Shire Council, *Submission*, no. 14, 24 August 2012, p. 3.

Campbell National Park, and the Twelve Apostles.⁹⁸ In a similar way, Bayside CC has developed the Bayside Coastal Walking Trail signposts and an iPhone application that promotes the history of the coastline.⁹⁹ Other councils have implemented place branding campaigns based on local industry or heritage, such as efforts by Central Goldfields SC to capitalise on the area's gold-mining history and the Pyrenees and Mornington Peninsula councils' emphasis on winemaking.¹⁰⁰ One council — Brimbank CC — has begun a 'Discover Your Own Backyard' initiative to highlight local tourism assets and city attractions to both local residents and businesses.¹⁰¹

The Committee also found that some local councils have concentrated on developing a program of events and festivals. In its submission Indigo SC explained that the council aims to drive growth in the tourism sector by pursuing partnerships with local events and festivals.¹⁰² During a site visit in Bendigo, the Committee heard that cultural tourism had become a priority for the council through special events such as the Grace Kelly exhibition at the Bendigo Art Gallery. Ballarat CC also had a focus on cultural events and institutions as key economic drivers. At a public hearing in Ballarat, Mr Jeff Pulford explained how the council strategically linked tourism, major projects and economic development within the same portfolio:

My division includes tourism, arts and culture, economic development and the major projects unit. The major projects unit builds all of the non-typical roads and footpaths — community assets like pools, clubrooms and those sorts of things. Also within my area I have the pleasure of being responsible for Her Majesty's Theatre, the Art Gallery of Ballarat, Ballarat Regional Tourism and also the new Museum of Australian Democracy at Eureka. The concept is that my area is about the livability of the city; it is about the experience that people have. We want to have the economy driving a lot of those institutions, so we are trying to connect a number of disparate areas.¹⁰³

Working with local businesses to promote state festivals and events was also central to Mansfield SC's the tourism strategy. Ms Sue Crow, Owner and Director of a number of hospitality and accommodation businesses in Mansfield noted that:

Council initiatives have promoted the locality as an iconic destination through annual tourism promotion and events including festivals, food and wine celebration, cycling events and the internationally staged Targa high country. I have seen positive collaboration with local business owners to pool ideas and gather feedback relating to the nature and execution of events through council meetings and email communications.¹⁰⁴

⁹⁸ Corangamite Shire Council, *Submission*, no. 51, 17 September 2012, p. 2.

⁹⁹ Bayside City Council, *Submission*, no. 50, 17 September 2012, p. 13.

¹⁰⁰ Central Goldfields Shire Council, *Submission*, no. 14, 24 August 2012, p. 1; Pyrenees Shire Council, *Submission*, no. 47, 14 September 2012, p. 2; Mornington Peninsula Shire Council, *Submission*, no. 63, 1 October 2012, p. 2.

¹⁰¹ Brimbank City Council, *Submission*, no. 58, 24 September 2012, p. 6.

¹⁰² Indigo Shire Council, *Submission*, no. 22, 31 August 2012, p. 4.

¹⁰³ Jeff Pulford, Director, Destination and Economy, Ballarat City Council, *Transcript of evidence*, 24 January 2013, p. 9.

¹⁰⁴ Sue Crow, Owner and Director, The Deck on High/The Deck Quarters, *Transcript of evidence*, 13 February 2013, p. 3.

The Committee notes that the Victorian Parliament's Environment and Natural Resources Committee is presently engaged in an Inquiry into heritage tourism and ecotourism in Victoria. The Committee anticipates that this inquiry will provide recommendations to enhance the economic development potential of tourism.

2.1.11 Supporting small-to-medium enterprises and home-based businesses

Alongside other business support programs, the Committee found that it is common for councils to offer support services specifically for SMEs and HBBs. For some councils, such as Whittlesea CC, SMEs constitute the majority of all local businesses, with almost 60 per cent of businesses within the municipality being sole-person (i.e. non-employing businesses).¹⁰⁵ Bayside CC provides services designed to encourage collaboration between small businesses and runs activities to reduce isolation for owners of HBBs.¹⁰⁶

Some councils have identified business incubators as a useful way of offering start-up support to SMEs. Moreland CC is highly advanced in this space and describes the Brunswick Business Incubator as 'one of the most successful business incubators in Australia'.¹⁰⁷ Horsham RCC operates the Wimmera Business Centre, offering subsidised office space and training programs for start-up businesses.¹⁰⁸ Other councils, including Monash CC, Stonnington CC and Melton CC, are in the process of planning to establish business incubators.¹⁰⁹

At a public hearing in Dandenong, Greater Dandenong CC acknowledged that council staff have had 'difficulty in engaging with our SME business community over a period of time', particularly with regards to communicating with businesses about the support services offered by council.¹¹⁰ As a result, Greater Dandenong CC is presently upgrading its website to improve contact with the SME sector.¹¹¹

2.1.12 Special rates and charges

Local government authorities are permitted to declare special rates or charges under section 163 of the *Local Government Act 1989* (Vic). The Act specifies that any special rate or charge levied is justified if it is used to fund any undertaking that 'will be of special benefit to the persons required to pay the special rate or special charge'.¹¹² Councils must calculate special rates and charges using the benefit ratio and formula defined by the Act.¹¹³ Typically, special rates and charges are used to fund the following projects: work schemes to fund infrastructure; service schemes designed to provide services to a particular group; and special purpose funds that can include a mix of works and services. The Committee found that councils employ special

¹⁰⁵ Whittlesea Shire Council, *Submission*, no. 48, 14 September 2012, p. 8.

¹⁰⁶ Bayside City Council, *Submission*, no. 50, 17 September 2012, p. 6.

¹⁰⁷ Moreland City Council, *Submission*, no. 39, 6 September 2012, p. 3.

¹⁰⁸ Horsham Rural City Council, *Submission*, no. 74, 1 November 2012, p. 1.

¹⁰⁹ Monash City Council, *Submission*, no. 25, 31 August 2012, p. 2; Stonnington City Council, *Submission*, no. 26, 31 August 2012, p. 4; Melton Shire Council, *Submission*, no. 31, 31 August 2012, p. 6.

¹¹⁰ Greater Dandenong City Council, *Submission*, no. 33, 3 September 2012, p. 12.

¹¹¹ *Ibid.*

¹¹² *Local Government Act 1989* (Vic), 11/1989, section 163(1)(b).

¹¹³ *Ibid.*, section 163(2A);(2B).

rates and charges for a range of reasons including to support local traders associations, to fund main street beautification works, and to contribute to location promotion and advertising.¹¹⁴

Banyule CC believes that its special rates scheme constitutes an example of 'best practice' in the area of economic development as it contributes to the council's 'partnership with business'.¹¹⁵ Banyule CC levies special rates and charges to improve the amenity of commercial precincts, including beautification works and re-locating power lines underground.¹¹⁶ In its submission, Banyule CC elaborates on the scheme, stating that:

Banyule has a very strong special rates and charges scheme, covering eleven shopping areas within the municipality. Council makes a significant financial contribution to the scheme, almost matching the traders' contribution dollar for dollar. Traders' associations are supported to develop their capacity to deliver successful outcomes.¹¹⁷

Similarly, Boroondara CC charges a special rate to support the operation of nine local traders associations and to fund advertising materials for local shopping precincts.¹¹⁸ In 2011–12 the scheme raised \$1 132 958.¹¹⁹ Swan Hill RCC levies a special rate on local business to fund promotional activities for the region, and emphasises that it undertakes a 'significant amount of consultation every time the rate is reviewed'.¹²⁰

2.1.13 Differential rating

Alongside special rates and charges for specific activities, the *Local Government Act 1989* (Vic) also empowers councils to apply differential rates, which 'allow different classes of property to be taxed differently'.¹²¹ Under the Act differential rates can only be applied if a council uses the 'capital improve value' system of rating, and all differential rates must have a stated objective or benefit.¹²² Differential rating can be used to charge certain properties higher or lower rates compared with other properties within an area.

Typically, councils use three main principles to determine whether a differential rate is appropriate. The benefits principle reflects the fact that some types of property receive a higher or lower level of local government services compared to other properties. The capacity to pay principle can be used to recognise that some ratepayers have a higher or reduced capacity to pay rates and to adjust their contributions to local government accordingly. Councils may also

¹¹⁴ Glen Eira City Council, *Submission*, no. 45, 12 September 2012, p. 3; Whitehorse City Council, *Submission*, no. 19, 30 August 2012, p. 3; Banyule City Council, *Submission*, no. 9, 17 August 2012, p. 1; Port Phillip City Council, *Submission*, no. 57, 19 September 2012, p. 14.

¹¹⁵ Banyule City Council, *Submission*, no. 9, 17 August 2012; *ibid.*, p. 1.

¹¹⁶ *Ibid.*, p. 4.

¹¹⁷ *Ibid.*, p. 3.

¹¹⁸ Boroondara City Council, *Submission*, no. 53, 19 September 2012, p. 5.

¹¹⁹ *Ibid.*

¹²⁰ Swan Hill Rural City Council, *Submission*, no. 43, 7 September 2012, p. 1.

¹²¹ Department of Planning and Community Development, 'Ministerial guidelines for differential rating', viewed 22 May 2013, <<http://www.dpcd.vic.gov.au>>, p. 8.

¹²² *Local Government Act 1989* (Vic), 11/1989, section 161(2).

elect to use the incentive principle to levy differential rates to encourage particular behaviours, such as concessional rates to attract businesses.¹²³

The Committee heard from a number of councils that use differential rates on property commercial or industrial uses to fund economic development goals. For example, Mildura RCC uses differential rating to fund two major organisations: the Mildura Development Corporation (MDC) and Mildura Tourism. Established in 2009, the MDC oversees a range of economic development activities within the Mildura region. Fifty per cent of the funds collected by the same differential rate are used to fund Mildura Tourism to oversee visitor services and marketing activities. Both organisations are overseen by an independent board representing local business and industry, and have service agreements with Mildura RCC to achieve defined outcomes in the areas of business and tourism.¹²⁴

East Gippsland SC has recently imposed a differential rating system on commercial and industrial properties, which is used to fund the council's economic development functions. Ten per cent of the funds raised by the rate contribute to an economic development discretionary fund, which finances projects of economic significance in the areas of marketing, industry development and smaller infrastructure reprojects.¹²⁵ East Gippsland SC argued that differential rates significantly impact the ability of council's to support economic development and suggests that the Victorian Government:

... consider rewarding Councils who make a positive and proactive approach to stimulating economic growth (via a dedicated commercial and differential rate) in their local economy by providing these Councils with an unencumbered matching contribution to their Fund.¹²⁶

Greater Dandenong CC also strongly supported differential rating, stating that 'it plays an important role in Greater Dandenong in terms of being part of the way that we operate that adds value to the way that we deliver services and make our own contribution to infrastructure improvements'. Greater Dandenong CC applies differential rates in order to fund capital improvements such as 'road upgrades, drainage upgrades, [and] community facility upgrades', but it also uses differential rating to discourage 'land-banking' and influence the development of land in accordance with council's strategic planning priorities.¹²⁷ Mr Bennie, CEO of Greater Dandenong CC, defended the council's differential rating scheme on the basis that 'the business community [has] a greater capacity to pay'. Further, he argued that the scheme is not an 'impediment to business' as it is used to deliver 'infrastructure improvements that are going to ultimately benefit businesses'.¹²⁸

In contrast, the Committee received evidence from some stakeholders who were dissatisfied with differential rates and believed that they unfairly targeted business and industry. At a public hearing in Dandenong, representatives from the Greater Frankston Business Chamber criticised

¹²³ See Department of Planning and Community Development, 'Ministerial guidelines for differential rating', viewed 22 May 2013, <<http://www.dpcd.vic.gov.au>>.

¹²⁴ Mildura Development Corporation, *Submission*, no. 36, 4 September 2012, pp. 2–3.

¹²⁵ East Gippsland Shire Council, *Submission*, no. 55, 19 September 2012, p. 7.

¹²⁶ *Ibid.*

¹²⁷ John Bennie, Chief Executive Officer, Greater Dandenong City Council, *Transcript of evidence*, 27 February 2013, p. 9.

¹²⁸ *Ibid.*, p. 14.

a recently introduced differential rate for commercial and industrial properties in the Frankston area. The Chamber argued that 'to our way of thinking there was no real rationale for it; it was just lumped there as a means of gaining some extra revenue'. Mr Peter Patterson, President of the Greater Frankston Business Chamber stated that:

We believe if you are going to introduce this sort of scheme, there needs to be some link between services provided and fees charged. For people in the industrial area of Frankston where I work the council, to my mind, is almost invisible. We do not get rubbish collections. There is very little in the way of street sweeping and so on.¹²⁹

Further, Mr Patterson emphasised that it businesses in general did 'not have an issue about the differential rate if it is targeted to a particular regime about business development rather than the funds just going into the bigger pot'.¹³⁰

The practice of differential rating has recently been reviewed by the Minister for Local Government, with a view to improving consistency and transparency around how councils apply differential rates across Victoria. The new *Ministerial guidelines for differential rating*, released in April 2013, noted that 'for some time concerns have been raised with Government as to how a particular Council may or may not be meeting the objectives of the Act by the application or (non) application of differential rating decisions affecting them'.¹³¹ As a consequence, the new Ministerial Guidelines provide local government with a framework to ensure that differential rates are applied in a consistent and considered manner, and that evidence for the application for a differential rate is 'provided to the community as part of the budget process'.¹³²

The Committee is of the view that special rates schemes, if applied judiciously, allow local government to fund economic development activities that can be of great benefit to a municipality. At the same time, the Committee is concerned that business often has little input into how differential rates are applied and utilised, and more broadly, that businesses are often excluded from providing input into council policy-making through voting in local government elections. The issue of business tenant eligibility in local government voting is discussed further in Chapter 4.

2.1.14 The National Broadband Network and the digital economy

Although the rollout of the National Broadband Network (NBN) is an Australian Government initiative, the Committee heard from a number of councils that have been proactive in developing strategies to capitalise on the business potential of high-speed internet. Moreland CC has been particularly active in relation to information and communications technology (ICT), as the municipality was one of the first to be connected to the NBN. The council has prepared a strategy to guide the transformation of the local economy and help businesses embrace the possibilities of online technologies.¹³³ Darebin CC has completed a one-year trial to create

¹²⁹ Peter Patterson, President, Greater Frankston Business Chamber, *Transcript of evidence*, 27 February 2013, p. 2.

¹³⁰ *Ibid.*, p. 7.

¹³¹ Department of Planning and Community Development, 'Ministerial guidelines for differential rating', viewed 22 May 2013, <<http://www.dpcd.vic.gov.au>>, p. 4.

¹³² *Ibid.*, p. 14.

¹³³ Moreland City Council, *Submission*, no. 39, 6 September 2012, pp. 2–4.

wireless internet hotspots in Reservoir to test the potential of establishing an affordable wireless broadband network in the area for business owners and residents. The positive results of the trial means Council plans to extend the hotspots program to High Street Northcote in 2012–13.¹³⁴ Ballarat CC has established a free service to support the business community to engage with ICT. At a public hearing Ballarat CC, Mr Sean Cameron, Manger of Economic Development, explained the council's approach in the following way:

What we have found most successful about that is actually having an officer employed out of that incorporated body who goes out to businesses independently and who can do a quick business analysis on where their areas of growth could come from in regard to ICT. So they are getting a deeper message from, say, 'You need to get on the internet' or 'You need to have a website presence or use your email' and can take it to the next level and say, 'Do you realise your competitors are using it to do all their stock control, inventory control and things like that?'¹³⁵

The Committee notes that some councils displayed an anxiety about the speed of the scheduled rollout of the NBN, which was sometimes perceived as a barrier to investment. For example, Wyndham CC argued that due to the rollout schedule the area was placed 'on the negative side of the "digital divide"', and the 'lack of connectivity inhibits business growth and education outcomes'.¹³⁶ This issue is discussed further in Chapter 4.

The Committee is concerned that local councils provide support to their local business community to maximise the competitive advantages associated with new ICT.

2.1.15 Supporting the local labour market

Local councils also contribute to economic development through initiatives designed to support the availability of skilled local labour such as vocational education schemes and youth employment programs. In its submission Darebin CC noted that one of its priorities is to improve the local labour market so that employers can recruit locally. In particular, Darebin CC employs an industry development and employment officer to support the development of vocational skills and programs that provide youth with pathways from school to employment.¹³⁷ Similarly Hume CC promotes 'local jobs for local people' through labour market programs to create a skilled local workforce and industry liaison. The Hume Jobs and Skills Task Force is a council-led scheme designed to:

... address and tackle high unemployment, socio-economic disadvantage and inter-generational dependency in Hume City. In doing this it advocates for initiatives that will create close links between employment and training service providers and employers.¹³⁸

Brimbank CC has also developed a number of employment programs to target 'at risk' youth and to promote social inclusion through workforce participation.¹³⁹

¹³⁴ Darebin City Council, *Submission*, no. 17, 29 August 2012, pp. 3–4.

¹³⁵ Sean Cameron, Manager, Economic Development, Ballarat City Council, *Transcript of evidence*, 24 January 2013, p. 10.

¹³⁶ Wyndham City Council, *Submission*, no. 61, 1 October 2012, p. 9.

¹³⁷ Darebin City Council, *Submission*, no. 17, 29 August 2012, p. 2.

¹³⁸ Hume City Council, *Submission*, no. 18, 29 August 2012, p. 17.

Other councils, including Whitehorse CC, Wyndham CC and East Gippsland SC, have also sought to bolster links between education providers and industry, to ensure that their local areas have appropriate skills pathways.¹⁴⁰

Ballarat CC has adopted a proactive approach to supporting local employment opportunities by developing the Ballarat West Employment Zone. The 623-hectare precinct is jointly owned by the council and Victorian Government. Through master planning the council hopes ‘to unlock future land for industry to create employment opportunities for our existing and future residents’.¹⁴¹ The master planning process is focused on ensuring that the precinct has appropriate infrastructure, including transport and road links and energy supply.

Casey and Cardinia councils have taken a similar approach, which aims to address the problem of limited local employment opportunities through an ‘aggressive investment attraction program’.¹⁴² Casey and Cardinia argued that the ‘solution to attracting investment and new jobs in the Casey–Cardinia region is through the provision of infrastructure (e.g. roads, utilities, broadband) on suitable development land’.¹⁴³ In this way, the two councils have developed the Cardinia Road Employment Precinct Structure Plan to develop an industrial precinct and business park with appropriate supporting infrastructure.

Frankston CC has planned the development of a regional education cluster, including a dedicated trade training centre to support local industry.¹⁴⁴ Mansfield SC has also developed a strong relationship with their local training providers to ensure that local residents are appropriately skilled, particularly in the area of agriculture.¹⁴⁵

Campaspe SC and Horsham RCC both commented on the benefits of the former Skilled Migration Program to the development of the rural workforce, and recommended that this program should continue.¹⁴⁶

2.2 Victorian Government initiatives

DSDBI (formerly the Department of Business and Innovation [DBI]) delivers the Victorian Government’s business support and industry assistance programs. The Department was refocused in April 2013 to coordinate the government’s ‘pro-business policies’ as the result of a restructuring of government departments. In a media release announcing the changes the Premier, Dr Denis Naphthine MP, suggested that ‘we need our public service to offer a proactive ‘open for business’ culture across the whole of government’. Further, he argued that the new departmental structure ‘will sharpen the focus of the public service on securing investment and

¹³⁹ Brimbank City Council, *Submission*, no. 58, 24 September 2012, p. 6.

¹⁴⁰ Whitehorse City Council, *Submission*, no. 19, 30 August 2012, p. 2; Wyndham City Council, *Submission*, no. 61, 1 October 2012, pp. 5–7; East Gippsland Shire Council, *Submission*, no. 55, 19 September 2012, p. 9.

¹⁴¹ Ballarat City Council, *Submission*, no. 28, 31 August 2012, p. 2.

¹⁴² Casey City and Cardinia Shire Councils, *Submission*, no. 68, 12 October 2012, p. 13.

¹⁴³ *Ibid.*, p. 14.

¹⁴⁴ Frankston City Council, *Submission*, no. 32, 3 September 2012, p. 3.

¹⁴⁵ Mansfield Shire Council, *Submission*, no. 27, 31 August 2012, p. 10.

¹⁴⁶ Campaspe Shire Council, *Submission*, no. 56, 19 September 2012, p. 2; Horsham Rural City Council, *Submission*, no. 74, 1 November 2012, p. 5.

jobs'.¹⁴⁷ In particular, the new DSDBI will include 'a dedicated division ... focused on facilitating significant projects which require a whole-of-government approach'.¹⁴⁸

The Committee welcomes the refocusing of DSDBI especially its emphasis on promoting economic development via a whole-of-government approach. The Committee is confident this change will address the concerns of a number of Inquiry stakeholders who argued that the Victorian economy would benefit from a clearer state-wide economic strategy. For example, Surf Coast SC argued that the Victorian Government should consider forming an 'economic development department dedicated to a whole-of-government approach to support growth in the State'.¹⁴⁹ Similarly, Melton CC recommended that the state government provide a clearer 'state-wide economic development strategy or shared understanding of how Victoria's economy is going to grow and create employment'.¹⁵⁰ The PC was also vocal in supporting a stronger overarching state economic development strategy.¹⁵¹

2.2.1 Business support and attraction services

The Committee invited a response to the Inquiry's terms of reference from DPCD, but was directed to consult with the then DBI. The Secretary and Deputy Secretary (Trade and Industry Development) of DBI presented evidence to the Committee at a public hearing in November 2013, outlining the Victorian Government's approach to business support.

The Department has a service model whereby business development managers assist SMEs on a one-to-one basis. Business development managers are based in DSDBI's business offices, which are located in the following areas: Melbourne's CBD, Ringwood, Dandenong, Bundoora, Tottenham, Geelong, Warrnambool, Traralgon, Sale, Ballarat, Horsham, Bendigo, and Mildura. At a public hearing in Melbourne the Secretary of DBI described the Department's approach to providing business support services as a 'direct engagement model'.¹⁵² This model is, according to Mr Justin Hanney, Deputy Secretary of the Department, 'almost like a case management model', where:

... any business that employs more than 20 we aim to have what is called a BDM, a business development manager, aligned to that company. Our target audience in those last two categories — those 18 800 businesses, we have resources to cover off about 12 000 of them.¹⁵³

As well as offering support through business development managers, the Department also manages Business Victoria, an online portal that provides advice to business owners and operators. The website is designed to be a 'comprehensive online resource' and includes information about government licences and regulatory requirements; available government

¹⁴⁷ The Hon. Dr Denis Naphine MP, *A stronger focus on jobs and investment*, media release, Victorian Government, Melbourne, 9 April 2013.

¹⁴⁸ *Ibid.*

¹⁴⁹ Surf Coast Shire Council, *Submission*, no. 23, 31 August 2012, p. 7.

¹⁵⁰ Melton Shire Council, *Submission*, no. 31, 31 August 2012, p. 7.

¹⁵¹ Property Council of Australia — Victorian Division, *Submission*, no. 65, 5 October 2012, p. 2.

¹⁵² Justin Hanney, Deputy Secretary, Trade and Industry Development, Department of Business and Innovation, *Transcript of evidence*, 8 November 2012, p. 3.

¹⁵³ *Ibid.*

funding sources and grants; tailored workshop and advice sessions; sector-specific information about key market trends; and, general information to support people looking to start or grow their business. DSDBI's data on the site indicates that the Department 'interact[s] with 140 000 businesses per annum' through the site, with businesses typically using 'this online service at least five times [each] for at least 4 minutes at a time'.¹⁵⁴

The Department also provides free and low-cost workshops and advice seminars to businesses through Small Business Victoria. Small Business Victoria publishes a fortnightly e-newsletter and runs a business phone line to provide guidance and business people. Small Business Victoria provides more structured mentoring and advice through the Small Business Mentoring Service and the Mobile Business Centre, both services that offer free and confidential advice to businesses.¹⁵⁵

As mentioned, DSDBI programs are often delivered in partnership with local government. In its submission, Pyrenees RSC noted the benefits of hosting the Business Victoria mobile van.¹⁵⁶ In contrast, East Gippsland SC was critical of the services offered by DSDBI, arguing that 'feedback from businesses indicates that the use of services offered ... is extremely limited, businesses rarely use the services, with many unaware that the services existed'.¹⁵⁷ East Gippsland SC noted that the nearest DSDBI office to the shire is in Traralgon 'which is two hours' drive from the edge of East Gippsland' and difficult to access for local businesses.¹⁵⁸ The council argued that this 'gap' in the Department's service could be remedied by establishing 'a one-stop-shop' that combines the services of local and state governments, and industry organisations.¹⁵⁹

DSDBI also manages the Victorian Government's various business attraction activities, including the programs Invest Victoria and Export Victoria. Invest Victoria is the Government's investment promotion agency that provides advice to businesses looking to invest in Victoria, while Export Victoria aims to assist Victorian businesses to successfully access international markets.

The Victorian Government maintains a network of international business offices to promote investment opportunities within the state, including in London, Frankfurt Dubai, Bangalore, Kuala Lumpur, Shanghai, Beijing, Mumbai, Hong Kong, Nanjing, Tokyo, San Francisco, Chicago, Washington DC and New York. The Victorian Government also recently conducted a number of super trade missions to the Middle East, India and China, and smaller trade visits to Japan and Korea.¹⁶⁰

At a public hearing the Victorian Auditor-General's Office's (VAGO's) Director, Performance Audit, Mr Dallas Mischkulnig, drew attention to the Victorian Auditor-General's 2012 *Investment Attraction* audit. Mr Mischkulnig noted that 'one of the points of contention in the audit, was

¹⁵⁴ Ibid.

¹⁵⁵ Business Victoria, 'Small Business Victoria programs and services', viewed 22 May 2013.

¹⁵⁶ Pyrenees Shire Council, *Submission*, no. 47, 14 September 2012, p. 2.

¹⁵⁷ East Gippsland Shire Council, *Submission*, no. 55, 19 September 2012, p. 13.

¹⁵⁸ Ibid., p. 9.

¹⁵⁹ Ibid., p. 13.

¹⁶⁰ Justin Hanney, Deputy Secretary, Trade and Industry Development, Department of Business and Innovation, *Transcript of evidence*, 8 November 2012, p. 4.

around the robustness of the strategic framework in which the different activities within the Department operate'.¹⁶¹ The Auditor-General's report found that:

DBI does not clearly define objectives for investment attraction and does not have a comprehensive strategic plan governing the various activities it performs to attract investment to Victoria. Without such a strategy, DBI cannot accurately determine whether its actions to attract investment are working in a coordinated way and whether each of its investment attraction activities is contributing appropriately to the achievement of its objectives.¹⁶²

The *Investment Attraction* report made the following recommendations:

The Department of Business and Innovation should:

1.
 - develop an overarching investment attraction strategy for its investment attraction activities with clearly defined objectives
 - review its internal and external reporting, including the need for greater public disclosure of investment attraction activities
 - undertake regular evaluations of its investment attraction activities
2.
 - evaluate the impact of its investment attraction activities on Victoria's business environment
 - document its advocacy procedures and develop a plan to coordinate actions proposed to improve the state's business environment
3.
 - limit financial assistance to those projects that meet eligibility criteria, and place greater emphasis on productivity and innovation
 - adequately justify, support and document assessment decisions formalise its selection and assessment process for facilitation services.¹⁶³

The Committee is concerned that the Department conduct its business support and attraction programs in a rigorous and transparent fashion, with regard to clearly defined aims and outcomes.

¹⁶¹ Dallas Mischkulnig, Director, Performance Audit, Victorian Auditor-General's Office, *Transcript of evidence*, 16 October 2012, p. 5.

¹⁶² Victorian Auditor-General, *Investment attraction*, Melbourne, 2012, p. viii.

¹⁶³ *Ibid.*, p. xi.

Recommendation 16

The Department of State Development, Business and Innovation adopts the recommendations of the Auditor-General's *Investment Attraction* report, to improve the Victorian Government's investment attraction and business support programs, such as the Regional Victoria Living Expo.

2.2.2 Regional Development Victoria

Based within DPCD, RDV is the Victorian Government's lead agency for rural and regional development. The agency is responsible to the Minister for Regional and Rural Development. RDV was originally located within the Department of Industry, Innovation and Regional Development and, following recent departmental changes, will move to the expanded DSDBI in the latter half of 2013.

RDV works with local government and rural communities to 'help new businesses establish themselves' and 'pave the way for existing industries to grow and diversify'.¹⁶⁴ The agency aims to create sustainable regional economies and through a focus on encouraging investment, boosting employment opportunities, and funding key infrastructure projects.

RDV staff members are based alongside DSDBI staff in business centres located in Ballarat, Bendigo, Geelong, Mildura, Shepparton, Traralgon, Wangaratta and Wodonga. These centres are designed to serve as the first point of contact for rural and regional businesses seeking advice about the availability of government support.

DPCD has also established the Regional and Rural Planning Flying Squad, which provides specialist advice and technical assistance to local councils to assist with planning major projects and developments. Wodonga CC notes that this service assists rural councils that sometimes have difficulty securing specialist staff.¹⁶⁵

The Committee heard from some stakeholders that are concerned about changes to RDV's services that have arisen as a result of the program's relocation to DPCD. Surf Coast SC argues that this shift has 'severely stifled economic development initiatives as the new department is not equipped with experience or knowledge of local economic development initiatives'.¹⁶⁶ Further, the submission stated that:

Rural Development Victoria was an outstanding department in that it provided close liaison and assistance to support local development initiatives in a confidential manner responding quickly to the needs of business — which is how business operates. Its lack of capacity has been a major blow to effective generation of local economic development initiatives.¹⁶⁷

At a public hearing in Geelong, Mr Mark Sanders from the Geelong CoC suggested that RDV has had difficulties engaging with business in the Geelong area. Mr Sanders stated that:

¹⁶⁴ Regional Development Victoria, 'Regional Development Victoria: About us', viewed 22 May 2013, <<http://www.rdv.vic.gov>>.

¹⁶⁵ Wodonga City Council, *Submission*, no. 21, 31 August 2012, p. 7.

¹⁶⁶ Surf Coast Shire Council, *Submission*, no. 23, 31 August 2012, p. 2.

¹⁶⁷ *Ibid.*

I have had conversations with RDV, for example, where they are almost saying, 'Bring us projects. We want projects', and they have trouble connecting with business.¹⁶⁸

Accordingly Mr Sanders argued that organisations like the Chamber can play a role in connecting local businesses with RDV and other government services.¹⁶⁹

Ms Kay Macaulay, from the Australian Industry Group, also suggested that RDV has encountered problems connecting with businesses. At a public hearing in Ballarat, Ms Macaulay reported that:

To be quite honest, under [the old] Regional Development Victoria it was a much better, streamlined area. We all knew who to go to to ask for assistance. Under the new regime — if I cannot understand it, how can my members understand it? Our members report that it is very frustrating trying to find out if there is assistance and then finding that they have to go through many high jumps to get there. At the end of the day quite often they will just say, 'Look, it's too hard.' They are walking away from it.¹⁷⁰

Other councils suggest that RDV has continued to play a key role in supporting economic development in rural and regional areas. For example, Gannawarra SC argued that: 'the role of Regional Development Victoria (RDV) is critical in providing support to Local Government'.¹⁷¹ Bendigo and Adelaide Bank (B&AB) also reported a productive working relationship with RDV, and noted that the bank is currently working to further connect its activities with '[Regional Development Australia] funding programs'.¹⁷²

The Committee acknowledges that following the recent departmental reorganisation, RDV will be returning to DSDBI.

2.2.3 Regional Growth Fund

The Regional Growth Fund is the central plank of RDV's support package for economic development in rural and regional areas. Sixty per cent of the fund is used to support 'strategic' projects of state-wide significance, such as works to improve regional infrastructure, facilities and services. The remainder of the fund is dedicated to projects identified by local communities and is divided between the Local Government Infrastructure Program and the Putting Locals First Program. The Local Government Infrastructure Program consists of an allocation of funds to all regional councils to support capital works. The Putting Locals First Program 'recognises that local people have a role to play in addressing the challenges faced by their communities' and is designed to support 'the development of local solutions to address gaps in services and infrastructure in regional communities'.¹⁷³ Importantly, the Regional Growth Fund has allocated funding to support feasibility studies to assist business to understand the economic or technical

¹⁶⁸ Mark Sanders, President, Geelong Chamber of Commerce, *Transcript of evidence*, 13 March 2013, p. 5.

¹⁶⁹ *Ibid.*

¹⁷⁰ Kay Macaulay, Regional Manager, Ballarat, Australian Industry Group, *Transcript of evidence*, 24 January 2013, p. 4.

¹⁷¹ Gannawarra Shire Council, *Submission*, no. 60, 27 September 2012, p. 2.

¹⁷² Bendigo and Adelaide Bank, *Submission*, no. 71, 12 October 2012, p. 10.

¹⁷³ Regional Development Victoria, *Regional Growth Fund: New prosperity, more opportunities and a better quality of life*, Melbourne, p. 7.

feasibility of a project.¹⁷⁴ The total value of the Regional Growth Fund is \$1 billion over eight years.

Alongside the Regional Growth Fund the Victorian Government funds a wide range of other regional development programs, including:

- the Regional Aviation Fund to improve the condition of rural airports
- the Industries for Today and Tomorrow program to assist businesses with strong growth potential
- the Country Roads and Bridges Program
- the Rural Relocation Program to support the relocation of medical staff.¹⁷⁵

The Hume Region Local Government Network (HRLGN) noted that the Regional Growth Fund has been beneficial in streamlining a number of previous programs, yet ‘funding application and approval processes vary significantly within the RGF’ adding to complexity for business.¹⁷⁶ Wodonga CC argued that the Fund is crucial to supporting growth in rural Victoria, stating that:

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.¹⁷⁷

Similarly, in its submission Horsham RCC recommended the ‘continuation of the highly important funding initiatives developed by the State Government’s Regional Growth Fund and other programs’.¹⁷⁸

2.2.4 Regional Victoria Living Expo

Since 2012 RDV has delivered the annual Regional Victoria Living Expo in Melbourne designed to encourage relocation and investment in rural and regional areas. In 2013 the Expo took place over three days in April, and included representatives from 48 local councils promoting the opportunities associated with their areas.¹⁷⁹

The Committee received extremely positive feedback from local councils about the role of the Expo in promoting the benefits of rural life, including from Horsham, Bass Coast, Indigo, and Swan Hill SCs.¹⁸⁰

¹⁷⁴ Ibid., p. 5.

¹⁷⁵ Ibid., p. 10.

¹⁷⁶ Hume Region Local Government Network, *Submission*, no. 15, 24 August 2012, p. 14.

¹⁷⁷ Wodonga City Council, *Submission*, no. 21, 31 August 2012, p. 7.

¹⁷⁸ Horsham Rural City Council, *Submission*, no. 74, 1 November 2012, p. 5.

¹⁷⁹ Regional Development Victoria, 'Regional Victoria Living Expo', viewed 22 May 2013, <<http://www.rdv.vic.gov.au>>.

¹⁸⁰ Horsham Rural City Council, *Submission*, no. 74, 1 November 2012, p. 3; Bass Coast Shire Council, *Submission*, no. 5, 15 August 2012, p. 4; Indigo Shire Council, *Submission*, no. 22, 31 August 2012, p. 6; Swan Hill Rural City Council, *Submission*, no. 43, 7 September 2012, p. 3.

According to Ms Maxine Morrison, Program Manager with Rural Councils Victoria (RCV), the Expo has been ‘the best thing in most recent times ... in terms of pure interest and attraction in rural areas’.¹⁸¹ Although it is often difficult to quantify the impact of promotional activities, Ms Morrison argued that:

There have been tangible tyre-on-the-road examples of flow-on in some other areas that have had success down in the Southern Grampians region as well. What I am working on with my councils is making sure that we carry on from that event in capturing those people who are very interested. I worked at the event myself, and I saw that it was not just tyre kicking. There was genuine interest from people eager to experience life there.¹⁸²

In relation to place-marketing for rural Victoria, the Committee recommends that:

Recommendation 17

The Victorian Government continues to work with Victorian municipalities to stage the Regional Victoria Living Expo.

2.2.5 Infrastructure provision

As discussed in section 2.1.10, the general position of the local councils that participated in the Inquiry was that it is the role of the Victorian Government to deliver major infrastructure improvements. Recently the Victorian Government has announced funding for a range of infrastructure projects, including: the development of port of Hastings, planning for the East–West road link, and improvements to the regional freight network.¹⁸³ Major Projects Victoria, the Victorian Government’s project development agency, is also involved in developing large-scale infrastructure improvements and public facilities projects, including: the Flinders Street Station redevelopment, E-Gate, Federation Square East, and the Melbourne Market Relocation.¹⁸⁴

The Committee heard a range of divergent views regarding which infrastructure projects were vital to supporting Victoria’s future economic development. Municipalities and business groups in south-east Melbourne identified the port of Hastings development as a key project in terms of boosting employment activity and improving freight efficiency in the region.¹⁸⁵ Other stakeholders argued that the following projects should be prioritised:

- the rail connection to Melbourne (Tullamarine) Airport
- the East–West road link

¹⁸¹ Maxine Morrison, Program Manager — Networked Rural Councils, Rural Councils Victoria, Department of Planning and Community Development, *Transcript of evidence*, 8 November 2012, p. 4.

¹⁸² *Ibid.*

¹⁸³ Department of Transport, 'State budget', viewed 22 May 2013, <<http://www.transport.vic.gov.au>>.

¹⁸⁴ Major Projects Victoria, 'Our projects', viewed 22 May 2013, <<http://www.majorprojects.vic.gov.au>>.

¹⁸⁵ Kingston City Council, *Submission*, no. 20, 31 August 2012, p. 12; Frankston City Council, *Submission*, no. 32, 3 September 2012, p. 8; Casey City and Cardinia Shire Councils, *Submission*, no. 68, 12 October 2012, p. i; Southern Melbourne Regional Development Australia Committee, *Submission*, no. 70, 12 October 2012, p. 8; Ralph Kenyon, Acting Chief Executive Officer, Port of Hastings Development Authority, *Transcript of evidence*, 6 December 2012.

- Avalon Airport expansion
- grade separations on suburban train lines
- the duplication of the West Gate Bridge.¹⁸⁶

Mr Ralph Kenyon, acting CEO of the Port of Hastings Development Authority, described the significant challenges facing major projects in attempting to negotiate multiple sources of funding:

We have a simple problem at the Port of Hastings Development Authority. The revenues we generate through the port are insufficient to complete the project development phase work that is required to get this project up and running. As a consequence we need to rely initially on state and federal funding. We are on the Infrastructure Australia priority projects list and have been there for a number of years. We are getting to the pointy end, I suppose, of submissions for Infrastructure Australia funding, but we know that both state and federal governments are strapped for cash and there are other priorities that have taken precedence over this project.¹⁸⁷

The Committee is of the view that meeting the State's future infrastructure needs will require collaboration between all tiers of government, and the private sector. The challenges associated with providing for infrastructure expansion and improvement, are explored in Chapters 3, 4 and 5.

2.2.6 Places Victoria

The Committee also notes the contribution to local economic development made by Places Victoria, the Victorian Government's urban renewal authority.

During a site visit to Dandenong, the Greater Dandenong CC described how local government was partnering with Places Victoria on the Revitalising Central Dandenong project. Mr John Bennie, CEO of Greater Dandenong CC, reported that the council:

... play[s] a role in working and collaborating with them [Places Victoria] and looking at how we can locally add further value to what they have done. We have done that ourselves by investing \$15 million in this site, \$27 million in upgrading the Dandenong Market and \$62 million in building a new municipal office and civic space across the road. We will have invested many more millions over the life of the revitalisation, so we feel at the end of the day

¹⁸⁶ For example, on rail links to Melbourne Airport see: Hume City Council, *Submission*, no. 18, 29 August 2012, p. 29; Melbourne Airport, *Submission*, no. 73, 19 October 2012, p. 1. On the East–West Link see: Elaine Carbines, Chief Executive Officer, G21 — Geelong Region Alliance, *Transcript of evidence*, 13 March 2013, p. 3. On the expansion Avalon Airport see: Committee for Wyndham, *Submission*, no. 6, 16 August 2012, p. 5; Greater Geelong City Council, *Submission*, no. 44, 10 September 2012, p. 5; G21 — Geelong Region Alliance, *Submission*, no. 64, 5 October 2012, p. 2; Justin Giddings, Chief Executive Officer, Avalon Airport, *Transcript of evidence*, 13 March 2013. On the West Gate Bridge duplication see: Justin Giddings, Chief Executive Officer, Avalon Airport, *Transcript of evidence*, 13 March 2013, p. 4.

¹⁸⁷ Ralph Kenyon, Acting Chief Executive Officer, Port of Hastings Development Authority, *Transcript of evidence*, 6 December 2012, p. 4.

we are probably going to punch dollar for dollar with the State in terms of the net investment we will have made in these areas.¹⁸⁸

Mr Gary Castricum, Chair of the Committee for Dandenong (CfD), stated that the committee had developed good working relationships with both Places Victoria and Greater Dandenong CC in relation to the role of business in the Revitalising Central Dandenong project.¹⁸⁹

In its submission Wodonga CC also commented on the role of Places Victoria in redeveloping the area's former rail yards. The council argued that this project 'is envisaged to create almost 1500 jobs over the life of the development'.¹⁹⁰

2.3 Australian Government initiatives

The Australian Government manages the macroeconomic environment within which state and local economic development initiatives take place. This section highlights a number of federal programs that have been identified by the Inquiry's stakeholders as key to supporting economic development at the local level.

2.3.1 Infrastructure Australia

Infrastructure Australia is the statutory body charged with providing policy advice on Australia's infrastructure needs. Infrastructure Australia reports to the Council of Australian Governments (COAG) through the federal Minister for Infrastructure and Transport, as well as advising infrastructure owners and investors. The body aims to develop a strategic, long-term approach to infrastructure planning and investment, and has identified seven priority areas:

- National Freight Network
- National Ports Strategy
- Transforming Australia's cities through improvements to public transports and roads
- National Broadband Network
- Water security
- Investment in the energy sector (including renewal energies)
- Infrastructure for Indigenous communities.¹⁹¹

Infrastructure Australia argues that 'effective and efficient infrastructure is an enabler for growth and performance for all sectors in the economy'.¹⁹² Infrastructure Australia has suggested that funding and financing is a major challenge facing government.

¹⁸⁸ John Bennie, Chief Executive Officer, Greater Dandenong City Council, *Transcript of evidence*, 27 February 2013, p. 4.

¹⁸⁹ Gary Castricum, Chair, Committee for Dandenong, *Transcript of evidence*, 27 February 2013, p. 2.

¹⁹⁰ Wodonga City Council, *Submission*, no. 21, 31 August 2012, p. 4.

¹⁹¹ Infrastructure Australia, 'Infrastructure Australia's strategic priorities', viewed 22 May 2013, <<http://www.infrastructureaustralia.gov.au/>>.

The Committee heard from a limited number of stakeholders that were ambivalent about the approach taken by Infrastructure Australia. Ms Kate Roffey, CEO of the CfM, stated that: 'Infrastructure Australia is considered across the board to be doing a good job but possibly stopping short of what it could actually do' in terms of taking a stance on which projects should be prioritised.¹⁹³

Further, VECCI suggested that local government could be more involved in putting forward projects for consideration to the State Government as part of the Infrastructure Australia process, and notes that it has started to work with Regional Cities Victoria and interface councils to reach consensus around priority projects.¹⁹⁴ Mr Steven Wojtkiw, Executive Manager, Policy, suggested that:

Just as the State Government prepares its own submission and looks closely within its own departments and agencies at the competing options and demands for new infrastructure, inevitably it has to sift that through its own machinations and processes and put a submission ultimately to Infrastructure Australia, who will then vet that against all the other submissions. There is a need for a similar process, as you say, to identify and then funnel priorities.¹⁹⁵

The Committee considers Infrastructure Australia to be a key partner for state and local government in responding to the State's future infrastructure needs. The possibility of enhancing collaboration between all levels of government is discussed in Chapter 3.

2.3.2 Regional Development Australia

Regional Development Australia (RDA) is a network of 55 locally-based committees which bring together representatives of business, industry, community groups and all levels of government to focus on regional development. The program is administered by the federal Department of Regional Australia, Local Government, Arts and Sport, and is financed through a combination of federal, state and local government funding.¹⁹⁶ Each RDA committee has developed a regional plan that identifies priority infrastructure projects and strategic planning goals for their area. Regional plans are designed to serve as a focal point in discussions about the future of a particular area and are produced in consultation with local stakeholders. RDA committees also work collaboratively with neighbouring committees to discuss issues of broader regional importance.¹⁹⁷

The Committee believes that RDA system of regional committees offers an excellent model for supporting partnerships between government, local communities and the private sector, and of producing consensus around priority projects and goals within different areas. The role of the RDA committees is discussed further in Chapter 3.

¹⁹² Infrastructure Australia, *Australian infrastructure progress and action: A report to the Council of Australian Governments*, Canberra, 2012, p. 8.

¹⁹³ Kate Roffey, Chief Executive Officer, Committee for Melbourne, *Transcript of evidence*, 31 October 2012, p. 6.

¹⁹⁴ Steven Wojtkiw, Executive Manager, Policy, Victorian Employers' Chamber of Commerce and Industry, *Transcript of evidence*, 8 November 2012, p. 8.

¹⁹⁵ *Ibid.*

¹⁹⁶ Regional Development Australia, 'Who we are', viewed 26 March 2013, <<http://rda.gov.au>>.

¹⁹⁷ Regional Development Australia, 'What we do', viewed 26 March 2013, <<http://rda.gov.au>>.

2.3.3 Federal constitutional recognition of local government

The Committee notes that the Australian Government's announcement that it will hold a referendum into whether the funding relationship between local government and the Commonwealth should be altered in the Australian Constitution. The referendum will propose that section 96 of the constitution be amended to read as follows (the wording to be inserted is indicated in bold):

Financial assistance to States *and local government bodies*

*During a period of ten years after the establishment of the Commonwealth and thereafter until the Parliament otherwise provides, the Parliament may grant financial assistance to any State, or to any local government body formed by a law of a State, on such terms and conditions as the Parliament thinks fit.*¹⁹⁸

Recent High Court decisions have cast some doubt on whether direct federal funding of local government programs contravenes sections of the Constitution. The Committee notes that the referendum could have the potential to reshape the formal relationships between all tiers of government, which in turn could impact on the funding and delivery of local economic development initiatives.

¹⁹⁸ Local Government Department of Regional Australia, Arts and Sport, , 'Constitutional recognition of local government', viewed 22 May 2013, <<http://www.regional.gov.au>>.

CHAPTER 3: PARTNERSHIP APPROACHES TO LOCAL ECONOMIC DEVELOPMENT

Throughout the inquiry the Committee encountered approaches to local economic development driven by top-down and bottom-up policies. Evidence received from Victorian stakeholders, and examples from international jurisdictions, demonstrate that neither approach is successful in isolation; local economic development is best supported by approaches that include both top-down and bottom-up elements.

This chapter examines a number of case studies that illustrate the benefits of a collaborative and partnership-based approach to local economic development which places new ways of engaging with private sector leadership at the centre of policy. Partnership approaches to economic development recognise that all levels of government and the private sector have a role to play in driving and supporting economic growth. These approaches typically aim to coordinate the activities of a number of partners, avoid duplication and pursue shared goals. The Committee is of the view that local partnership approaches — which incorporate modern, innovative and agile relationships with the private sector — work best when they are informed and supported by the investment strategies and priorities of other levels of government. Together they represent ‘best practice local economic development initiatives’ as per term of reference (f).

This chapter also explores terms of reference (b) and (e), which ask the Committee to ‘examine the appropriate role of local government in generating economic development and review the allocation of responsibility in this area with the State Government’, and to ‘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 Committee is of the view that working with the private sector, through the establishment of local enterprise partnerships (LEPs) built around ‘local functioning economies’, is the key to driving economic development. LEPs should reflect locally agreed sectoral clusters of leading businesses and other stakeholders (for instance, education providers and research institutions). The Committee believes that LEPs, in this form, represent best practice as contemplated by the terms of reference.

As discussed in Chapter 2, the Committee considers it the role of local government to pursue local economic development goals that engage with the priorities of other levels of government. Through its investigations the Committee found that the work of all tiers of government should be delivered in partnership with the private sector, and should be centred on the idea of ‘local functional economies’.

While the Committee acknowledges that the capacity and resources of local government authorities can vary greatly, it nevertheless considers it the responsibility of each local council to contribute appropriately to a broader economic development framework. This should be through the development of partnership approaches that are supported across government, business, industry, and the wider community. The challenge is to ensure these arrangements are flexible, innovative and reflective of the needs of local communities.

The key to success for local economic development is to ensure that the work of LEPs reflects the strengths and future prospects of different communities within defined functional local economies. A challenge for public policy will be to understand how to support the clusters of private sector and other community stakeholders that operate within local functional economies. The Committee is of the view that success depends on bringing together the local leaders, innovators and entrepreneurs to lead the process of local economic development. Whilst allowing local approaches to define these local functional economies and their priorities for development, it is equally important that such strategies have regard to the priorities of other levels of government and engage with broader economic development issues to establish the preconditions of success.

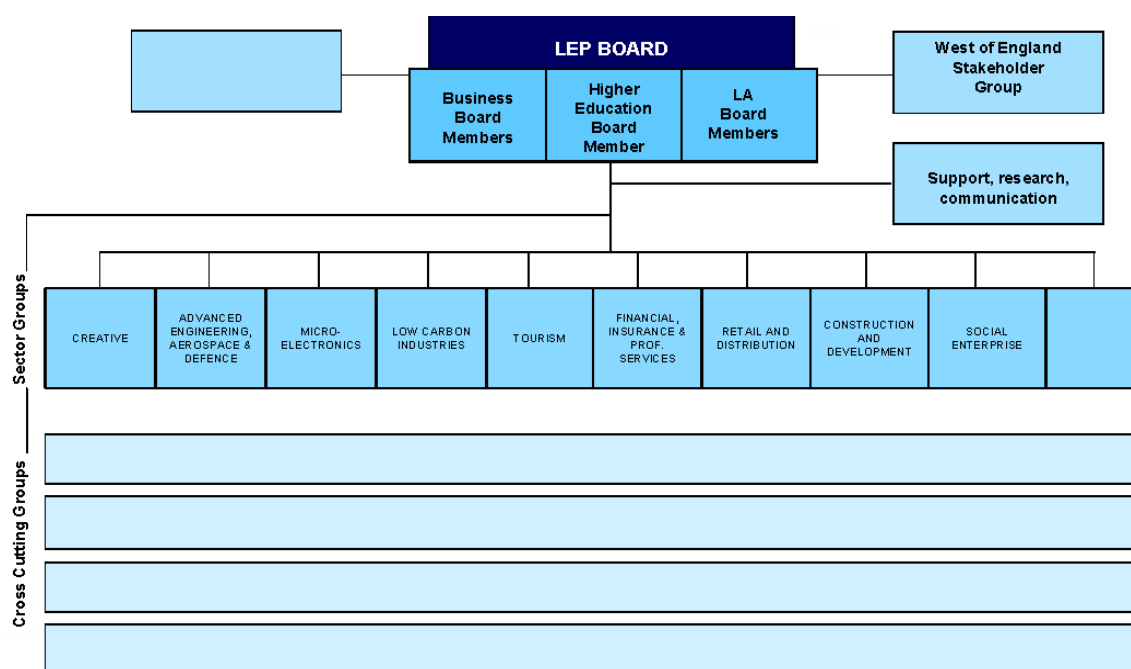
This chapter outlines the benefits of economic development partnerships based on the notion that local functional economies include within them a number of business clusters. The Committee believes that within each functional area it will be important to bring together a number of local councils, private sector business and industry players, key thinkers, and the educational and training sectors, to provide cohesive leadership to support opportunities for economic growth.

The operation of these local functional economies should avoid unnecessary prescription by Victorian Government. While calling for neither a totally centralised nor a completely deregulated approach to the management of local economic development, the Committee believes that it is necessary to build models which support agreed local priorities that are reflected in how economic development is supported by the State. For example, while in some regional centres there may well be strengths in approaches that are based around the city regional centre, this need not be a prescriptive approach. Equally, interface areas may need to look both to the opportunities of nearby urban centres, while also looking to engage with neighbouring rural areas for other prospects for growth. Inner city regions will also reflect a diversity of approaches based on a limited number of industry sectors identified as strategic to their future growth prospects. The unifying element across all approaches based on functional economic areas — despite differing local drivers for growth, investment and jobs — is the centrality of private sector involvement in building partnerships.

In short it is not the role of this Committee, or indeed government, to be prescriptive in setting models to provide for local growth. Rather, the Committee looks to how government can be involved in private sector-led approaches to development, which are responsive to the diverse range of circumstances within Victorian communities, businesses and local councils. Moreover, the Committee believes that coordination between the private sector and local and state governments can ensure that the finite resources of the public sector, and the risk-taking of the private sector, are used most efficiently.

The Committee observed a number of innovative approaches to economic development in the United Kingdom (UK), particularly in London and Manchester. The Committee was impressed by the UK Government's recent establishment of LEPs, which bring together government, business, industry, education providers, the voluntary sector and other community stakeholders, to identify and pursue local economic priorities. LEPs are agile, business-led structures that support local decision-making, but also engage with priorities identified by government in relation to investment and growth. LEPs are managed by a board of local leaders, including key business and local government personnel, which are linked to representatives of the major business and industry sectors within a local economy. See, for example, the board structure of the West of England LEP board in the figure below. Approaches to economic development in the UK, and also to some extent in the Netherlands, focus on supporting functional local economics. These functional local economies have formed organically around clusters or groupings of different industries and sectors, such as manufacturing, education or information and communications technology (ICT). The innovative approaches to local economic development taken by the UK and the Netherlands are outlined in further detail in Chapter 5.

Figure 1: West of England Partnership LEP board structure¹⁹⁹



The Committee appreciates that there are already examples of local and state governments working productively with the private sector to promote economic development within a local area or broader region. The Committee notes that some local governments regularly engage with the business community in relation to planning and building regulation, and through the provision of information and support services. The Committee notes that this approach is usually based on compliance and regulation rather than a focus on facilitating economic development. The Committee believes that more needs to be done to reframe the approach taken by local government in relation to local economic development, which should be based on agile decision-making and joint leadership between all levels of governments and the private sector.

¹⁹⁹ Based upon board structure provided by Local Economic, London Southbank University, 16 July 2013.

In addressing the appropriate role of local government in relation to economic development, the chapter also considers term of reference (c), which directs the Committee to ‘examine whether the role of local government in rural and regional areas has different economic development tasks to that of metropolitan based municipalities’. During the course of the Inquiry the Committee conducted site visits in Bendigo, Ballarat, Mansfield, Dandenong, Geelong and Traralgon, and developed an understanding of the differing roles of local government in these areas. The Committee observed that while all Victorian municipalities are involved in economic development to some extent, rural and regional councils are often more proactive than their urban counterparts. Further, the Committee found that many non-metropolitan councils were actively involved in partnerships and collaborative projects with neighbouring local government authorities.

At the same time some smaller rural councils, due to their limited economic base, face challenges in meeting existing demands, aside from incorporating any new approaches the Committee may recommend or government impose. While it is clear that rural and interface areas face distinct challenges — particularly issues relating to geographic isolation, and population stagnation or growth — the need to address these challenges has fuelled a generally more engaged and proactive approach to economic development. These issues are discussed in detail in Chapter 4.

3.1 Defining the roles of government and business in economic development

The widespread view amongst local councils that submitted to the Inquiry was that local government sees itself as playing a central role in generating economic development. The Committee is of the view that while this accurately reflects the perception of local government, the sector needs to shift its approach to local economic development to one that is business-led and government supported.

A number of local councils sought to counter negative perceptions of local government in their submissions. Port Phillip City Council (CC), for example, argued that ‘council’s role ... is no longer just “Roads, Rates and Rubbish”’.²⁰⁰ Similarly, Mansfield Shire Council (SC) asserted that, ‘the perception of local government as little more than “rates, roads and rubbish” is out-dated and threatens [local government’s] capacity to fulfil its legislated objective to “achieve the best outcomes for local communities”’.²⁰¹ At a public hearing in Dandenong Mr John Bennie, Chief Executive Officer (CEO) of Greater Dandenong CC, shared an anecdote about responding to dismissive attitudes towards local government:

I remember a number of years ago when I worked in another place, the Manningham City Council, as CEO, I spoke to Ian Macfarlane, who at the time was Minister for Small Business in the Howard government. I asked him a pretty obvious question, ‘What role can local government play in supporting business?’, and he was very quick to respond and say, ‘Just get out of the way’. I think it is important that I share that, because I think it is about structurally understanding the role that we can play and clearly understanding the role that we cannot

²⁰⁰ Port Phillip City Council, *Submission*, no. 57, 19 September 2012, p. 6.

²⁰¹ Mansfield Shire Council, *Submission*, no. 27, 31 August 2012, p. 15.

play. I think we spend a lot of time coming to an understanding of where we can add value to business and the economy in our municipality and our region, always being mindful that we are not business proprietors or business operators; we do not know other people's businesses, but we are here to support and encourage them.²⁰²

Some local councils put forward the view that local government has a unique role to play in economic development due to its familiarity with local people and local issues. Loddon SC suggested that local government is 'best placed to know and promote its own back yard'.²⁰³ In a similar way Mansfield SC declared that 'no organisation is positioned to have the same long-term, holistic view and concern for public good at the local level as local government'.²⁰⁴

Academic literature on local economic development frequently emphasises the importance of an active and engaged local government sector. It is widely acknowledged that local government is ideally placed to promote local development due to its proximity to the community and its links to other tiers of government. Sasha Lennon, Director of SGS Economics and Planning, defines the role of local government as follows:

Local government does not 'drive' economic development. This is the role of industry. However, councils (and other agents of change) can make a real and meaningful contribution to local economic development by influencing what are termed the 'pre conditions for a prosperous community'.²⁰⁵

Research also notes that although Local Government Acts were passed in all states in the early 1990s, this new legislation 'largely ignored specifying a role for local government in local economic development'.²⁰⁶ While this situation is somewhat addressed by the *Inter-governmental agreement establishing principles guiding inter-governmental relations on local government matters*, as noted below, further could be done to formally clarify the distinct roles of each tier of government in relation to economic development.

The Committee found that the majority of Inquiry stakeholders believed that local economic development goals are best served when local and state governments work in partnership, each performing clearly defined roles. This view was articulated strongly by the Victorian Employers' Chamber of Commerce and Industry (VECCI) at a public hearing in Melbourne:

In our view both local and state governments have key roles to play in supporting economic development throughout the State. For the State Government the principal task is really about setting the overarching economic framework. We see it in the Government's best interests to endeavour to manage the State's finances responsibly, to keep business costs low and competitive, to provide law and order, to undertake significant investments in infrastructure and to deliver quality education, health and public transport services.

²⁰² John Bennie, Chief Executive Officer, Greater Dandenong City Council, *Transcript of evidence*, 27 February 2013, p. 3.

²⁰³ Loddon Shire Council, *Submission*, no. 38, 6 September 2012, p. 4.

²⁰⁴ Mansfield Shire Council, *Submission*, no. 27, 31 August 2012, p. 3.

²⁰⁵ Sasha Lennon, 'Promoting sound principles in planning for economic development', *Australian Planner*, vol. 45, no. 1, 2008, p. 8.

²⁰⁶ Stephen Jones, 'Can Australian local governments have a role in local economic development?: Three cases of evidence', *Urban Policy and Research*, vol. 26, no. 1, 2008, p. 32.

Local government operates within that prism ideally to complement state government in its own economic strategy by ensuring that local government policies and programs and service delivery efforts are conducive to business and community growth. This role is played out by local government in infrastructure provision, in managing and delivering an array of community services — whether that be in waste disposal or local roads, libraries, kindergartens, schools, aged-care services and so on — and through regulation, particularly in the planning and building approvals process, and the promotion of local economic strengths and opportunities. We would like to indicate that we see both governments having very clear and very important roles in ensuring that Victoria remains economically strong and culturally vibrant.²⁰⁷

A range of councils expressed the view that local economic development is best supported in partnership with the state government. Mr Dennis Hovenden, CEO of Frankston CC, explained that:

... local government can assist state government, and state government can assist local government. It is a partnership. If you have not got it right and it is out of balance, you run the risk of duplicating and not understanding each other's needs. I think the better way of doing it is through a cooperative approach with clear direction and clear guidelines on who is going to do what, and then an even clearer understanding of when the two worlds come together when we are pursuing an economic development goal.²⁰⁸

Mansfield SC stated a similar position in its submission, noting that:

Mansfield SC believes strong partnerships between local business, Local Government and State Government are the best way to support local economic development. Each actor brings a unique perspective, different resources and its own networks to the table. *Together* we can capitalise on all three [italics in original].²⁰⁹

Likewise, Hume CC emphasised the 'importance of local and state government working in synergy for the best possible outcomes'.²¹⁰ Bass Coast SC noted that 'clarity of the roles between State and Local Government and a high degree of collaboration between the two will deliver best outcomes'.²¹¹ In addition, Ballarat CC argued that:

Local government plays an important role in nurturing an environment that helps its businesses and residents adjust to economic change and to identify and capitalise on opportunities that arise for economic growth. However, local government must be mindful and work within its jurisdiction and with limited resources. It must broker solutions between State and Federal Government intervention programs and Business and Industry lead development opportunities.²¹²

The Committee agrees with these assessments and endorses these views.

²⁰⁷ Steven Wojtkiw, Executive Manager, Policy, Victorian Employers' Chamber of Commerce and Industry, *Transcript of evidence*, 8 November 2012, pp. 2–3.

²⁰⁸ Dennis Hovenden, Chief Executive Officer, Frankston City Council, *Transcript of evidence*, 27 February 2013, p. 4.

²⁰⁹ Mansfield Shire Council, *Submission*, no. 27, 31 August 2012, p. 15.

²¹⁰ Hume City Council, *Submission*, no. 18, 29 August 2012, p. 27.

²¹¹ Bass Coast Shire Council, *Submission*, no. 5, 15 August 2012, p. 5.

²¹² Ballarat City Council, *Submission*, no. 28, 31 August 2012, p. 6.

In its submission, Kingston CC also noted the importance of state and local government pursuing distinct roles in the area of economic development:

Council's role in economic development is multi-faceted with clearly defined parameters governing the circumstances under which the City of Kingston will become involved in strategies and actions associated with economic development. In other circumstances, responsibility may rest with the State or Federal government, the private sector or non-government organisations.²¹³

The Committee found that most Inquiry participants believed it was the role of the Victorian Government to provide a clear, over-arching economic development strategy, under which local governments could undertake strategic planning activities, locally-targeted economic development initiatives and deliver community services. For example, the Property Council of Australia's Victorian Division (PC) argued that 'there is an important and growing role for the State Government to align existing local government economic development initiatives with an overarching strategy for Victoria's economic future'.²¹⁴ Frankston CC argues that 'there needs to be a clearer understanding of the roles' for local and state government.²¹⁵ Campaspe SC also emphasised the role of the state government in providing strategic direction:

The role of State Government in generating economic development must be underpinned by an overarching strategic framework that is understood and linked through all tiers of government to grass roots community development. State Government can best achieve economic development by providing leadership, acting as a catalyst, providing essential infrastructure for regional communities and delivering accessible services.²¹⁶

Some Inquiry participants noted — and the Committee agrees — that although it is the role of the Victorian Government to develop an over-arching policy framework, this strategy should nevertheless reflect the needs of local communities. For example, Bass Coast SC argued that:

State Government has the benefit of being able to make non-partisan assessments of what will be of most benefit to the region, and then work with the relevant Councils to make it happen. It does not work so well when State Governments set an agenda or a funding program which is not aligned with the needs of the communities it is set up to serve.²¹⁷

Rural Cities Victoria put forth a similar opinion, emphasising 'the significance of the local connection — to people, issues and opportunities' in the development of economic development policy and support services.²¹⁸ Mornington Peninsula SC also noted the need to tailor programs and services to local circumstances. In this way, the:

State Government is ideally placed to support Local Government needs and initiatives whether that is funding, training, incentives, research, or mentoring programs. There is no 'one size fits all' approach or program in the arena of economic development. Every region has its

²¹³ Kingston City Council, *Submission*, no. 20, 31 August 2012, p. 4.

²¹⁴ Property Council of Australia — Victorian Division, *Submission*, no. 65, 5 October 2012, p. 2.

²¹⁵ Dennis Hovenden, Chief Executive Officer, Frankston City Council, *Transcript of evidence*, 27 February 2013, p. 3.

²¹⁶ Campaspe Shire Council, *Submission*, no. 56, 19 September 2012, p. 6.

²¹⁷ Bass Coast Shire Council, *Submission*, no. 5, 15 August 2012, p. 2.

²¹⁸ Rural Councils Victoria, *Submission*, no. 7, 16 August 2012, p. 2.

own particular needs; consequently it is crucial that State Government assistance be flexible to support them.²¹⁹

Surf Coast SC is also concerned that support from the Victorian and Australian Governments should 'reflect local drivers' and be tailored to individual municipalities.²²⁰

A few stakeholders were critical of the Victorian Government's approach with regards to economic development, such as Stonington CC, which suggested that:

The role of State Government within Economic Development has been not been clearly articulated to date. There is opportunity to [sic] for the State Government to increase its focus on the mature economies of inner Melbourne and further strengthen the professional services and retail sectors which provide a substantial employment.²²¹

Further, the Minerals Council of Australia's Victorian Division (MCA) was critical of what it viewed as the sometimes conflicting agendas of state and local government, writing that:

The MCA agrees that local government plays a very important role in local economic development. There are however, circumstances where there may be a conflict between a local government's objectives and the objectives of the State. This is most acute for exploration and mineral development.²²²

The Committee notes that the relationship between local and state governments in Victoria is formalised by the *Victorian State–Local Government Agreement*, which was last updated in 2008. This agreement is currently under review by the Minister for Local Government, with a view to 'strengthening and improving the Agreement'.²²³ The current agreement aims to 'strengthen state–local government relations by building a collaborative working relationship between state and local government and improving communication and consultation'.²²⁴ It is designed to give effect to the *Inter-governmental agreement establishing principles guiding inter-governmental relations on local government matters*, which sets out the framework through which government services are 'funded and delivered to the community at the local level'.²²⁵ The Committee is of the view that it would be beneficial if the revised agreement clarified the roles, responsibilities and obligations of both local and state governments in relation to economic development.

In so doing the Committee believes this renegotiation provides an opportunity to consider the importance of local economic development as a shared vision between different levels of government, in partnership with the private sector. The Committee is of the view that the

²¹⁹ Mornington Peninsula Shire Council, *Submission*, no. 63, 1 October 2012, p. 3.

²²⁰ Surf Coast Shire Council, *Submission*, no. 23, 31 August 2012, p. 1. See also

²²¹ Stonington City Council, *Submission*, no. 26, 31 August 2012, p. 2.

²²² Minerals Council of Australia — Victorian Division, *Submission*, no. 54, 19 September 2012, p. 2.

²²³ Department of Planning and Community Development, 'Victorian state–local government agreement', viewed 22 May 2013, <<http://www.dpcd.vic.gov.au>>.

²²⁴ Victorian Government and the Municipal Association of Victoria, *Victorian state–local government agreement*, Melbourne, 2008, p. 3.

²²⁵ Council of Australian Governments, *The inter-governmental agreement establishing principles guiding inter-governmental relations on local government matters*, COAG, Canberra, 2006, p. 2.

agreement could be improved by providing a framework to include commitments for promoting the goals of local economic development.

In other parts of this report the Committee recommends that further work be done in relation to reorganising the financial incentives between different levels of government to drive growth in local economic development.

Accordingly, the Committee recommends:

Recommendation 18

The Minister for Local Government amends the *Victorian State–Local Government Agreement* to include a definition of the roles, responsibilities and obligations of local and state government in relation to economic development policies and programs.

Further, the Committee recommends:

Recommendation 19

In setting out the roles, responsibilities and obligations of local and state governments in economic development the Victorian Government, with local government and the private sector, identifies local functional economies.

The Committee is concerned to ensure that the Department of State Development, Business and Innovation (DSDBI) and Local Government Victoria (LGV) communicate regularly with Victorian municipalities to ensure clarity around the distinct roles of local and state governments, and an understanding of how local government economic development policies can contribute to broader state-wide economic development goals.

Therefore, the Committee recommends that:

Recommendation 20

The Victorian Government develops a process to ensure that all Victorian municipalities and the private sector have regular input into identifying local economic development priorities that inform the state-wide economic development framework.

3.2 Local government in regional, rural and interface areas

Evidence received by the Committee suggests that the role of local government in economic development differs to some extent across metropolitan, interface and regional areas. Although it was broadly acknowledged that economic development is a core role of local government regardless of geographic location, non-metropolitan councils argued strongly that they faced unique challenges such as:

- responding to population stagnation and decline
- difficulties attracting workers and investment due to remote locations
- a lower rate base

- a limited number of education providers
- a lack of community and social services.²²⁶

The Committee found that there is widespread evidence that local councils in rural and regional areas are more engaged in local economic development activities than most metropolitan councils. The Department of Business and Innovation (DBI) expressed this view at a public hearing in Melbourne, suggesting that 'regional and rural local governments are far hungrier for economic development and so they facilitate a lot better than metropolitan ones'.²²⁷ VECCI concurred, arguing that non-metropolitan councils are more proactive and engaged with the business community.²²⁸

A number of rural councils expressed the view that they faced challenges that do not exist in metropolitan areas, which necessitated that they adopt a more proactive role of economic development than that of urban councils. Bass SC and Surf Coast SC both mentioned the difficulties associated with having a large number of non-resident rate-payers and seasonal residents, who do not participate in the local economy on a regular basis.²²⁹ Wodonga CC argued that while all councils must respond to population trends, the issues facing municipalities with a declining or stagnating population differ significantly to the challenges of addressing population growth.²³⁰ Similarly, Loddon, Strathbogie and Gannawarra shires all emphasised the economic development challenges faced by areas with a declining or ageing population.²³¹ These issues are discussed further in Chapter 4.

Mansfield SC noted that as the residents of rural municipalities typically both live and work in their local area, councils:

... must prioritise the liveability of their municipality. Geographically, business owners, employees and residents are less able to travel to the next municipality to address any unfulfilled or unserved needs. The provision of a conducive business environment is not enough. Instead, rural Councils must seek to create and support an attractive social, economic, natural and built environment.²³²

In this way, Mansfield SC argued that residents in rural areas often expect the council to provide services such as childcare, aged care and sporting facilities that are frequently provided by the

²²⁶ Central Goldfields Shire Council, *Submission*, no. 14, 24 August 2012; Wodonga City Council, *Submission*, no. 21, 31 August 2012; Mansfield Shire Council, *Submission*, no. 27, 31 August 2012; Loddon Shire Council, *Submission*, no. 38, 6 September 2012; Swan Hill Rural City Council, *Submission*, no. 43, 7 September 2012. Horsham Rural City Council, *Submission*, no. 74, 1 November 2012; Corangamite Shire Council, *Submission*, no. 51, 17 September 2012.

²²⁷ Justin Hanney, Deputy Secretary, Trade and Industry Development, Department of Business and Innovation, *Transcript of evidence*, 8 November 2012, p. 6.

²²⁸ Steven Wojtkiw, Executive Manager, Policy, Victorian Employers' Chamber of Commerce and Industry, *Transcript of evidence*, 8 November 2012, p. 6.

²²⁹ Bass Coast Shire Council, *Submission*, no. 5, 15 August 2012, p. 3. Surf Coast Shire Council, *Submission*, no. 23, 31 August 2012, p. 5.

²³⁰ Wodonga City Council, *Submission*, no. 21, 31 August 2012, p. 11.

²³¹ Loddon Shire Council, *Submission*, no. 38, 6 September 2012; Strathbogie Shire Council, *Submission*, no. 37, 6 September 2012; Gannawarra Shire Council, *Submission*, no. 60, 27 September 2012.

²³² Mansfield Shire Council, *Submission*, no. 27, 31 August 2012, p. 13.

private sector in metropolitan areas.²³³ Latrobe CC presented a similar argument, suggesting that residents in regional areas are more dependent on their local council.²³⁴

Ballarat CC argued that a particular challenge for rural and regional councils was the difficulty in attracting private investment due to the small scale of projects (and thus potential returns). At a public hearing in Ballarat, Mr Jeff Pulford explained that:

If you are going to spend \$10 million on an investment in Ballarat, its return will be much lower than if you had spent that same money in Melbourne. What we are looking at increasingly is asking whether there is a space for a third party to become involved in commercial arrangements to meet the gap between return on investment and the cost of capital.²³⁵

Further, Rural Councils Victoria (RCV) argued that the effectiveness of state government initiatives was often limited in rural areas if the Victorian Government did not have a strong presence in the region (e.g. through a Department of Planning and Community Development regional office or DBI staff). Swan Hill Rural City Council (RCC) also noted that some rural areas feel ‘detached’ from state government support. Indigo SC argued that recent state government policy has favoured the regional cities — such as Bendigo, Geelong and Ballarat — over smaller rural municipalities, with the former areas receiving a larger share of government resources and support. As a result, Indigo claims that some small councils feel ‘a sense of isolation and neglect’.²³⁶

The Committee found that outer suburban or interface councils often faced the challenge of managing population growth in their areas.²³⁷ Casey and Cardinia councils cited increased pressure on infrastructure, especially transport, and greater demand on health and community services as key difficulties associated with managing significant population growth.²³⁸ The Southern Melbourne Regional Development Australia (RDA) Committee also noted that outer suburban councils face the challenges of managing agricultural land and green wedge areas alongside urban development in order to meet both sets of demands posed around securing agricultural production while accommodating population growth.²³⁹

Some councils indicated that they felt caught between different geographical classifications, and as a result excluded from location-targeted Victorian Government funding schemes. For example, Frankston CC noted that:

... from a tourism and events perspective — Frankston City is defined as regional and therefore not able to receive support for programs which are clearly metropolitan programs —

²³³ Ibid.

²³⁴ Latrobe City Council, *Submission*, no. 42, 7 September 2012, p. 5.

²³⁵ Jeff Pulford, Director, Destination and Economy, Ballarat City Council, *Transcript of evidence*, 24 January 2013, p. 8.

²³⁶ Indigo Shire Council, *Submission*, no. 22, 31 August 2012, p. 8.

²³⁷ Casey City and Cardinia Shire Councils, *Submission*, no. 68, 12 October 2012; Wyndham City Council, *Submission*, no. 61, 1 October 2012; Melton Shire Council, *Submission*, no. 31, 31 August 2012.

²³⁸ Casey City and Cardinia Shire Councils, *Submission*, no. 68, 12 October 2012.

²³⁹ Southern Melbourne Regional Development Australia Committee, *Submission*, no. 70, 12 October 2012, p. 6.

even though through other State Government programs Frankston City is classified as metropolitan with a Central Activities Area.²⁴⁰

Mornington Peninsula SC faces a similar conundrum as its semi-rural atmosphere attracts a large number of tourists, yet the shire is defined as metropolitan for funding purposes and is ineligible for funding to conduct township improvements through the Living Regions Living Suburbs Program for rural areas.²⁴¹ Casey–Cardinia have also addressed the impact of seemingly arbitrary geographical classifications, noting that both Casey and Cardinia are excluded from funding targeted at rural areas, despite the fact that ‘the Casey-Cardinia region is a similar distance from Melbourne’s CBD [compared to] Ballarat and Bendigo’.²⁴²

During site visits to non-metropolitan councils the Committee was impressed by the proactive approach to economic development adopted by the local councils. The Committee was also impressed by the support and leadership provided to non-metropolitan councils by Rural Cities Victoria. Further, as outlined in Chapter 2, the Committee acknowledges that the Victorian Government delivers a range of programs designed to support the particular needs of rural, regional and interface councils.

At the same time, the Committee heard evidence about a number of metropolitan councils that are performing admirably in the area of economic development. This suggests that geographic location alone should not impact the ability of local government to take leadership on local economic development approaches within their local communities.

3.3 Partnership approaches to local economic development

This section highlights a number of case studies that demonstrate the benefits of partnerships both between state and local government, and between governments and the private sector. In its submission, the PC argued that the key to future economic development policy was to increase collaboration and coordination between all levels of government, business and industry. In this way, the council argued that:

We do not need to start from scratch. There is already a range of well-conceived economic development initiatives in place that need to be considered collectively and brought together to deliver on Victoria’s strategic economic development priorities.²⁴³

Some stakeholders drew attention to the pitfalls of competition for resources and investment between individual local government areas (LGAs). Mr James Cleaver, Policy Advisor for the Municipal Association of Victoria (MAV), suggested that:

I think the big risk when councils implement economic development strategies is that there is a zero sum gain. For one council to do better means that their adjacent councils will lose out — they just take employment and jobs away from one another. So it is critical, when councils set out on these processes, that they work together to actually create a net improvement in

²⁴⁰ Frankston City Council, *Submission*, no. 32, 3 September 2012, p. 11.

²⁴¹ Mornington Peninsula Shire Council, *Submission*, no. 63, 1 October 2012, p. 4.

²⁴² Casey City and Cardinia Shire Councils, *Submission*, no. 68, 12 October 2012, p. 10.

²⁴³ Property Council of Australia — Victorian Division, *Submission*, no. 65, 5 October 2012, p. 2.

employment and economic opportunities. That is the first point, that councils need to work together.²⁴⁴

Melton CC also acknowledged the problems associated with competition between neighbouring councils:

There are however examples where we all compete against each other in applying for funding or attracting investment. The Victorian Government have a key role to play in identifying the roles of regions and then in supporting the development of the regional economies by working with local governments.²⁴⁵

Local councils reported that they engaged in a range of collaborative activities with neighbouring LGAs to build the capacity of staff working in the area of economic development. For example, Ballarat CC noted that it participated in a regional forum for economic development managers within the Central Highlands region.²⁴⁶ Whittlesea CC stated that it was involved in several successful partnerships, including NORTH Link, the Northern Melbourne RDA Committee, and the Plenty Food Group.²⁴⁷ Campaspe SC highlighted the role played by the Murray River Group of Councils, which brings together neighbouring LGAs 'to achieve common economic goals', particularly in relation to promoting the future of the agricultural sector.²⁴⁸

Research into the area of local economic development and international best practice strongly endorses the idea that development at a local level involves cooperation between local government, the community, local businesses and industry. Partnership approaches are also advocated by all levels of government, contributing to an increased consensus that local development should be 'locally owned and developed, with government to provide overall national or state goals and funding support'.²⁴⁹ Research suggests that partnerships are most effective when they adopt an 'bottom-up' approach to build on a community's existing resource base and encourage the local community — rather than government alone — to identify key priorities.²⁵⁰ Economic development initiatives are also more likely to succeed where local business and community groups have adopted a leadership role in an area and are active in generating projects without government direction.

²⁴⁴ James Cleaver, Policy Adviser, Municipal Association of Victoria, *Transcript of evidence*, 8 November 2012, p. 2.

²⁴⁵ Melton Shire Council, *Submission*, no. 31, 31 August 2012, p. 8.

²⁴⁶ Sean Cameron, Manager, Economic Development, Ballarat City Council, *Transcript of evidence*, 24 January 2013, p. 9.

²⁴⁷ Whittlesea Shire Council, *Submission*, no. 48, 14 September 2012, p. 2; 14.

²⁴⁸ Campaspe Shire Council, *Submission*, no. 56, 19 September 2012, p. 3.

²⁴⁹ Paul Collits, 'The Howard Government and regional development', *Australasian Journal of Regional Studies*, vol. 14, no. 3, 2008, pp. 288–89.

²⁵⁰ Professor Bob Stimson, University of Melbourne, *Transcript of evidence*, 16 October 2012. See also: Paul Collits, 'The Howard Government and regional development', *Australasian Journal of Regional Studies*, vol. 14, no. 3, 2008; John Martin, 'A case study approach to investigating local development initiatives in small rural towns in Victoria', in *Endogenous regional development: Perspectives, measurement and empirical investigation*, Stimson, et al. (eds), Edward Elgar Ltd, 2011; Stephen Jones, 'Can Australian local governments have a role in local economic development?: Three cases of evidence', *Urban Policy and Research*, vol. 26, no. 1, 2008; Sasha Lennon, 'How councils can make a difference in economic development by nurturing the pre-conditions for a prosperous community', *Australian Planner*, vol. 45, no. 1, 2008.

For example, John Martin's analysis of local economic development in towns in rural and regional Victoria found that local economic development strategies were most effective where the community was engaged in developing a municipal plan, and partnered with existing business and community groups.²⁵¹ Martin's research highlights Campaspe SC's award-winning Community Planning Program, in which a district plan for each individual town within the LGA was developed and coordinated by a publically-appointed 'community planning group' that sought out interest community members to participate in key projects.²⁵² The community of Lockington was especially active in developing their community plan, and went on to develop projects independently of the council, such as a successful volunteer-staffed fuel outlet and a driving service to assist patients to attend medical appointments.²⁵³

While fully supportive of the importance of community engagement in these strategies, the Committee notes that the effective engagement of industry and business is a critical element to successful economic development outcomes. In this regard the benefits of solely centrally driven, top-down approaches are questionable. The consensus from local and international debates and experiences on these issues increasingly illustrates the importance of local-driven approaches to development, which are support by central and regional government.

3.3.1 Cooperation models at the local level

The Committee received a significant amount of evidence promoting the benefits of new forms of local approaches to economic development policy. These approaches look beyond local government boundaries to build cooperation between key leaders and stakeholders within a particular functional economic area. The Committee observed that such approaches operate best when they allow for functional economies to adopt a 'cluster approach' to identifying groupings of organisations involved in economic decisions and plans for growth.

Greater Dandenong CC supports such an approach to economic development, stating that 'the success of the local economy is intrinsically linked to the success of the region'.²⁵⁴ At a public hearing in Melbourne Mr James Cleaver, Policy Advisor with the MAV, stated that 'councils are most effective when they form clusters', and 'work together in terms of achieving economic objectives and implementing economic plans'.²⁵⁵ Cr Sandra Mayer, Mayor of Frankston CC, also stressed the need for new partnerships, stating that:

Recognising the importance of a regional approach is even more important to Melbourne's south-east when considering that 29 per cent of Victoria's population — 1.4 million people — live within the region; nearly a quarter of the State's jobs are based within the region; 80 per cent of individuals employed in the region also live in the region; the value of the regional economy is in excess of \$142.5 billion; and the region contains four of the State Government's declared central activities areas — Frankston, Dandenong, Ringwood and Box Hill — two

²⁵¹ John Martin, 'A case study approach to investigating local development initiatives in small rural towns in Victoria', in *Endogenous regional development: Perspectives, measurement and empirical investigation*, Stimson, et al. (eds), Edward Elgar Ltd, 2011, pp. 279–81.

²⁵² *Ibid.*, pp. 279–80.

²⁵³ *Ibid.*, pp. 279–81.

²⁵⁴ Greater Dandenong City Council, *Submission*, no. 33, 3 September 2012, p. 7.

²⁵⁵ James Cleaver, Policy Adviser, Municipal Association of Victoria, *Transcript of evidence*, 8 November 2012, p. 2.

TAFEs, Swinburne and several campuses of Monash University. This is why the inquiry is an important and unique opportunity for councils and regions to work collaboratively with the State and Federal Governments to leverage off each other's programs and avoid duplication of services for the betterment of all.²⁵⁶

Professor Bob Stimson from the University of Melbourne argued that 'if you [the government] are going to undertake local economic development and enhance the capability for local economic development strategy and planning and implementation to occur, do it on the basis of working on functional regions, not individual LGAs'.²⁵⁷ Professor Stimson advocated for the concept of 'functional regions', that is, areas that are not arbitrarily constituted, but which represent regions that 'are based on self-containment of commuting' and operate as integrated labour markets.²⁵⁸ Ballarat CC also advised a regional approach to economic development, but argued that collaboration between LGAs is hindered by the varied understandings of 'regions' held by local, state and federal government.²⁵⁹

At a public hearing in Melbourne Mr Peter Brown, CEO of Moreland CC also extolled the benefits of working in partnerships with neighbouring LGAs:

We also felt that often at a state and federal level if you are trying to get things happening, it tends to work better if you work regionally. On that basis, back in 2010 the seven northern councils started to come together — that is, Banyule, Hume, Nillumbik, Yarra, Darebin, Whittlesea and ourselves. We formed together with the Northern Melbourne RDA Committee what we call the Melbourne Northern Metropolitan Mayors and CEOs Forum and we started to look at regional projects. That is a combination of looking at a municipal level at some of your initiatives, and then looking at regional projects that are going to be beneficial to the north. But we are also looking at how we can lever those projects whereby they are going to be beneficial to Victoria and Australia.²⁶⁰

A number of regional cities noted that they viewed themselves as a 'leader' or 'capital city' within a broader regional area, and argued that their economic development policies not only addressed the needs of the immediate municipality, but of a wider region. Both Ballarat CC and Frankston CC advised the Committee that they played a leadership role within their broader regions. Accordingly, in its submission Frankston CC explained that:

Council recognises that the commercial and industrial precincts within the City serve a critical role that extends beyond its municipal boundaries. Frankston city centre has long been recognised as the capital of the Frankston and Mornington Peninsula region, and as such Council must also have regard to the influence of LED initiatives that support the broader regional community.²⁶¹

²⁵⁶ Cr Sandra Mayer, Mayor, Frankston City Council, *Transcript of evidence*, 27 February 2013, p. 2.

²⁵⁷ Professor Bob Stimson, University of Melbourne, *Transcript of evidence*, 16 October 2012, p. 8.

²⁵⁸ *Ibid.*, p. 7.

²⁵⁹ Ballarat City Council, *Submission*, no. 28, 31 August 2012, p. 8.

²⁶⁰ Peter Brown, Chief Executive Officer, Moreland City Council, *Transcript of evidence*, 6 December 2012, p. 3.

²⁶¹ Frankston City Council, *Submission*, no. 32, 3 September 2012, p. 1.

In a similar way, Ballarat CC stated that its economic development policy was anchored by the concept 'of Ballarat as the Capital of Western Victoria'.²⁶² Greater Geelong CC has also positioned itself as Victoria's second 'capital city'.²⁶³

The Committee strongly endorses an approach to economic development that looks beyond the boundaries of councils or government departments. The Committee believes that a key role of the Victorian Government is to define and manage — in partnership with other levels of government and the private sector — an approach to state economic development policy that allows local communities to identify their own local functional economies. The Committee believes that there are important measures to be taken to allow these local participants to define these local functional economies that best reflect an effective form that these community partners determine they should take. These forms should be led by agreement with industry as to the makeup of these functional economies and consequential identification of priorities and approaches to economic development.

The Committee understands that there is significant confusion currently around how the State can be best organised into 'regions' for the purposes of policy planning and delivery. Such confusion needs to be resolved by government taking a policy lead in this area to clarify new and more flexible approaches that do not prescribe regional fixations. While there is a need for state-level coordination of and accountability for government services, which will often include regional or area-based divisions, the operational needs of Victoria should not enforce an inappropriate regional organisation of the State, which ignores the view of local leaders and the priorities of business-lead investment approaches to local economic development.

The Committee considers the concept of 'local functional economies' to be a useful model for formulating how local and state governments understand the relationship between different municipalities operating potentially across and within existing boundaries subject to the logic of these identified functional economies. Further, an approach to economic development based on 'functional' rather than arbitrary regions will ensure that appropriate flexible strategies that may be location or place-based, but just as possibly may be industry sector based, are adopted to address business growth, industry development and promote job opportunities.

3.3.1.1 REGIONAL DEVELOPMENT AUSTRALIA COMMITTEES

As discussed in Chapter 2, RDA committees are designed to bring together representatives of business, industry, community groups, education and training providers, and all levels of government to focus on regional development. The committees are financed through a combination of federal, state and local government funding, and are administered by the federal Department of Regional Australia, Local Government, Arts and Sport.²⁶⁴ The Melbourne area has four RDA committees: Melbourne East, Northern Melbourne, Southern Melbourne and Western Melbourne. Non-metropolitan Victoria has a further five committees: Barwon South West,

²⁶² Ballarat City Council, *Submission*, no. 28, 31 August 2012, p. 2.

²⁶³ Cr Keith Fagg, Mayor, Greater Geelong City Council, *Transcript of evidence*, 13 March 2013, p. 2.

²⁶⁴ Regional Development Australia, 'Who we are', viewed 26 March 2013, <<http://rda.gov.au>>.

Gippsland, Grampians, Hume and Loddon Mallee. The Victorian committees are managed by Regional Development Victoria and DSDBI.²⁶⁵

RDA committees aim to 'provide independent advice to all three levels of Government on regional development priorities'. Each committee has 10 members, drawn from a range of industries and generally 'includes cross-representation with other strategic regional organisations to achieve maximum input and consultation'.²⁶⁶ The committees meet regularly; for example, the Northern Melbourne RDA Committee meets seven times a year.²⁶⁷

In its submission to the Inquiry the Southern Melbourne RDA Committee explained its regional approach in detail:

Regional development means developing the full potential of a region and its people to achieve economic prosperity, social cohesion, cultural richness, environmental sustainability and an attractive built and natural setting. Achieving maximum potential involves tackling major issues such as transportation, communications, climate change, population growth, globalisation of the economy and changes in technology. In order for each region to reach its full potential, communities must join forces and work together at the local and regional level with State and Commonwealth governments, industry and education.

Taking a 'whole of government' approach also means that Local, State and Commonwealth government programs, and funding, can be tailored to deliver the most effective and efficient results for a region. Such funding partnerships provide better outcomes for the region with better use of public and private funds.²⁶⁸

The Southern Melbourne RDA Committee has further sub-divided its region into 'sub-regions or "municipal clusters" to better ... assist in the analysis of issues and priorities'.²⁶⁹

The Committee heard that RDA committees have forged close links with local governments within each area. In their submissions Hume CC, Maroondah CC, Latrobe CC and Port Phillip CC praised the work of their local RDA committees in advocating for priority projects within the region.²⁷⁰ RDA committees have also assisted local governments to work together on smaller projects with their neighbours, such as developing the partnership between Frankston and Mornington Peninsula councils around tourism and bringing together Kingston and Glen Eira CC in relation to business development activities such as the Mentors Partners Program.²⁷¹

²⁶⁵ Ibid.

²⁶⁶ Northern Melbourne Regional Development Australia Committee, *Submission*, no. 75, 9 November 2012, p. 1.

²⁶⁷ Ibid.

²⁶⁸ Southern Melbourne Regional Development Australia Committee, *Submission*, no. 70, 12 October 2012, p. 2.

²⁶⁹ Ibid., p. 3.

²⁷⁰ Hume City Council, *Submission*, no. 18, 29 August 2012, p. 22. Maroondah City Council, *Submission*, no. 30, 31 August 2012, p. 7. Geoff Hill, Manager, Economic Development, Latrobe City Council, *Transcript of evidence*, 24 April 2013, p. 6. Port Phillip City Council, *Submission*, no. 57, 19 September 2012, p. 26.

²⁷¹ Southern Melbourne Regional Development Australia Committee, *Submission*, no. 70, 12 October 2012, p. 5.

At a public hearing in Dandenong Mr John Bennie, CEO of Greater Dandenong CC, commended the approach of the RDA committees in assisting LGAs to work together to define common regional goals. In this way, he reported that:

The RDA has facilitated, over the last three or four months, a series of discussions with all the organisations to say, 'Let us not divide and conquer, let us be united in terms of what is best for the region', and that is work in progress.²⁷²

Maroondah CC also praised the process of working with their regional RDA committee to prioritise local projects that are aligned with a broader regional plan.²⁷³ Latrobe CC also viewed the Gippsland RDA as an effective way of bringing together neighbouring LGAs, and noted that the RDA was active in linking with other regional leadership forums and groups, such as the Gippsland Local Government Network and the new One Gippsland initiative.²⁷⁴

The PC praised the Victorian RDA Committees, noting that 'they are extremely effective at bringing together various economic interests at a regional level'. However, it also stated that, 'we are concerned ... that there is limited support and involvement by State Government agencies which limits the ability of objectives and priorities to be delivered at the local and regional level'.²⁷⁵ Hume Local Government Network also expressed concerns regarding the relationship between RDA committees and the Australian Government, noting that:

... there is much work to be done to engage the Federal Government on a whole of government basis to support economic development in a timely and responsive way. Two rounds of federal funding per year facilitated through the RDA is a convoluted, slow and unresponsive way to supporting local opportunities and needs.²⁷⁶

While the Committee agrees with these assessments of the worth of the RDA committees, the need for a more effective relationship between government organisations and functioning economic areas, which are reflective of the real economy of private sector-led investment and growth, equally applies to this level of government.

3.3.1.2 G21 — GEELONG REGION ALLIANCE

G21 — Geelong Region Alliance (G21) was established in 2002 by five municipalities in the Geelong region: Geelong, Queenscliffe, Surf Coast, Golden Plains and Colac Otway. The alliance was developed with the support of the Victorian Government and a broad range of local groups. G21 is a membership-based organisation that not only includes local government, but also non-government organisations, businesses and grassroots community groups, such as the SpringDale Neighbourhood Centre and the Geelong Chamber of Commerce (CoC).²⁷⁷ G21 aims to

²⁷² John Bennie, Chief Executive Officer, Greater Dandenong City Council, *Transcript of evidence*, 27 February 2013, p. 6.

²⁷³ Maroondah City Council, *Submission*, no. 30, 31 August 2012, p. 7.

²⁷⁴ Geoff Hill, Manager, Economic Development, Latrobe City Council, *Transcript of evidence*, 24 April 2013, p. 6.

²⁷⁵ Property Council of Australia — Victorian Division, *Submission*, no. 65, 5 October 2012, p. 8.

²⁷⁶ Hume Region Local Government Network, *Submission*, no. 15, 24 August 2012, p. 15.

²⁷⁷ SpringDale Neighbourhood Centre, *Submission*, no. 24, 31 August 2012, p. 1. Mark Sanders, President, Geelong Chamber of Commerce, *Transcript of evidence*, 13 March 2013, p. 2. See also Surf Coast Shire Council, *Submission*, no. 23, 31 August 2012, p. 1.

bring 'together our region's leaders to develop a regional plan determine regional priority projects and advocate for their implementation'.²⁷⁸

Ms Elaine Carbines, CEO of G21, explained the organisation's structure at a public hearing in Geelong:

It is a very interesting model; it is quite dynamic. We have a 15-member board. The five councils have their CEOs on the board and they also have an elected representative on the board and that is usually the mayor, although the Borough of Queenscliffe has the Deputy Mayor. On top of that we have five directors elected from our membership base, so we have 190 organisations across the G21 region who are members of G21. We are a company limited by guarantee, so we have to comply with all of the Corporations Act and ASIC requirements. That is the structure. There is a very small secretariat, and that is funded through the five councils on a proportionate basis; for example, the city of Greater Geelong's population is 75 per cent of the regional population, so it funds 75 per cent of our operations. The borough of Queenscliffe is about 1 per cent, so it funds 1 per cent of our operations. The most interesting thing around the board table is that everyone has an equal vote, and that is a very interesting dynamic.²⁷⁹

G21 has developed community support for its Regional Growth Plan that responds to population projections for the region, which estimates that the area will grow from 285 000 people to 500 000 by 2050. The plan:

... identifies where residential and employment growth will occur plus the infrastructure that will be needed to support that growth. The draft of the G21 [Regional Growth Plan] has been adopted by all five G21 Councils and is now awaiting ministerial approval, before being incorporated into the planning scheme.²⁸⁰

G21 is promoted as an ideal model of collaboration between all levels of government and the private sector. Ms Carbines noted that:

It is a very efficient way of talking to diverse communities across the region. We are pretty pleased with both the Federal and State Governments. I would be disappointed if it did not continue, because it is actually an effective model. I think the fact that the government departments come to G21 and work with us and spend their time working on our pillars is reflective of the fact that there is a high degree of trust that has been built up over the last decade, irrespective of which government is in power. It has been a very effective model. I would like it to be continued.²⁸¹

G21 is widely acknowledged as an example of best practice in partnership approaches to local economic development. For example, G21 recently 'hosted an OECD delegation as part of its investigation into regional partnerships ... as an exemplar of regional collaboration facilitating

²⁷⁸ G21 — Geelong Region Alliance, *Submission*, no. 64, 5 October 2012, p. 1.

²⁷⁹ Elaine Carbines, Chief Executive Officer, G21 — Geelong Region Alliance, *Transcript of evidence*, 13 March 2013, p. 6.

²⁸⁰ G21 — Geelong Region Alliance, *Submission*, no. 64, 5 October 2012, p. 2.

²⁸¹ Elaine Carbines, Chief Executive Officer, G21 — Geelong Region Alliance, *Transcript of evidence*, 13 March 2013, p. 7.

local economic development initiatives'.²⁸² At a public hearing in Ballarat, Mr Jeff Pulford from Ballarat CC described G21 as a partnership model that could be exported to other regions:

I think there would be a really interesting opportunity to create an economic development thing — a construct or something. There are some great models. We have the Committee for Ballarat, which does a large part of that for the city as well, and there is G21 in Geelong. I think that you would need to look at some sort of metropolitan approach along those lines, but I do not think that local governments are going to do it on their own.²⁸³

3.3.1.3 COLLABORATION BETWEEN CASEY AND CARDINIA COUNCILS

The Committee also encountered collaborative initiatives between LGAs that operate on a smaller scale than G21 and the RDA committees, but nevertheless demonstrate the benefits of councils working in partnership with each other, the Victorian Government and the private sector.

The Committee received a joint submission from Casey CC and Cardinia SC, which details how the two municipalities have partnered together to plan the future development of their region. The councils argue that local and state government should be partners in delivering local and regional economic development initiatives. Accordingly:

Local government can ... play a joint role and assist the state government deliver local and regional initiatives. Partnerships and alliances between the two tiers of government are often extremely valuable in facilitating the delivery of local economic development initiatives.²⁸⁴

The partnership between the two councils was fuelled by the area's rapid expansion and projected population growth and focuses on two key areas:

- the need to improve infrastructure in the Casey–Cardinia region
- the need to attract new businesses and grow existing businesses to provide more locally available jobs for the community.²⁸⁵

The councils aim to remedy the situation whereby 'about 70% of residents leave the Casey–Cardinia region each day for work, creating considerable stress on transportation infrastructure as well as causing economic and social repercussions'.²⁸⁶

To achieve their local economic development goals Casey and Cardinia councils have also partnered with the Victorian Government and the Southern Melbourne RDA Committee.²⁸⁷ The Southern Melbourne RDA Committee is currently preparing a study on investment attraction and job creation for the area, while the councils are working with the Victorian Government's Transport Connections Program to improve access to services and activities for isolated

²⁸² G21 — Geelong Region Alliance, *Submission*, no. 64, 5 October 2012, p. 3.

²⁸³ Jeff Pulford, Director, Destination and Economy, Ballarat City Council, *Transcript of evidence*, 24 January 2013, p. 11.

²⁸⁴ Casey City and Cardinia Shire Councils, *Submission*, no. 68, 12 October 2012, p. 7.

²⁸⁵ *Ibid.*, p. 1.

²⁸⁶ *Ibid.*

²⁸⁷ *Ibid.*, p. 13.

communities.²⁸⁸ The councils have also partnered with Monash University's Faculty of Business and Economics 'in a new partnership that will help boost local job creation and business investment'. This includes a 'research project looking at the rapid growth taking place in Casey, and the effects this is having on the population in terms needs for specific facilities and services'.²⁸⁹

The Committee acknowledges that the partnership between Casey and Cardinia councils operates on a relatively small scale, especially if compared with broader structures like the RDA committees and more complex collaborative projects like G21. Nevertheless, the Committee believes it is vital to encourage all Victorian municipalities to take steps to engage productively with their neighbours in regards to economic development strategies, business support programs and infrastructure priorities. The Committee also considers the RDA committees and G21 to be useful models for how local government and the Victorian Government can work alongside business and industry leaders to address local economic issues and set local priorities.

The Committee is of the view that these examples of local government and business partners being involved in needs analyses, priority development, and investment decisions and planning represent the emerging patterns of different local functional economies, which exist regardless of local government boundaries.

3.3.2 Partnerships with the private sector

This section describes other examples of cooperation between local government and private industry that the Committee encountered, such as the South East Melbourne Manufacturing Alliance (SEMMA), NORTH Link and the Committees for Ballarat, Dandenong, Wyndham and Melbourne. The important role of retail traders associations and CoCs is also discussed.

The Committee considers that the most productive relationships between local government and the private sector exist beyond the context of statutory planning controls and other regulation, and include a commitment to acknowledging business representatives as leaders within their industries and partners in the economic development of a particular local area. The Committee considers it to be a key responsibility of local government to consult regularly and widely with the local business community, particularly in relation to the identification of local economic development goals. The approach of support for local economic development being based on local functional economies and the leadership role that the private sector brings to these, is seen as central to achieving the goals of governments.

3.3.2.1 SOUTH EAST MELBOURNE MANUFACTURERS ALLIANCE

SEMMA is a membership-based organisation that brings together more than 200 manufacturers from south east Melbourne to address key issues affecting the industry. At a public hearing in Dandenong Mr Paul Dowling, SEMMA's Executive Officer, described SEMMA's focus in the following way:

It was born on four pillars which remain relevant today. The first pillar was to influence government apolitically on manufacturing issues only. The second pillar was to market the

²⁸⁸ Ibid., p. 14.

²⁸⁹ Ibid., p. 17.

region and its capability because we have some fantastic capability in this region, but because the region, like manufacturing generally, consists of about 94 to 96 per cent SMEs, it is not that visible. Our third pillar was to create opportunities for members, be it finding project work or finding opportunities amongst members and those sorts of things. The fourth pillar was to help members grow and sustain, and to fulfil that we work through South East Business Networks. So SEMMA itself does not provide any training, any tools or any knowledge to its members, but it does it through South East Business Networks, which is part of the Greater Dandenong City Council.²⁹⁰

In this way SEMMA provides a forum for collaboration within the manufacturing, but also supports strategic partnerships with local councils in the region, and with key regional bodies, such as the Southern Melbourne RDA Committee. Accordingly:

You will find an alliance partner is anything, anyone or any organisation involved in manufacturing that has got the same principles and ethics that we have, and it could be from your Chisholms to your Monash units, to your LLENs, to your DBIs, to your Enterprise Connects et cetera. We all work together because each has various resources, but not one single body alone has the resources. So the smart organisations realise how to work off those resources. In SEMMA's case, Greater Dandenong City Council is a supporter of SEMMA. It provides us with an office and pays for the telephone and a bit of admin support.²⁹¹

SEMMA has forged a particularly strong relationship with Greater Dandenong CC, from which it receives funding. Mr John Bennie, CEO of Greater Dandenong, argued that organisations like SEMMA were key to supporting local economic development alongside local and state governments.²⁹²

Mr Dowling argued that SEMMA was a best practice 'model that should be replicated around Australia', although he noted that doing so requires 'patience and a long-term vision' which is central to the development of trust between members.²⁹³ As Mr Martin Solomon, a SEMMA member, elaborated:

... there is an amount of trust that has been built up over a number of years in the SEMMA organisation, and it is that trust that allows people to come together. You saw Todd Hartley in the presentation before. On one side of the fence he is a competitor of mine — a significant competitor; we compete in the same space for the same dollar — but we sit around the same table, discuss the same things and share information and details about our businesses and how we can both improve together, leveraging off each other and our own experience in metalwork. It is a small niche. I think that is a powerful thing about how the organisation has

²⁹⁰ Paul Dowling, Executive Officer, South East Melbourne Manufacturers Alliance, *Transcript of evidence*, 27 February 2013, p. 2.

²⁹¹ *Ibid.*, p. 3.

²⁹² John Bennie, Chief Executive Officer, Greater Dandenong City Council, *Transcript of evidence*, 27 February 2013, p. 2.

²⁹³ Paul Dowling, Executive Officer, South East Melbourne Manufacturers Alliance, *Transcript of evidence*, 27 February 2013, p. 3.

brought a number of people together in an environment that does not engender competition but avoids dog-eat-dog.²⁹⁴

Ms Sandra George, Manager of South East Business Networks (SEBN) — which provides training to SEMMA's members — also believed the SEMMA model can be replicated, even across broader regional areas. 'But', she argued:

... how you actually connect beyond your general region is problematic unless you have online facilities, and a lot of people do not embrace online facilities — I do not care what they say. We can offer as much online as we like, but they still like meeting, catching up and eyeballing each other, because that is where the relationships are developed and the trust is developed for them to then connect better.²⁹⁵

3.3.2.2 NORTH LINK

NORTH Link is a regional business network that covers Melbourne's northern suburbs and the seven LGAs of Banyule, Darebin, Hume, Moreland, Nillumbik, Whittlesea and Yarra. Alongside local councils, NORTH Link members also include representatives from two local universities, two TAFEs, major infrastructure providers (such as Melbourne/Tullamarine Airport), health providers and other local business and industry. The organisation aims 'to provide strategies and activities that will ensure sustainable regional growth equal to that of Melbourne and Australia'.²⁹⁶ At a public hearing in Melbourne, NORTH Link CEO Mr Mick Butera elaborated on how the group connects government and the private sector:

Organisations such as NORTH Link and the groups we work with can cut through an enormous amount of red tape when implementing government policies relating to jobs, innovation or economic development, because through our links we can pick up the phone and put a proposition in relation to a state government policy rather than having to write a letter and go through a number of hoops. We do that with DBI. We have run a number of DBI group programs.²⁹⁷

NORTH Link has developed a number of cooperative local economic development initiatives, including a recent project 'NBN and Melbourne's north — the perfect connection', which provides 'evidence of the productivity increases that a rollout of [the National Broadband Network] can deliver to Melbourne's north'.²⁹⁸ The organisation also delivers programs on behalf of the federal government, such as Enterprise Connect, which involves working with manufacturers on productivity issues and skills pathways.²⁹⁹

3.3.2.3 BALLARAT, DANDENONG, MELBOURNE AND WYNDHAM COMMITTEES

The Committee notes the work of the Committee for Dandenong (CfD), Committee for Wyndham (CfW) and Committee for Ballarat (CfB), as business networking and advocacy groups that aim to bring together community leaders around the key issues facing their respective

²⁹⁴ Martin Solomon, Member, South East Melbourne Manufacturers Alliance, *Transcript of evidence*, 27 February 2013, p. 4.

²⁹⁵ Sandra George, Manager, South East Business Networks, Greater Dandenong City Council, *Transcript of evidence*, 27 February 2013, p. 10.

²⁹⁶ NORTH Link, *Submission*, no. 66, 9 October 2012, p. 1.

²⁹⁷ Mick Butera, Executive Director, NORTH Link, *Transcript of evidence*, 6 December 2012, p. 6.

²⁹⁸ *Ibid.*, p. 3.

²⁹⁹ *Ibid.*

cities. The CfB has a diverse membership base, including representatives from local education providers, health services, local government, manufacturers, as well as small-to-medium enterprises (SMEs). Ms Judy Verlin, Chair of the CfB, described the group's work in the following way:

The Committee for Ballarat is not in service delivery. We are what we would term as thought leadership. We represent our membership base well beyond the terms of any tier of government. It is very much looking at the big picture and ensuring that our members reflect on where the city and the council are going, and at times they will make comment about whether they feel that it is on the right track, or they can actually provide a supportive and advocacy role to government about some of those projects. We do that on a regular basis. Our charter is all about a sustainable economic future, good jobs growth and the ability, when we hear about the population growth that we are going to experience, to be in a sustainable position to be able to do business into the future.³⁰⁰

The CfD also aims to take a leadership role in its area, 'to provide a voice for business in Dandenong and provide business input, where appropriate, into further economic development of the city of Greater Dandenong'.³⁰¹ The CfW has similar aims, as a 'membership based, not-for-profit association that brings together influential business and community organisations to collaborate with government and network to build a more sustainable and dynamic urban community'.³⁰² Both Committees have developed strong relationships with local government, and to some extent the Victorian Government.³⁰³

The Committee for Melbourne (CfM) has positioned itself as a leader in the area of economic development by commissioning extensive research into transport and infrastructure priorities and funding mechanisms. Presenting evidence to the Community at a public hearing, Ms Kate Roffey, CEO for the CfM argued that '[the CfM's] job is to stimulate the debate and actually open up the thinking'.³⁰⁴ Chapter 5 highlights a range of ideas discussed by the CfM as options for the financing of future infrastructure upgrades and major projects.

3.3.2.4 CHAMBERS OF COMMERCE AND RETAIL TRADERS ASSOCIATIONS

As discussed briefly in Chapter 2, CoCs and retail traders associations have a vital role to play in supporting local businesses, and often work alongside local councils to promote their local areas or improve the amenity of retail spaces. These organisations are also sources of local knowledge and serve as a meeting place for businesses interested in playing an active role in the wider community.

Greater Dandenong CoC reported a close relationship with Greater Dandenong CC and argued that 'having [council's] economic development unit people turn up at our networking functions works best because that gives our members the opportunity to have a talk with local

³⁰⁰ Judy Verlin, Chair, Committee for Ballarat, *Transcript of evidence*, 24 January 2013, p. 2.

³⁰¹ Gary Castricum, Chair, Committee for Dandenong, *Transcript of evidence*, 27 February 2013, p. 2.

³⁰² Committee for Wyndham, *Submission*, no. 6, 16 August 2012, p. 3.

³⁰³ John Kilgour, Chief Executive Officer, Committee for Ballarat, *Transcript of evidence*, 24 January 2013, p. 6. David Willersdorf, Member, Committee for Dandenong, *Transcript of evidence*, 27 February 2013, p. 5.

³⁰⁴ Kate Roffey, Chief Executive Officer, Committee for Melbourne, *Transcript of evidence*, 31 October 2012, p. 3.

government'.³⁰⁵ The Chamber noted that as a 'voluntary organisation; we do not have the resources to put together some strategic thinking' on economic development, and instead concentrate on providing services to members.³⁰⁶ In contrast, Commerce Ballarat reported that:

Ballarat City Council is extremely supportive, and we have a great partnership with it, with the councillors and with the economic development team. We are fortunate that Ballarat is full of very experienced and innovative people. They involve our organisation in all the planning for the city, including the economic strategy.³⁰⁷

Commerce Ballarat as a 'somewhat larger and successful chamber' has taken on 'a leadership role when it comes to other small chambers' and helped establish Business Networks Alliance Victoria to allow chambers to interact with each other.³⁰⁸

Greater Frankston Business Chamber stated that in the past it has had difficulty working with the local council in relation to starting an ICT roundtable:

It has been an uphill battle for us to do that for about 18 months. We have tried working very closely with the council ... However, having said that, it should not have taken 18 months to do what we were trying to do, which was essentially to link up the wonderful work the State Government is doing in this sector at the moment.³⁰⁹

The Committee is of the view that CoCs and retail traders associations can play an important role in supporting local economic development initiatives in conjunction with local government. While some organisations have developed robust relationships with their local councils, others have struggled to do so and exist largely as an untapped resource.

The Committee considers it vital for local government to develop productive relationships with the private sector in order to promote local economic development. In doing so the Committee takes the view that these relationships need to be led by the private sector.

Therefore, the Committee recommends that:

Recommendation 21

The Victorian Government works with Victorian municipalities and private sector industry leaders to identify ways to harness the knowledge and leadership capacity of the private sector in support of local investment in economic development jobs and growth.

In order to maximise the impact of the private sector and local initiatives the Committee recommends:

³⁰⁵ Peter Helmore, President, Greater Dandenong Chamber of Commerce, *Transcript of evidence*, 27 February 2013, p. 2.

³⁰⁶ *Ibid.*, p. 3.

³⁰⁷ Jodie Gillet, Executive Officer, Commerce Ballarat, *Transcript of evidence*, 24 January 2013, p. 2.

³⁰⁸ *Ibid.*

³⁰⁹ Christine Richards, Member, Greater Frankston Business Chamber, *Transcript of evidence*, 27 February 2013, p. 3.

Recommendation 22

The Victorian Government works with local government peak bodies and representative organisations to identify ways to strengthen the relationship between chambers of commerce, retail traders associations and local councils as part of engagement with the private sector to assist local economic development capacity building.

The Committee notes that Chapter 4 of this report returns to the issue of the form and approach to the local functioning economic units and their relationship to local development, government and the private sector.



CHAPTER 4: BARRIERS TO SUCCESS FOR LOCAL ECONOMIC DEVELOPMENT INITIATIVES

There are numerous factors that can be considered ‘barriers’ to economic development and many extend far beyond the scope of the Inquiry’s terms of reference. Further, many impediments to business are beyond the control of local government. In this way, the Committee considers that where local councils do play a role in economic development — particularly in the areas of planning and infrastructure provision — their policies and programs must work to support business and industry and encourage the growth of the local economy. This chapter aims to address term of reference (d) through an outline of the key barriers to local economic development as identified by inquiry participants and the Committee.

The Committee found that the major factors impeding local economic development relate to the broader economic climate. These include:

- the aftermath of the global financial crisis of 2007–08 (GFC)
- the value of the Australian dollar
- relatively high costs of business in Australia compared to internationally
- consumer confidence and demand
- the changing demands of industry, particularly in addressing skills shortages.

This chapter’s focus is primarily on ways all levels of government can reduce barriers to economic development through an effective policy and regulatory environment and through positive relationships with business.

Through the Inquiry’s investigations, the Committee also found that in many instances local government does not effectively manage economic development to meet the needs of residents, local businesses and other tiers of government. This is often caused by a lack of strategic direction at the council level, and by councils engaging in economic development activities in isolation rather than collaboration. These issues are discussed in detail in section 4.5.

4.1 The Victorian planning system

An effective planning system is essential to economic development. The consensus of the majority of inquiry participants was that the requirements of the Victorian planning system are onerous, time consuming and ultimately an inhibitor to local economic development. In the Inquiry submissions alone, more than half of submitters mentioned the planning system as an

issue.³¹⁰ Local councils noted that planning requirements had increasingly consumed more council resources, particularly in staff allocation. Surf Coast Shire Council (SC) illustrated this in comparing its economic development and tourism staff (4) to staff in its planning department (22).³¹¹

The University of Melbourne's Dr Alan March provided an example of the demands of planning to Boroondara City Council (CC). According to Dr March:

The City of Boroondara, with a population of 169,500 processed 1,214 planning applications in the 2010-11 year period ... It has a core staff of urban planners of 37 dealing with permit processing. When compared with a forward planning staff of 18, the emphasis upon processing of applications for development and land use inherent to the Victorian system becomes apparent.³¹²

Professor Brendan Gleeson, an academic at Melbourne University, believed too much focus and too many resources were spent on the administration of the planning system compared to forward planning.³¹³ Dr March agreed, stating:

The emphasis of the planning system, I would say, is somewhat anachronistic. It is a system that places a lot of emphasis on dealing with disputes between interest groups and landowners, and neighbours and developers. It is a system that includes a lot of processes for dealing with that, and it has a logic that is internally appropriate, but when you look at it from

³¹⁰ For example, see: Dr Alan March, *Submission*, no. 76, 31 October 2012; Bass Coast Shire Council, *Submission*, no. 5, 15 August 2012; Committee for Wyndham, *Submission*, no. 6, 16 August 2012; Ambitions into Achievements, *Submission*, no. 8, 17 August 2012; Wood Hughes Strickland Partnership, *Submission*, no. 11, 17 August 2012; A L Chalmers, *Submission*, no. 13, 24 August 2012; Hume Region Local Government Network, *Submission*, no. 15, 24 August 2012; Victorian Farmers Federation — Mansfield Branch, *Submission*, no. 16, 29 August 2012; Darebin City Council, *Submission*, no. 17, 29 August 2012; Hume City Council, *Submission*, no. 18, 29 August 2012; Indigo Shire Council, *Submission*, no. 22, 31 August 2012; Surf Coast Shire Council, *Submission*, no. 23, 31 August 2012; Stonnington City Council, *Submission*, no. 26, 31 August 2012; Mansfield Shire Council, *Submission*, no. 27, 31 August 2012; Ballarat City Council, *Submission*, no. 28, 31 August 2012; Victorian Employers' Chamber of Commerce and Industry, *Submission*, no. 29, 31 August 2012; Maroondah City Council, *Submission*, no. 30, 31 August 2012; Melton Shire Council, *Submission*, no. 31, 31 August 2012; Frankston City Council, *Submission*, no. 32, 3 September 2012; Victorian Competition and Efficiency Commission, *Submission*, no. 35, 4 September 2012; Strathbogie Shire Council, *Submission*, no. 37, 6 September 2012; Loddon Shire Council, *Submission*, no. 38, 6 September 2012; Moreland City Council, *Submission*, no. 39, 6 September 2012; Swan Hill Rural City Council, *Submission*, no. 43, 7 September 2012; Mainstreet Australia, *Submission*, no. 46, 14 September 2012; Whittlesea Shire Council, *Submission*, no. 48, 14 September 2012; Dr Margaret McKenzie, *Submission*, no. 49, 17 September 2012; Corangamite Shire Council, *Submission*, no. 51, 17 September 2012; Dr Marion Manifold, *Submission*, no. 52, 17 September 2012; Minerals Council of Australia — Victorian Division, *Submission*, no. 54, 19 September 2012; East Gippsland Shire Council, *Submission*, no. 55, 19 September 2012; Yarra Ranges Shire Council, *Submission*, no. 59, 27 September 2012; Gannawarra Shire Council, *Submission*, no. 60, 27 September 2012; Wyndham City Council, *Submission*, no. 61, 1 October 2012; Mornington Peninsula Shire Council, *Submission*, no. 63, 1 October 2012; Property Council of Australia — Victorian Division, *Submission*, no. 65, 5 October 2012; Casey City and Cardinia Shire Councils, *Submission*, no. 68, 12 October 2012; Victorian Racing Industry, *Submission*, no. 69, 12 October 2012; Southern Melbourne Regional Development Australia Committee, *Submission*, no. 70, 12 October 2012; Horsham Rural City Council, *Submission*, no. 74, 1 November 2012.

³¹¹ Surf Coast Shire Council, *Submission*, no. 23, 31 August 2012, p. 6.

³¹² Dr Alan March, *Submission*, no. 76, 31 October 2012, p. 6.

³¹³ Professor Brendan Gleeson, *Transcript of evidence*, 8 November 2012, p. 5.

afar, the logic breaks down. While I would not say we should throw out that very fine-tuned approach, there are a whole lot of other things that are pushed aside when we spend a lot of time on permitting ...³¹⁴

In contrast, two inquiry stakeholders did not believe that the requirements of the planning system were barriers to economic development. Dr Marion Manifold considered the current system 'fair and equitable', and believed that the past attempts to change the planning scheme 'have shown that planning only needs minor tweaking'.³¹⁵ Dr Margaret McKenzie believed that barriers to planning permits are 'negligible now and ludicrously low compared to equivalent jurisdictions globally'.³¹⁶ She argued that developers should have to defend proposals, rather than receiving a permit automatically if there were no objections during the application process. Dr McKenzie stated that this is consistent with international practices where the status quo is the default position over a potential development.³¹⁷

The Committee notes that the Victorian planning system was reviewed extensively in 2011 by the Victorian Planning System Ministerial Advisory Committee (VPSMAC). The committee was established in June 2011 by the Minister for Planning under the *Planning and Environment Act 1987* (Vic) (P&E Act) to provide advice on ways to improve the planning system.³¹⁸ This included reviewing the legislative and regulatory base, the structure of planning schemes, and the structure of state and regional policy provisions.³¹⁹

The VPSMAC released its report in December 2011 and made 67 recommendations, including:

- developing strategies and visions for planning and infrastructure in Victoria
- clarifying the roles of the Victorian planning minister, state government departments, local government, the Victorian Civil and Administrative Tribunal (VCAT), planning panels, referral authorities and other agencies in administering the planning system
- reviewing and restructuring the planning legislative and regulatory structure
- improving the planning scheme amendment process
- reviewing administrative costs and fees of the planning system
- reviewing the structure of zones, overlays and covenants
- developing planning permit streams for different land uses and categories of development

³¹⁴ Dr Alan March, University of Melbourne, *Transcript of evidence*, 31 October 2012, p. 6.

³¹⁵ Dr Marion Manifold, *Submission*, no. 52, 17 September 2012, p. 2.

³¹⁶ Dr Margaret McKenzie, *Submission*, no. 49, 17 September 2012, p. 1.

³¹⁷ *Ibid.*

³¹⁸ *Planning and Environment Act 1987* (Vic), 45/1987, section 151.

³¹⁹ Victorian Planning System Ministerial Advisory Committee, *Terms of reference*, Victorian Government, 2011.

- improving the provisions relating to referral agencies and requests for further information.³²⁰

The Committee acknowledges that many of the issues in this chapter are being addressed by the Victorian Government in response to the recommendations of the VPSMAC's report. As such, the Committee asks that the Government consider the issues and recommendations of this inquiry's report during its review of the planning system.

4.1.1 Delays

Inquiry participants spoke at length on delays associated with planning permit applications and planning scheme amendments. Dr Alan March summarised the issues as follows:

[Particularly concerning] is the length of time taken for permit applications and the length of time taken for scheme amendments. It does frustrate people. It does create serious costs. It does contribute to, or I suspect is associated with, a lot of resident and citizen dissatisfaction, and it consumes a lot of local and, lately, a lot of state political energy.³²¹

As an example, Surf Coast SC noted an attempt for development that has been waiting seven years. It attributed this to 'planning requirements [and] ... the various changes of government policy and planning regulation'.³²²

4.1.1.1 PLANNING PERMITS

Inquiry participants found the permit application process to be a primary source of planning delays. In particular, they raised delays associated with the VCAT appeals process as an area requiring action (discussed in section 4.1.4). However, Dr Alan March believed that the majority of planning decisions are made within the required time frame and that delays occur due to the complexity of projects:

A typical planning permit is decided in 60 days, within the statutorily required time. For example the City of Boroondara achieved approximately 80% of decisions being made within 60 statutory days in the 2011-12 financial year period. However, two other factors need to be noted. First – the majority of activities and development does not require a planning [permit]. Second – most that large and complex projects typically go to appeal at VCAT, and this means that many decisions take in the order of nine to twelve months after lodgement of applications to be resolved.³²³

A council must make a decision to grant or refuse the permit within 60 days of receiving the application.³²⁴ However, in reality a permit often takes a lot longer. The time frame is not a straight 60 days from the lodgement of the permit, and can be delayed or reset by a number of

³²⁰ Victorian Planning System Ministerial Advisory Committee, *Initial report*, Victorian Government, 2011.

³²¹ Dr Alan March, University of Melbourne, *Transcript of evidence*, 31 October 2012, p. 5.

³²² Surf Coast Shire Council, *Submission*, no. 23, 31 August 2012, p. 6.

³²³ Dr Alan March, *Submission*, no. 76, 31 October 2012, p. 5.

³²⁴ *Planning and Environment Act 1987* (Vic), 45/1987, section 79; *Planning and Environment Regulations 2005* (Vic), 33/2005, section 31.

triggers such as further information requests and requirements to advertise the permit for public notification.³²⁵

A number of inquiry participants attributed delays to errors caused by the applicant, rather than occurring at a council or departmental level.³²⁶ Corangamite SC argued that the cause of delays were '[increasing compliance] requirements and the complexity of the planning process'.³²⁷ Mr Peter Baenziger, Director of Mansfield Constructions, agreed and believed that this could be resolved by better communication between businesses and councils on the details of processes and information requirements during the application process.³²⁸

Brimbank CC attributed permit application delays to approvals processes that councils administer on behalf of other agencies and authorities:

Many of the delays associated with the approvals process often relate to matters that Council, as a planning and responsible authority, is administering on behalf of other agencies and authorities, e.g. cultural heritage management plans, landfill gas risk assessments, and native vegetation management offsets. This does not undervalue the importance of these matters, but the planning approvals process is at the 'intersection' of all land use and development matters and, at times, delays with planning approvals by local government are caused by external factors.³²⁹

The Committee notes the Victorian Government has developed the VicSmart streaming process for smaller scale planning permit applications. Under VicSmart, eligible permits are overseen by the council's Chief Executive Officer (CEO) or a delegate who within 10 days of the permit application must decide whether or not to grant the permit. All information required for the permit is expected upfront from the applicant and will be exempt from the requests for further information provisions of the P&E Act.³³⁰ The required information will be listed in the planning scheme.³³¹

The provisions for VicSmart were incorporated into the P&E Act under the *Planning and Environment Amendment (VicSmart Planning Assessment) Act 2012* (Vic). Examples of applications being considered for VicSmart include:

- realigning a boundary or subdividing land between two lots in accordance with an approved development
- subdividing existing building to create separate titles for each

³²⁵ Clause 1 Property Planning & Development Services, 'Calculating council's 60 days', viewed 20 May 2013, <<http://www.clause1.com.au/>>.

³²⁶ For example, see: Bass Coast Shire Council, *Submission*, no. 5, 15 August 2012; Corangamite Shire Council, *Submission*, no. 51, 17 September 2012; Whitehorse City Council, *Submission*, no. 19, 30 August 2012; Peter Baenziger, Director, Mansfield Constructions, *Transcript of evidence*, 13 February 2013.

³²⁷ Corangamite Shire Council, *Submission*, no. 51, 17 September 2012, p. 4.

³²⁸ Peter Baenziger, Director, Mansfield Constructions, *Transcript of evidence*, 13 February 2013, p. 6.

³²⁹ Brimbank City Council, *Submission*, no. 58, 24 September 2012.

³³⁰ *Planning and Environment Act 1987* (Vic), 45/1987, section 54.

³³¹ Department of Planning and Community Development, *VicSmart fact sheet*, Victorian Government, Melbourne, 2012.

- building or extending fences within 3 metres of a street
- constructing a service station on land in an Industrial 1 Zone
- developments in a Heritage Overlay that are already exempt from public notice and review
- managing vegetation in urban areas
- building in a Land Subject to Inundation Overlay or Special Building Overlay
- Altering road access where the road is or will be in a Road Zone Category 1
- erecting small, unlit, motionless advertising signs more than 30 metres from land in a residential zone.³³²

It is too soon to comment on the implementation of the VicSmart streaming process. However, the Committee anticipates it will address planning permit delays and reduce the number of smaller-scale applications that are referred to VCAT for review.

4.1.1.2 PLANNING SCHEME

The planning scheme amendment process was also considered a time consuming and costly procedure to councils.³³³ The Hume Region Local Government Network (HRLGN) described scheme amendment delays as a ‘considerable constraint’ to the growth aspirations of rural and regional Victoria.³³⁴ Darebin CC agreed, stating that the time taken to process amendments had inhibited its ability to address economic changes and capitalise on opportunities.³³⁵

Mansfield SC attributed the delays to bureaucracy within the Department of Planning and Community Development (DPCD) rather than the council level. In its submission, it noted that fast track amendment to correct a zoning error in mapping took three months for a final decision to be made by DPCD.³³⁶ Further, the council urged that the delays be addressed.³³⁷

Dr Alan March quantified the cost to councils of even minor scheme amendments to councils:

A scheme amendment, as in changing even a minor thing, takes nine months to a year to be completed. The cost is variable but it can go from \$50 000 up to whatever number you can think of.³³⁸

³³² Ibid., p. 3.

³³³ For example, see Dr Alan March, *Submission*, no. 76, 31 October 2012; *ibid.*; Hume Region Local Government Network, *Submission*, no. 15, 24 August 2012; Darebin City Council, *Submission*, no. 17, 29 August 2012; Bass Coast Shire Council, *Submission*, no. 5, 15 August 2012; Mansfield Shire Council, *Submission*, no. 27, 31 August 2012; Strathbogie Shire Council, *Submission*, no. 37, 6 September 2012; Horsham Rural City Council, *Submission*, no. 74, 1 November 2012; Sue Crow, Owner and Director, The Deck on High/The Deck Quarters, *Transcript of evidence*, 13 February 2013.

³³⁴ Hume Region Local Government Network, *Submission*, no. 15, 24 August 2012, p. 11.

³³⁵ Darebin City Council, *Submission*, no. 17, 29 August 2012, p. 2.

³³⁶ Mansfield Shire Council, *Submission*, no. 27, 31 August 2012, p. 27.

³³⁷ Ibid., p. 20.

³³⁸ Dr Alan March, University of Melbourne, *Transcript of evidence*, 31 October 2012, p. 5.

To address these issues, Strathbogie SC called upon the Victorian Government to streamline the approval process for re-zoning and scheme amendments.³³⁹

Taking into account the issues raised by inquiry participants, the Committee is of the view that a review of the planning scheme amendment process is required.

Recommendation 23

The Victorian Government reviews the process for planning scheme amendments and implements statutory time frames to reduce the time and resources expended in the planning process.

4.1.2 Planning policy commitment

Inquiry participants called for the Victorian Government to formally commit to a number of planning policy measures to increase certainty for businesses and councils. Melton SC believed a lack of policy commitment had blurred the roles of councils in economic development:

At the moment there is a gap in the overall understanding of how Victoria's economy is going to grow and develop and this translates into a lack of understanding of the role of each of the LGA's in the broader Victorian economy.³⁴⁰

Of particular concern to inquiry stakeholders was the lack of an implementation framework for the Victorian Growth Corridor Plans. Whittlesea CC stated the lack of an implementation framework created barriers to collaboration between Victorian government departments and reduced investor confidence.³⁴¹ The Municipal Association of Victoria (MAV) and Hume CC agreed, expressing concern that the Growth Corridor Plans provided little guidance and methods for service and infrastructure delivery. The MAV stated that 'In the City of Hume alone, the two Corridor Plans identify over \$1 billion each of State infrastructure requirements that are neither funded nor committed'.³⁴² Hume CC also noted this, adding:

The Growth Corridor Plans provide no guidance or articulation about what actions or interventions State Agencies will make despite stating that the scale of jobs will depend on "decisions by individual businesses and public sector agencies".³⁴³

The Property Council of Australia's Victorian Division (PC) noted it had raised the lack of a framework to the Victorian Government in its submission on the development of Growth Corridor Plans and Biodiversity Strategies:

The Property Council supports the Victorian Government's intent to plan for employment and industrial opportunities in the growth areas. We are concerned however that there has not been sufficient work undertaken to establish a framework for economic development in these

³³⁹ Strathbogie Shire Council, *Submission*, no. 37, 6 September 2012, p. 2.

³⁴⁰ Melton Shire Council, *Submission*, no. 31, 31 August 2012, p. 7.

³⁴¹ Whittlesea Shire Council, *Submission*, no. 48, 14 September 2012, pp. 4–5.

³⁴² Municipal Association of Victoria, *Submission*, no. 41, 7 September 2012, p. 5.

³⁴³ Hume City Council, *Submission*, no. 18, 29 August 2012, p. 27.

areas, and instead, a simple and somewhat dated approach to employment planning has been applied.³⁴⁴

The Committee notes that the Victorian Government's metropolitan planning strategy will be released in late 2013. The Ministerial Advisory Committee for the strategy released a discussion paper in October 2012 and is currently preparing a draft strategy for release in mid-2013.³⁴⁵ The Committee urges that the issues identified in this report are considered in the development of the new metropolitan planning strategy.

4.1.3 Planning reform

Inquiry participants believed that continual state-level reforms to the planning system increased development uncertainty and reduced councils' ability to influence planning at the local level. In addition, they were concerned that changes to Victorian planning policy were administered in a 'broadbrush' approach that was too metropolitan-focused.³⁴⁶ Councils also believed that they should receive greater input when changes to the planning system occur.

Inquiry stakeholders were divided on the Victorian Government's recent reforms to zones in the Victorian planning system. The reforms will be implemented by 31 July 2013 and involve removing nine existing zones, creating five new zones and amending 12 existing zones.³⁴⁷ Whilst a number of inquiry submitters believed the reforms would unlock opportunities for economic growth — particularly in tourism — some believed the reforms did not properly take into account specific local issues.

The Victorian Employers' Chamber of Commerce and Industry (VECCI) supported the recent reforms, believing that they would stimulate new private sector investment and benefit regional Victoria through less restrictive requirements on agricultural activities and complementary business uses. It stated that in a survey of 300 members, '26 per cent of respondents indicated that improvements to planning approvals processes would have a major positive impact on their business competitiveness over the next 12 months'.³⁴⁸ Mr Steven Wojtkiw, VECCI's Executive Manager, Policy, repeated this view and believed the reforms will provide greater clarity on what land use purposes exist for different locations.³⁴⁹

Mr Heath Michael, Director, Policy, Government and Corporate Relations from the Australian Retailers Association (ARA), indicated that ARA members supported the changes. He believed they would free up more retail space and allow more negotiation on rent costs across the

³⁴⁴ Property Council of Australia — Victorian Division, *Submission to Victorian Government — Growth Area Corridor Plans and Biodiversity Strategies*, Property Council of Australia, Melbourne, 2011, p. 10, cited in: Property Council of Australia — Victorian Division, *Submission*, no. 65, 5 October 2012, p. 9.

³⁴⁵ Plan Melbourne, 'Plan Melbourne. Our Melbourne 2050 and beyond', viewed 13 May 2013, <<http://www.planmelbourne.vic.gov.au/>>.

³⁴⁶ Bass Coast Shire Council, *Submission*, no. 5, 15 August 2012; Mansfield Shire Council, *Submission*, no. 27, 31 August 2012; Frankston City Council, *Submission*, no. 32, 3 September 2012; Cr Russell Bate, Mayor, Mansfield Shire Council, *Transcript of evidence*, 13 February 2013.

³⁴⁷ Department of Planning and Community Development, 'Reformed zones for Victoria', viewed 14 May 2013, <<http://www.dpcd.vic.gov.au/>>.

³⁴⁸ Victorian Employers' Chamber of Commerce and Industry, *Submission*, no. 29, 31 August 2012, pp. 3–4.

³⁴⁹ Steven Wojtkiw, Executive Manager, Policy, Victorian Employers' Chamber of Commerce and Industry, *Transcript of evidence*, 8 November 2012, p. 3.

sector.³⁵⁰ From a local government perspective, Darebin CC believed the reforms would reduce planning permit requirements and reduce red tape for businesses through increased flexibility in commercial and industrial zones.³⁵¹

In contrast, Mr Peter McNabb, a committee member for Mainstreet Australia, expressed some concern on the reform effects on activity centres:

With respect to the commercial zones, we think that the Minister's reform plannings also have a lot of merit in them in terms of providing greater flexibility on the movement of uses within centres. But we are concerned about the proliferation of key retail uses like supermarkets and smaller retail uses occurring in areas outside of centres, whether it is bulky good areas or technology precincts or business parks, which previously had very specific roles. We think that those roles are appropriate, but to have the proliferation of retail and other activities occurring there will undermine the extensive investment and business confidence that has been built up in established centres.³⁵²

Mansfield SC believed that the reforms had 'blurred' the purposes of zones, which it argued 'increase[d] the uncertainty and provides more chance for conflicting interests'.³⁵³ Maroondah CC echoed this view, concerned that Commercial Zones were promoting Ringwood as a mixed-use precinct and would undermine the municipality's long-term strategic plan.³⁵⁴

Pyrenees SC supported the changes to farming zones and believed councils would receive greater discretion over tourism and food service uses. In contrast, Surf Coast SC was concerned that some rural areas did not have existing infrastructure to support access or delivery of services that would be necessary under rural development.³⁵⁵

Indigo SC called for greater flexibility in rural-zoned land to accommodate lifestyle properties whilst still preserving agricultural land.³⁵⁶ In contrast, Yarra Ranges SC believed that increased non-rural uses would intensify pressure for urban development in rural zones. Further, the council was concerned that some permit restrictions had remained after the reform, despite the council requesting the Minister for Planning to make the changes on a number of occasions:

The reformed rural zones currently being proposed in Victoria's Planning Provisions do not deliver desired changes to support local agriculture in Yarra Ranges. There are no provisions exhibited which remove the need for permits for hail netting or other agricultural structures nor are there any changes to allow for the sale of value added product as part of farm gate sales.³⁵⁷

³⁵⁰ Heath Michael, Director, Policy, Government and Corporate Relations, Australian Retailers Association, *Transcript of evidence*, 8 November 2012, p. 9.

³⁵¹ Darebin City Council, *Submission*, no. 17, 29 August 2012, p. 3.

³⁵² Peter McNabb, Committee member, Mainstreet Australia, *Transcript of evidence*, 6 December 2012, p. 3.

³⁵³ Mansfield Shire Council, *Submission*, no. 27, 31 August 2012, p. 21.

³⁵⁴ Maroondah City Council, *Submission*, no. 30, 31 August 2012.

³⁵⁵ Surf Coast Shire Council, *Submission*, no. 23, 31 August 2012, p. 6.

³⁵⁶ Indigo Shire Council, *Submission*, no. 22, 31 August 2012, p. 8.

³⁵⁷ Yarra Ranges Shire Council, *Submission*, no. 59, 27 September 2012, p. 7.

VECCI supported the Victorian Government's reforms to restrictions on private sector investment in national parks. It believed they would 'encourage further investment in appropriate, environmentally sensitive projects that will not only stimulate tourism, but act as an additional asset and point of pride for local communities in Victoria's regions'.³⁵⁸ Cr Russell Bate, Mayor of Mansfield SC, saw potential for local businesses to capitalise on the reforms, stating:

High-value, low-impact destinations within national parks should be something that can be considered and should be supported by state government policy. It would certainly be a boon to us and to others.³⁵⁹

Mansfield SC believed the reforms would help provide improved facilities in Alpine National Parks to cater to visitors seeking a higher level of amenity than what is currently provided.³⁶⁰

The Committee also noted that a concern expressed by some councils regarding zone reform was that these changes may be contrary to their existing planning strategies. Further, the Committee notes that in councils where economic development has not been a priority a refocusing on business is likely to encounter some necessary conflict with existing planning strategies.

4.1.3.1 REFORMS TO *GUIDELINES FOR PLANNING PERMIT APPLICATIONS IN OPEN, POTABLE WATER SUPPLY CATCHMENT AREAS*

Some inquiry participants were critical of the Victorian Government's 2012 reforms to the *Guidelines for planning permit applications in open, potable water supply catchment areas*. Of specific concern was Guideline 1: Density of dwellings, which states that density should not exceed 1 dwelling per 40 hectares. Although the crux of Guideline 1 was not changed in the 2012 release,³⁶¹ the definition of an open, potable water supply catchment was broadened. As a result, the guidelines potentially apply to all water catchments.

The HRLGN was concerned that the new guidelines would result in planning zone changes and a loss of planning control from local councils to water authorities. It highlighted that the effect of the guidelines on Mansfield and Towong Shires where nearly the entire area of each municipality would be affected by the changes.³⁶² Mansfield SC echoed the HRLGN, and stated the changes had already been detrimental to economic development in the Mansfield shire. It believed the revision had 'brought residential construction on small rural acreages to a near standstill'.³⁶³ Further, Cr Russell Bate, Mayor of Mansfield SC, told the Committee:

Essentially saying to both existing and future landowners, 'You cannot build a house unless you have 100 acres³⁶⁴ of land', is a real difficulty. What is more, it could probably be regarded as unfair in many ways to those families who have held less than 100 acres safe — or they

³⁵⁸ Victorian Competition and Efficiency Commission, *Submission*, no. 35, 4 September 2012, p. 4.

³⁵⁹ Cr Russell Bate, Mayor, Mansfield Shire Council, *Transcript of evidence*, 13 February 2013, p. 5.

³⁶⁰ Mansfield Shire Council, *Submission*, no. 27, 31 August 2012.

³⁶¹ Included in Guideline 1 in the 2012 revision are three categories for automatic exemptions and one category for consideration to exemption of the 1:40 rule.

³⁶² Hume Region Local Government Network, *Submission*, no. 15, 24 August 2012, p. 12.

³⁶³ Mansfield Shire Council, *Submission*, no. 27, 31 August 2012, p. 18.

³⁶⁴ Note: 100 acres is roughly equal to 40 hectares.

believe safe — in the knowledge that they could build a house on it. Finally, of course the arbitrary use of 40 hectares does not take into account topography, soil type or anything like that. The impact of a near-vertical block comprised of plain granite is totally different to a flat block of sand alone, and yet this arbitrary 40 hectares is being used to beat local shires over the head in terms of future development.³⁶⁵

Mr James Tehan, President of the Mansfield branch of the Victorian Farmers Federation, was concerned that limitations on subdividing would affect older farmers who view these properties as their ‘superannuation’.³⁶⁶

Both Mansfield SC and the HRLGN recommended that the Victorian Government rescind the planning guidelines,³⁶⁷ with Cr Bate stating that ‘[a] longer-term solution to the 40-hectare issue can only be found in legislation’.³⁶⁸ Further, Mansfield SC recommended that the Victorian Government address the issue through consultation with local council and other land and water managers.³⁶⁹

In the Committee’s view, there is scope to review the guidelines to ensure a balanced and equitable approach to developments in potable water supply catchment areas. Notwithstanding, the Committee recognises the need to achieve and secure the highest standards of potable water for all Victorians.

Recommendation 24

The Victorian Government reviews the *Guidelines for planning permit applications in open, potable water supply catchment areas* in consultation with local government, land and water managers, and local residents to ensure an equitable approach is achieved for developments in open, potable water supply catchments.

4.1.4 Appeals process

A number of inquiry participants believed that the appeals process for planning permit applications caused unreasonable delays.³⁷⁰ Local councils were concerned that local planning policy was not given sufficient weight by VCAT during appeals processes. Similarly, Dr Margaret McKenzie believed that VCAT should not have authority to override a council’s decision to refuse a planning permit.³⁷¹

³⁶⁵ Cr Russell Bate, Mayor, Mansfield Shire Council, *Transcript of evidence*, 13 February 2013, p. 5.

³⁶⁶ James Tehan, President, Mansfield branch, Victorian Farmers Federation, *Transcript of evidence*, 13 February 2013, p. 3.

³⁶⁷ Hume Region Local Government Network, *Submission*, no. 15, 24 August 2012, p. 12; Mansfield Shire Council, *Submission*, no. 27, 31 August 2012, p. 23.

³⁶⁸ Cr Russell Bate, Mayor, Mansfield Shire Council, *Transcript of evidence*, 13 February 2013, p. 5.

³⁶⁹ Mansfield Shire Council, *Submission*, no. 27, 31 August 2012, p. 23.

³⁷⁰ Whitehorse City Council, *Submission*, no. 19, 30 August 2012; Hume Region Local Government Network, *Submission*, no. 15, 24 August 2012; Victorian Racing Industry, *Submission*, no. 69, 12 October 2012; Mansfield Shire Council, *Submission*, no. 27, 31 August 2012; Professor Brendan Gleeson, *Transcript of evidence*, 8 November 2012; Dr Alan March, University of Melbourne, *Transcript of evidence*, 31 October 2012.

³⁷¹ Dr Margaret McKenzie, *Submission*, no. 49, 17 September 2012.

There are two elements to appeal rights under the P&E Act: objections and applications for review. Objections are submitted to the council during its review of the permit application. Under the Act, any person who may be affected by the grant of a permit may lodge an objection.³⁷² The council must consider any³⁷³ objections it receives before granting a permit³⁷⁴ and inform each objector if the permit is granted.³⁷⁵

An application for review is an appeal lodged to VCAT and may involve a number of parties. The provisions are provided under sections 77–82AA of the P&E Act. The applicant may apply for a review of a council’s decision regarding:

- refusal to grant a permit
- requirements to give notice:
 - to persons that will receive ‘material detriment’ upon grant of the permit
 - to other parties of an amended application
- requirements for more information during the permit application process
- failure to make a decision on the permit application within the statutory time frames
- conditions on the permit
- time extensions.³⁷⁶

A person who objected to the proposal may also apply for a review of the council’s decision to grant a permit, however a planning scheme may set out types of permit applications that are exempt from review by an objector.³⁷⁷

In addition, referral authorities involved in the permit application process are required at a review of:

- refusal to grant a permit if:
 - the referral authority objected to the permit
 - the refusal was caused by a permit condition required by the referral authority conflicted with another condition of the permit
- a permit condition required by the referral authority.³⁷⁸

³⁷² *Planning and Environment Act 1987 (Vic)*, 45/1987, section 57(1).

³⁷³ A council may reject an objection under s 57(2A) if it believes it had been made primarily to secure a direct or indirect commercial advantage for the objector.

³⁷⁴ *Planning and Environment Act 1987 (Vic)*, 45/1987, section 60(1)(c).

³⁷⁵ *Ibid.*, section 64.

³⁷⁶ *Ibid.*, sections 77–82AA.

³⁷⁷ *Ibid.*, section 82.

³⁷⁸ *Ibid.*, section 83.

Further, the council must notify any person who lodged an objection during the application process of a permit applicant's request for a review of:

- refusal of the permit
- failure to grant the permit
- permit conditions.³⁷⁹

Disputes are heard by VCAT's Planning and Environment List. When reviewing a decision to grant a permit VCAT is required to consider the application afresh on its merits. In addition, VCAT must take into account a number of matters specified in the P&E Act, including the relevant planning scheme and the planning objectives of Victoria.³⁸⁰ Each party is required to bear its own costs during proceedings and as a result, defending the decision to grant a permit often results in considerable costs and resources to councils.³⁸¹

Dr Alan March found that the Victorian planning system had the most potential for objection and input by citizens compared to any other international system he had investigated. Although he acknowledged the importance of these rights, he noted that they can result in significant time and cost to councils.³⁸² Similarly, Professor Brendan Gleeson believed that too much effort, community time and resources were spent on the permit appeals process.³⁸³ He went on to state he believed the planning system encourages this:

I think there is too much community sentiment and anxiety and opportunity for expression being shunted to this kind of pettifogging argument over the slightest development detail. I think that probably the planning system, more than we realise, permits and encourages that. It does not actually encourage and foster community sentiment, and I think there is more of it than we realise to be mobilised into the plan-making stage and to — including at the local level — produce solid statements of community intent, as difficult as that can be.³⁸⁴

From a business perspective, Mr Peter Baenziger, Director of Mansfield Constructions, found the process was too oriented at defending proposals, rather than objections:

It seems that we automatically end up in VCAT and we are on the tail end of it and have to prove everything we do, rather than the objectors having to prove why we cannot. It is a growing concern.³⁸⁵

The Committee shares these concerns and believes that an 'over-emphasis' on the VCAT appeals process has caused significant cost and time delays, which directly impact local economic development. In 2011–12 VCAT received 3873 initiations of planning-related appeals, mainly disputing decisions to grant or refuse permits. The total value of these developments was

³⁷⁹ Ibid., section 83A.

³⁸⁰ Ibid., section 84B.

³⁸¹ Hume Region Local Government Network, *Submission*, no. 15, 24 August 2012.

³⁸² Dr Alan March, University of Melbourne, *Transcript of evidence*, 31 October 2012, p. 5.

³⁸³ Professor Brendan Gleeson, *Transcript of evidence*, 8 November 2012, p. 5.

³⁸⁴ Ibid., p. 8.

³⁸⁵ Peter Baenziger, Director, Mansfield Constructions, *Transcript of evidence*, 13 February 2013, p. 4.

approximately \$6.39 billion. According to VCAT, these cases were primarily related to residential development proposals.³⁸⁶

In addition, the Committee is aware of instances where councils, without apparent justification, delay or refuse applications that may otherwise meet all relevant planning requirements. This effectively shifts the onus onto VCAT to make decisions for these applications, as the proponents are effectively forced to lodge an application for review. Anecdotal evidence provided to the Committee indicates that there has been exponential growth in legal fees paid by councils for VCAT appeals. In June 2013 it was reported that Yarra and Melbourne CCs had exceeded their legal budgets by defending planning decisions at VCAT during 2012–13.³⁸⁷ This concerns the Committee, which accordingly recommends that this problem is addressed.

Recommendation 25

The Minister for Planning addresses the problem of local councils delaying or refusing applications without justification, which otherwise meet all requirements of the local planning scheme.

The Committee was made aware of a number of examples where third party appeals resulted in significant delays and costs to development proponents. The HRLGN stated that the third party appeals process had ‘seriously jeopardised a number of major regional development initiatives’. An example it cited involved a cattle saleyard development in the Wodonga local government area (LGA), which was delayed over 12 months due to VCAT appeals which also resulted in considerable cost to Wodonga CC.³⁸⁸ The Victorian racing industry (VRI) had a similar experience with a single objection to a proposal to upgrade facilities at Caulfield Racecourse. The proposal was delayed nine months despite the local council supporting the proposal and granting the permit.³⁸⁹

Mr Peter Baenziger, Director of Mansfield Constructions, told of a single objection to a quarry proposal that resulted in a considerable cost to his company. Mr Baenziger stated that:

For us to get our quarry up and running it took three years, three-quarters of a million dollars in VCAT hearings and employment of specialty consultants. The only people who supported us were from Mansfield SC. We had one private objector, and he was able to work this out through the system. It ended up taking three years and \$750 000, despite council being proactive and supportive of us.³⁹⁰

³⁸⁶ Victorian Civil and Administrative Tribunal, *VCAT annual report 2011–12*, Victorian Government, Melbourne, 2012, pp. 32–34.

³⁸⁷ Nic Price, 'VCAT spend blows out Yarra Council legal budget', *Melbourne Leader*, 24 June 2013, viewed 25 June 2013, <<http://www.heraldsun.com.au/>>.

³⁸⁸ Hume Region Local Government Network, *Submission*, no. 15, 24 August 2012, p. 11.

³⁸⁹ Victorian Racing Industry, *Submission*, no. 69, 12 October 2012, p. 2.

³⁹⁰ Peter Baenziger, Director, Mansfield Constructions, *Transcript of evidence*, 13 February 2013, p. 5.

Along with the HRLGN, the VRI believed there is scope to review the appeals process to achieve a more balanced approach.³⁹¹ The Committee shares the view and recommends the Victorian Government review the process giving considerations to the issues discussed in this report.

Recommendation 26

The Victorian Government reviews the planning permit appeals process under the *Planning and Environment Act 1987* (Vic) to achieve a more efficient and timely approach to objections and applications for review.

The planning permit appeals process was discussed extensively in the VPSMAC's report on the Victorian planning system. While the report acknowledged that VCAT's role as an 'independent umpire' is essential to the planning system, it found that delays in the appeals process were often due to the number of appeals it had to deal with. To address this, the VPSMAC made the following recommendations:

- VCAT should be adequately resourced to reduce the current waiting time for planning-related matters.
- Action other findings (see below) in the report so that fewer matters are referred to VCAT for determination.³⁹²

To reduce the number of referrals to VCAT, the VPSMAC proposed a 'streaming' process for planning permits based on the scale and complexity of the proposal. The VPSMAC also believed that reviewing the need for a planning permit in some situations — including an audit of planning schemes to identify where permit triggers could be removed — would ultimately reduce the number of planning-related matters dealt with by VCAT.³⁹³

In 2012, the Victorian Government published its response to the key findings of the VPSMAC's report. In the response, the Government supported the two recommendations above, and stated that it is examining a number of mechanisms to address the report findings.³⁹⁴ As discussed in section 4.1.1.1, VicSmart addresses in part the streaming process proposed by the VPSMAC. The Committee awaits further outcomes regarding the government's inquiries.

The Committee is aware of the State Government's recent fee increase for planning appeals through VCAT and notes that this strategy is intended to more adequately fund the planning list and consequently reduce delays. The Committee does however recommend a regular review of wait times to ensure that this strategy is having the desired effect.

³⁹¹ Victorian Racing Industry, *Submission*, no. 69, 12 October 2012, p. 2; Hume Region Local Government Network, *Submission*, no. 15, 24 August 2012, p. 11.

³⁹² Victorian Planning System Ministerial Advisory Committee, *Initial report*, Victorian Government, 2011, p. 61.

³⁹³ *Ibid.*

³⁹⁴ Victorian Government, *Victorian Planning System Ministerial Advisory Committee: Response to the key findings of the initial report*, Melbourne, 2012, p. 2.

Recommendation 27

The Victorian Government conducts an annual review of the waiting times for the Planning List at the Victorian Civil and Administrative Tribunal over the next three years to ensure that the government's strategy to reduce waiting times is having the desired effect.

4.2 Compliance

Regulatory and statutory compliance was an issue that many inquiry participants mentioned as a barrier to local economic development, particularly for small businesses.³⁹⁵ The main criticisms involved duplicative processes, ineffective communication within and between government departments and agencies, and keeping up with regulatory changes.

A recent survey conducted by VECCI of its members described the impact of compliance on their businesses. According to the survey:

... 81 per cent reported that regulatory compliance was impacting on their business in either a moderate or major way. Complying with regulatory requirements has also impacted on their willingness to invest, with 20 per cent deferring investment plans and 16 per cent changing investment plans as a result of the compliance burden. Hiring intentions were also affected, with 21 per cent reporting a deferral and 23 per cent changing hiring plans.³⁹⁶

The survey identified OH&S and WorkSafe compliance as 'hot spots' of regulatory burden for businesses. These are discussed further in section 4.2.1.

The Australian Industry Group reported that its members provided similar feedback:

Despite all the efforts on regulatory reform by government in recent years feedback from members indicates that the compliance burden associated with business regulation remains high ... Members have indicated that the regulatory burden and duplication of reporting in energy emissions and workforce between all levels of government is getting worse and distracts management from value-adding activities that could improve economic development.³⁹⁷

³⁹⁵ For example, see: Committee for Wyndham, *Submission*, no. 6, 16 August 2012; Ambitions into Achievements, *Submission*, no. 8, 17 August 2012; Victorian Farmers Federation — Mansfield Branch, *Submission*, no. 16, 29 August 2012; Indigo Shire Council, *Submission*, no. 22, 31 August 2012; Mansfield Shire Council, *Submission*, no. 27, 31 August 2012; Gannawarra Shire Council, *Submission*, no. 60, 27 September 2012; Casey City and Cardinia Shire Councils, *Submission*, no. 68, 12 October 2012; Whitehorse City Council, *Submission*, no. 19, 30 August 2012; Surf Coast Shire Council, *Submission*, no. 23, 31 August 2012; Victorian Employers' Chamber of Commerce and Industry, *Submission*, no. 29, 31 August 2012; Melton Shire Council, *Submission*, no. 31, 31 August 2012; Loddon Shire Council, *Submission*, no. 38, 6 September 2012; Swan Hill Rural City Council, *Submission*, no. 43, 7 September 2012; Mainstreet Australia, *Submission*, no. 46, 14 September 2012; Pyrenees Shire Council, *Submission*, no. 47, 14 September 2012; Corangamite Shire Council, *Submission*, no. 51, 17 September 2012; Minerals Council of Australia — Victorian Division, *Submission*, no. 54, 19 September 2012; East Gippsland Shire Council, *Submission*, no. 55, 19 September 2012; Property Council of Australia — Victorian Division, *Submission*, no. 65, 5 October 2012; Mark Sanders, President, Geelong Chamber of Commerce, *Transcript of evidence*, 13 March 2013.

³⁹⁶ Victorian Employers' Chamber of Commerce and Industry, *Submission*, no. 29, 31 August 2012, p. 3.

³⁹⁷ Kay Macaulay, Regional Manager, Ballarat, Australian Industry Group, *Transcript of evidence*, 24 January 2013, p. 3.

Similarly, Maroondah CC conducted a survey of over 300 local businesses in 2010 on issues they believed would negatively impact their operations in the coming 12–18 months. Forty-three per cent of businesses identified compliance costs and red tape as a concern. This was second only to economic downturn/consumer uncertainty (identified by 78 per cent of businesses).³⁹⁸

Mr Mark Sanders, President of the Geelong Chamber of Commerce (CoC), stated that the local business community felt there was a level of confusion and duplication within government departments and organisations.³⁹⁹ From a regional Victorian perspective, Swan Hill Rural City Council (RCC) stated that compliance costs have a higher impact on regional areas, as these areas are subject to lower returns on investment.⁴⁰⁰ Mr Peter Baenziger, Director of Mansfield Constructions, agreed with Swan Hill RCC. Further, he believed the cost of compliance on rural businesses was exponentially more expensive than metropolitan Melbourne due to the cost of engaging consultants:

There are no fewer obligations on a Victorian-based business than there are on a Sydney-based business in terms of complying with all the rules and regulations, but the cost for us to engage the services of consultants — human resource specialists or accountants or lawyers — to meet all these new rules and regulations is exponentially more expensive in regional areas.⁴⁰¹

He also specifically commented on the complexity of developing a quarry due to the approvals required across multiple government agencies, which often have conflicting interpretations of legislation and policies:

... for us to develop a quarry business, before we can even consider our internal business model we first need to deal with, consult with and receive approval from state planning, local planning, DPI, DSE, water catchment authorities, the EPA, unions and the public. Everyone has a different, often conflicting, view and interpretation and guidelines and policies and procedures. It is very hard to pull a plan together and receive approval. It usually ends up in VCAT, which of course is a costly and lengthy delay.⁴⁰²

The Minerals Council of Australia's Victorian Division (MCA) found this particularly apparent during mineral resource development approvals processes. It stated that the exploration and mining sectors are required to 'navigate a regulatory obstacle course to gain approval for projects, with multiple government authorities needing to be consulted and provide consent priority to a project getting the go ahead'.⁴⁰³ It added that 'the attractiveness of investing in projects to develop Victoria's mineral wealth has deteriorated markedly in recent years'.⁴⁰⁴

The Committee notes that issues with extractives and mining approvals and compliance were discussed extensively in its report on its *Inquiry into greenfields mineral exploration and project development in Victoria*, tabled in Parliament on 22 May 2012. The report made 25

³⁹⁸ Maroondah City Council, *Submission*, no. 30, 31 August 2012, p. 4.

³⁹⁹ Mark Sanders, President, Geelong Chamber of Commerce, *Transcript of evidence*, 13 March 2013, p. 3.

⁴⁰⁰ Swan Hill Rural City Council, *Submission*, no. 43, 7 September 2012.

⁴⁰¹ Peter Baenziger, Director, Mansfield Constructions, *Transcript of evidence*, 13 February 2013, p. 4.

⁴⁰² *Ibid.*

⁴⁰³ Minerals Council of Australia — Victorian Division, *Submission*, no. 54, 19 September 2012, p. 2.

⁴⁰⁴ *Ibid.*, p. 3.

recommendations, many addressing the regulatory environment for extractives and mining compliance, including:

- introducing statutory time frames for licences and work approvals
- developing a single point of entry for regulatory requirements
- refocusing permit conditions to outcomes rather than restrictions.⁴⁰⁵

In May 2013 the Committee received the Victorian Government's response to the report which supported all the report's recommendations. The Committee anticipates that these reforms will address compliance issues for mining and extractives developments that are discussed in its two reports.

Inquiry participants highlighted that businesses — particularly small-to-medium enterprises (SMEs) — struggled to keep up with changing compliance requirements. East Gippsland SC stated this often results in additional financial stress as businesses incur the costs of penalties for non-compliance.⁴⁰⁶ Mr Sanders from Geelong CoC believed that businesses were overwhelmed by the amount of information available:

I think businesses get overwhelmed by the amount of information and where to find information, and ultimately they do nothing and maybe miss out on key areas of compliance they should be focusing on and possibly missing out on growth opportunities and expansion opportunities as well.⁴⁰⁷

Surf Coast SC praised past opportunities provided by the state and federal government to educate businesses on compliance issues. However, the council believed these programs should be extended to include more opportunity for partnerships with industry organisations such as VECCI.⁴⁰⁸

Recommendation 28

That the Victorian Government reviews legislation and guidelines that are unnecessary barriers to economic development.

The Committee recognises that the Victorian Government is making progress in this space through its Red Tape Reduction Program, developed in response to the Victorian Competition and Efficiency Commission's (VCEC's) report *Strengthening foundations for the next decade: An inquiry into Victoria's regulatory framework*. Released in 2011, VCEC's report made 35 recommendations for red tape reduction. These included:

- articulating a statement of overall regulatory policy
- establishing a red tape minister

⁴⁰⁵ Economic Development and Infrastructure Committee, *Inquiry into greenfields mineral exploration and project development in Victoria*, Victorian Parliament, Melbourne, 2012.

⁴⁰⁶ East Gippsland Shire Council, *Submission*, no. 55, 19 September 2012.

⁴⁰⁷ Mark Sanders, President, Geelong Chamber of Commerce, *Transcript of evidence*, 13 March 2013, p. 4.

⁴⁰⁸ Surf Coast Shire Council, *Submission*, no. 23, 31 August 2012.

- reviewing the Victorian Guide to Regulation
- requiring ministers to issue a ‘statement of expectations’ (i.e. of performance) to each regulator under their portfolios
- supporting best practice development of policy and regulations
- monitoring performance of regulators
- requiring performance reviews of regulators and overall red tape reduction efforts.⁴⁰⁹

The majority of the report’s recommendations were supported by the Victorian Government.⁴¹⁰ As a result the Government established the Red Tape Reduction Program with a commitment to reduce the amount of red tape by 25 per cent.⁴¹¹ The Government outlined the plan in its report *Securing Victoria’s economy — Planning. Building. Delivering.* The report also details the ‘action plan’ to achieve the 25 per cent reduction.⁴¹² To date, the outcomes of the action plan include:

- appointment of a red tape commissioner who reports directly to the Treasurer
- implementing a framework for ministerial statements of expectations.⁴¹³

The Committee welcomes these changes and commends the government for taking steps to address the issues in this section.

4.2.1 WorkSafe and occupational health and safety

WorkSafe and OH&S compliance were mentioned several times throughout the inquiry as a burden to businesses.⁴¹⁴ East Gippsland SC reported that many businesses were spending an increasing amount of time on compliance.⁴¹⁵ Mr Peter Baenziger, Director of Mansfield Constructions, supported this view, stating that ‘We have very little time to concentrate on our business nowadays by the time we go through compliance and training and OH&S’.⁴¹⁶ Mr Mark Sanders, President of the Geelong CoC, believed that these requirements had greatly impacted

⁴⁰⁹ Victorian Competition and Efficiency Commission, *Strengthening foundations for the next decade: An inquiry into Victoria’s regulatory framework*, Melbourne, 2011.

⁴¹⁰ Department of Treasury and Finance, *Victorian Government response to the Victorian Competition and Efficiency Commission’s final report — Strengthening foundations for the next decade: An inquiry into Victoria’s regulatory framework*, Victorian Government, Melbourne, 2012.

⁴¹¹ Victorian Government, *Securing Victoria’s economy — Planning. Building. Delivering.*, Melbourne, 2012, p. 54.

⁴¹² *Ibid.*, pp. 53–56.

⁴¹³ Department of Treasury and Finance, *Guidelines for preparing reducing red tape statements of expectations for regulators*, Victorian Government, Melbourne, 2013.

⁴¹⁴ Casey City and Cardinia Shire Councils, *Submission*, no. 68, 12 October 2012; Committee for Wyndham, *Submission*, no. 6, 16 August 2012; Mark Sanders, President, Geelong Chamber of Commerce, *Transcript of evidence*, 13 March 2013; Ambitions into Achievements, *Submission*, no. 8, 17 August 2012; Victorian Employers’ Chamber of Commerce and Industry, *Submission*, no. 29, 31 August 2012; East Gippsland Shire Council, *Submission*, no. 55, 19 September 2012; Peter Baenziger, Director, Mansfield Constructions, *Transcript of evidence*, 13 February 2013.

⁴¹⁵ East Gippsland Shire Council, *Submission*, no. 55, 19 September 2012, p. 15.

⁴¹⁶ Peter Baenziger, Director, Mansfield Constructions, *Transcript of evidence*, 13 February 2013, p. 3.

the local business community, whilst also acknowledging that the issue was not unique to the municipality.⁴¹⁷

Ambitions into Achievements (AiA) was critical of the application of WorkSafe, contrasting it with food safety and quality compliance regulations:

One of the major compliance imposts on business is the approach of WorkSafe. In the food safety and quality compliance certification to the Global Food Safety Initiative (as required by Coles and Aldi etc) most requirements are well defined either in legislation or through the HACCP [hazard analysis and critical control points] approach and are then risk assessment based for the individual business as well as externally audited. This is not so with WorkSafe. Our observation is that WorkSafe inspectors appear and if not investigating a specific breach of a regulation seem obliged to find anything to issue an Improvement Notice against.⁴¹⁸

Further, AiA noted that there was no independent adjudicator in these situations. As such, it recommended a more specific definition of WorkSafe regulatory requirements and a more equitable approach to managing safe working environment.⁴¹⁹

4.2.2 Green tape

Environmental compliance was highlighted by a number of inquiry stakeholders as an issue impeding local economic development. Whilst the Committee realises the need to mitigate any negative impacts of development on Victoria's environmental assets, it is concerned about the impact of inefficient and duplicative environmental protection regimes on development projects.

Environmental regulation was the subject of VCEC's report *A sustainable future for Victoria: Getting environmental regulation right* (2009). The report examined five major Victorian environmental regulatory areas⁴²⁰ that were identified as imposing the highest regulatory burden on businesses. VCEC estimated that these areas caused an administrative and compliance cost to business of approximately \$185–\$431 million per year.⁴²¹ In addition, VCEC estimated that reform to environmental regulation could cut these costs to businesses by around \$29.5–\$48.2 million per year.⁴²²

The report made 53 recommendations aimed at improving regulator performance and increasing efficiency of environmental regulations. In 2010 the Victorian Government published its response to VCEC's report, which supported in some form the majority of the recommendations. The Committee welcomes the support of the report's recommendations, however it wishes to highlight a number of environmental compliance issues that emerged during this inquiry's investigations.

⁴¹⁷ Mark Sanders, President, Geelong Chamber of Commerce, *Transcript of evidence*, 13 March 2013, p. 3.

⁴¹⁸ Ambitions into Achievements, *Submission*, no. 8, 17 August 2012, p. 3.

⁴¹⁹ *Ibid.*

⁴²⁰ These were: *Environment Effects Act 1987*; the native vegetation regulations under the *Planning and Environment Act 1987*; *Environment Protection Act 1970*; *Mineral Resources (Sustainable Development) Act 1990*; *Extractive Industries Development Act 1995*.

⁴²¹ Victorian Competition and Efficiency Commission, *A sustainable future for Victoria: Getting environmental regulation right*, Victorian Government, Melbourne, 2009, p. 73.

⁴²² *Ibid.*, p. LV.

The HRLGN highlighted compliance with Environment Protection Authority (EPA) Victoria as an issue from a planning perspective. It described the requirements of buffer zones near industrial zones as ‘increasingly ... stringent and costly’ with ‘potential to deter development; and undermine the integrity and purpose of the zone’.⁴²³ Further, it recommended a review of EPA requirements to ‘[achieve] some balance and common sense in the planning system’.⁴²⁴

In addition, the PC cited a number of environmental policy initiatives as increasing the regulatory burden for the Victorian housing sector, namely:

- the Essential Services Commission’s proposed framework for new customer contributions for water infrastructure
- the Victorian Biodiversity Conservation Strategy’s environmental regulations and offset charges
- noise policy for passenger rail infrastructure.⁴²⁵

Further, East Gippsland SC raised compliance with the Environment Effects Statement (EES) process as an issue affecting local developments. According to the council, at least three developments in its municipality are experiencing delays and significant costs in attempting to comply with environmental regulations and directions by agencies.⁴²⁶ In particular, the council highlighted issues with the EES process for a mining proposal in Benambra, describing it as ‘extensive and complex and questionably able to be effectively coordinated’.⁴²⁷

The Committee notes that in 2012 the Council of Australian Governments (COAG) agreed to reform the administration of national environment regulation. Subsequently, COAG released the *Draft framework of standards for accreditation of environmental approvals under the Environment Protection and Biodiversity Conservation Act 1999* (2012). Mr Ralph Kenyon, Acting CEO of the Port of Hastings Development Authority, anticipated the accreditation would streamline the approvals process for the port’s development.⁴²⁸

The Committee notes that the EES process has been reviewed a number of times, including the VCEC report mentioned above⁴²⁹ and by the Victorian Parliament’s Environment and Natural Resources Committee (ENRC).⁴³⁰ In its response to the ENRC’s report, the Victorian Government committed to proceeding with reforms of the EES process.⁴³¹ The Committee welcomes the

⁴²³ Hume Region Local Government Network, *Submission*, no. 15, 24 August 2012, p. 12.

⁴²⁴ *Ibid.*

⁴²⁵ Property Council of Australia — Victorian Division, *Submission*, no. 65, 5 October 2012, p. 12.

⁴²⁶ East Gippsland Shire Council, *Submission*, no. 55, 19 September 2012, p. 11.

⁴²⁷ *Ibid.*, p. 19.

⁴²⁸ Ralph Kenyon, Acting Chief Executive Officer, Port of Hastings Development Authority, *Transcript of evidence*, 6 December 2012, p. 4.

⁴²⁹ Victorian Competition and Efficiency Commission, *A sustainable future for Victoria: Getting environmental regulation right*, Victorian Government, Melbourne, 2009.

⁴³⁰ Environment and Natural Resources Committee, *Inquiry into the Environment Effects Statement process in Victoria*, Victorian Parliament, Melbourne, 2012.

⁴³¹ Victorian Government, *Victorian Government response to the report of the Environment and Natural Resources Committee on its inquiry into the Environment Effects Statement process in Victoria*, Melbourne, 2012.

reforms and requests that the Victorian Government note the issues raised in this report during the reform process.

4.2.3 Government grants

Inquiry participants were generally critical of compliance and red tape requirements of applications for state and federal government grants.⁴³² Although mostly satisfied with levels of funding and grant schemes available, they found the application processes unreasonably onerous.

Similar to other compliance issues, the main criticisms of grant applications included the complexity of the process, delays, and lack of communication between government departments and agencies. Frankston CC attributed a six-month delay to funding allocation for a local small business training program to delays caused by 'internal red tape'.⁴³³

The HRLGN stated that although much state government funding is available through the Regional Growth Fund, application and approval processes vary significantly for each stream of funding. As an example, it cited administration of the Putting Locals First Program as particularly complex, and reported that some applicants in the region experienced approvals that had taken several months.⁴³⁴

To speed up grant applications, the HRLGN and Central Goldfields SC believed decision-making time frames had to be improved.⁴³⁵ Mansfield SC advocated for a 'simple process that requires local government endorsement and provides a high level of certainty regarding outcome early in the process'.⁴³⁶

4.3 Infrastructure

Local and regional infrastructure provision was a key issue that emerged during the Committee's investigations. Some inquiry participants argued that both state and local governments should prioritise those infrastructure improvements and projects that will encourage economic growth.

As noted in Chapter 3, local government is responsible for provision and maintenance of local infrastructure, including roads, bridges, drains, town halls, leisure facilities, community service facilities, libraries and parks. The MAV highlighted that this collectively amounts to over \$60 billion worth of assets, including around 85 per cent of Victoria's road network.⁴³⁷

Inquiry participants perceived provision of significant infrastructure as a primary role of the Victorian Government in local economic development. These significant infrastructure projects

⁴³² For example, see: Loddon Shire Council, *Submission*, no. 38, 6 September 2012; Frankston City Council, *Submission*, no. 32, 3 September 2012; Hume Region Local Government Network, *Submission*, no. 15, 24 August 2012; Central Goldfields Shire Council, *Submission*, no. 14, 24 August 2012.

⁴³³ Frankston City Council, *Submission*, no. 32, 3 September 2012, p. 10.

⁴³⁴ Hume Region Local Government Network, *Submission*, no. 15, 24 August 2012, p. 14.

⁴³⁵ Central Goldfields Shire Council, *Submission*, no. 14, 24 August 2012, p. 2; Hume Region Local Government Network, *Submission*, no. 15, 24 August 2012, p. 14.

⁴³⁶ Mansfield Shire Council, *Submission*, no. 27, 31 August 2012, p. 15.

⁴³⁷ Municipal Association of Victoria, *Submission*, no. 41, 7 September 2012, p. 3.

were referred to as ‘catalysts’ for local economic development a number of times.⁴³⁸ Mr James Cleaver, Policy Adviser at the MAV, told the Committee:

... economic development is fundamentally reliant on infrastructure. To that extent, any role of councils really needs to hang off state or federal government action in terms of providing infrastructure and setting a framework.⁴³⁹

A number of inquiry stakeholders believed a lack of significant local and regional infrastructure had affected local growth and diminished potential investment.⁴⁴⁰ Mr Mick Butera, Executive Director of NORTH Link described a lack of current infrastructure as a ‘key regional problem’.⁴⁴¹ From a rural perspective, Ms Maxine Morrison, Program Manager of Networked Rural Councils at Rural Councils Victoria (RCV), told the Committee that rural shires are often overlooked by investors due to lack of local infrastructure such as broadband and gas connections.⁴⁴²

Ballarat CC highlighted the difficulty in raising capital for non-metropolitan infrastructure projects as these are often small-scale and localised. Mr Jeff Pulford, Director, Destination and Economy from Ballarat CC, believed non-metropolitan areas were overlooked due to the methods used to allocate government funding:

We have focused significantly on the difficulty of getting major capital developments in the CBD to take place, and one of the issues is that the return on investment in a regional area is much lower than in Melbourne. The same applies to road investment. Compare Ballarat trying to get a road funded to a road being funded — I am trying to think of a different area — in Glen Waverley, for example. If you have 100 000 movements on one road in Melbourne versus 30 000 movements in Ballarat, it is difficult for us to go toe-to-toe. Some of those agencies fund on a basis that I do not think actually reflects the regional issues.⁴⁴³

The Committee acknowledges that these are significant issues for local infrastructure provision. However, its view is that in many cases local government does not take adequate leadership in identifying local infrastructure needs and assisting in delivery through collaboration with other tiers of government and infrastructure providers. This concerns the Committee as local

⁴³⁸ Professor Brendan Gleeson, *Transcript of evidence*, 8 November 2012, p. 3; Greater Geelong City Council, *Submission*, no. 44, 10 September 2012, p. 5; Mainstreet Australia, *Submission*, no. 46, 14 September 2012, p. 10; Casey City and Cardinia Shire Councils, *Submission*, no. 68, 12 October 2012, p. 8; Kirsten Coster, Director, Planning and Economic Development, Moreland City Council, *Transcript of evidence*, 6 December 2012, p. 7.

⁴³⁹ James Cleaver, Policy Adviser, Municipal Association of Victoria, *Transcript of evidence*, 8 November 2012, p. 2.

⁴⁴⁰ For example, see: Campaspe Shire Council, *Submission*, no. 56, 19 September 2012; Mornington Peninsula Shire Council, *Submission*, no. 63, 1 October 2012; Municipal Association of Victoria, *Submission*, no. 41, 7 September 2012; Elaine Carbines, Chief Executive Officer, G21 — Geelong Region Alliance, *Transcript of evidence*, 13 March 2013; James Cleaver, Policy Adviser, Municipal Association of Victoria, *Transcript of evidence*, 8 November 2012; Bass Coast Shire Council, *Submission*, no. 5, 15 August 2012; Kate Roffey, Chief Executive Officer, Committee for Melbourne, *Transcript of evidence*, 31 October 2012; Hume City Council, *Submission*, no. 18, 29 August 2012.

⁴⁴¹ Mick Butera, Executive Director, NORTH Link, *Transcript of evidence*, 6 December 2012, p. 3.

⁴⁴² Maxine Morrison, Program Manager — Networked Rural Councils, Rural Councils Victoria, Department of Planning and Community Development, *Transcript of evidence*, 8 November 2012, p. 3.

⁴⁴³ Jeff Pulford, Director, Destination and Economy, Ballarat City Council, *Transcript of evidence*, 24 January 2013, p. 8.

government is at the forefront of local economic development and should be actively supporting local infrastructure provision. Further, the Committee believes there is scope for the MAV to adopt a leadership role in identifying local infrastructure needs and coordinating infrastructure provision across municipalities.

The Committee notes that financing is the primary barrier to infrastructure development and requires significant commitment from government at all levels. Traditionally, infrastructure has been financed directly by government. However growing costs for government and a dispersed population has caused this method to no longer be suitable to address ongoing infrastructure needs across the State. Mr Howard Ronaldson, Secretary of the Department of Business and Innovation (DBI), acknowledged this:

... in my opinion the bits of infrastructure the State needs are big; they are not small and local. Not that there are not small and local needs, but in terms of making a real difference to the economy the bits of the infrastructure that Melbourne, for instance, needs are large and would clearly stretch the financial capacities of any government.⁴⁴⁴

To address this, Ms Kate Roffey, CEO of the Committee for Melbourne (CfM), advocated for investigation into alternate methods of financing infrastructure projects:

... regardless of how something is financed, the funding will continue to be an issue because the bottom line is that there just is not enough money in the government coffers to continue with our traditional [financial] model ... When you look at some of our major projects at the moment, being in the hundreds of billions of dollars, I think it is time that we as a community need to start having a look at how we actually make some kind of contribution to transport and infrastructure funding ourselves.⁴⁴⁵

As an example of private sector engagement for infrastructure provision, the Committee heard from Moreland CC on how it was directly engaging the private sector to stimulate local infrastructure development through its long-term Coburg place framework. Among other activities, the council is actively pursuing private development of a local hospital.⁴⁴⁶ Mr Peter Brown, CEO of Moreland CC, told the Committee that hospital development alone will add an estimated 550 jobs to the municipality and \$50 million in economic activity.⁴⁴⁷

Alternative infrastructure funding mechanisms are discussed further in Chapter 5.

Infrastructure provision was discussed extensively in the Public Accounts and Estimate's Committee's (PAEC's) *Inquiry into effective decision making for the successful delivery of significant infrastructure projects*. The report was tabled in the Victorian Parliament in December 2012 and focused on:

⁴⁴⁴ Howard Ronaldson, Secretary, Department of Business and Innovation, *Transcript of evidence*, 8 November 2012, p. 4.

⁴⁴⁵ Kate Roffey, Chief Executive Officer, Committee for Melbourne, *Transcript of evidence*, 31 October 2012, p. 2.

⁴⁴⁶ Peter Brown, Chief Executive Officer, Moreland City Council, *Transcript of evidence*, 6 December 2012; Kirsten Coster, Director, Planning and Economic Development, Moreland City Council, *Transcript of evidence*, 6 December 2012.

⁴⁴⁷ Peter Brown, Chief Executive Officer, Moreland City Council, *Transcript of evidence*, 6 December 2012, p. 7.

- exploring innovative strategies for identifying and harnessing infrastructure competencies and skills
- promoting best practices and continuous improvement in the planning, management and delivery of significant infrastructure projects.⁴⁴⁸

The report made 17 recommendations to improve delivery of Victorian infrastructure projects. These included recommendations that the Victorian Government establish a Victorian infrastructure council and a Victorian infrastructure and skills authority. The PAEC also proposed that the Victorian Government should formalise an infrastructure pipeline to provide certainty to the public and private sectors.⁴⁴⁹

In June 2013 the Victorian Government issued its response to the report. It argued that establishing an infrastructure council and/or skills authority would duplicate existing process and increase red tape during infrastructure planning and delivery. However, the Government agreed that action was required to improve skills and capability in infrastructure delivery. To address this, it committed to establishing an expert advisory panel for issues in major projects and infrastructure delivery.⁴⁵⁰ The Committee welcomes the establishment of the expert advisory panel and anticipates that it will work to address the issues outlined in this report.

4.3.1 Infrastructure framework

Some inquiry participants were concerned with the lack of a state-wide strategy for infrastructure implementation and believed this increased investment uncertainty.⁴⁵¹ Hume CC summarised the issues as follows:

This lack of commitment is a significant barrier to economic growth and development for a number of reasons. Firstly, it stifles and limits private sector investment as developers and businesses delay or postpone their investment in such areas in favour of areas where the infrastructure is in place and the market is more certain.

...

Secondly, it results in increased congestion and further saturation of the transport infrastructure which currently provides the only marginal competitive advantage as the existing and new residents utilise the freeways and arterial to access the jobs elsewhere.

...

⁴⁴⁸ Public Accounts and Estimates Committee, *Inquiry into effective decisions making for the successful delivery of significant infrastructure projects*, Victorian Parliament, Melbourne, 2012, p. 2.

⁴⁴⁹ Ibid.

⁴⁵⁰ Victorian Government, *Government responses to the recommendations of Public Accounts and Estimates Committee's 112th report to the Parliament — Inquiry into effective decision making for the successful delivery of significant infrastructure projects*, Victorian Government, Melbourne, 2013.

⁴⁵¹ For example, see: Municipal Association of Victoria, *Submission*, no. 41, 7 September 2012; Property Council of Australia — Victorian Division, *Submission*, no. 65, 5 October 2012; Hume City Council, *Submission*, no. 18, 29 August 2012.

Thirdly, it severely limits the potential work of Local Government in growth areas to promote and market their areas as they can only talk of potential future infrastructure and a continually deteriorating existing infrastructure.⁴⁵²

To address uncertainty, inquiry participants advocated for a state-wide infrastructure framework. Mr Steven Wojtkiw, Executive Manager, Policy for VECCI, believed prioritising local infrastructure demands would clarify the immediate and longer term needs of the State:

There is no shortage of competing demands — all of which are costly — so agreed priorities would help to define projects that either need to be fast-tracked immediately — in other words, the short term — those which should be developed within the next three to five years, or over the medium term, and of course those which can and should be pursued over the longer term.⁴⁵³

The MAV noted that councils have a statutory requirement to develop five-year plans for capital and maintenance investment in infrastructure. However, there is no equivalent requirement for the Victorian Government.⁴⁵⁴ As such, the MAV recommended that the Victorian Government creates a statutory obligation for an adequately funded, long-term infrastructure plan to underpin economic development.⁴⁵⁵

Similarly, the PC recommended that the Victorian Government develop an infrastructure plan in association with an overarching state economic development strategy. It stated that such a strategy should consider:

- Victoria's existing economic position
- opportunities for economic growth by sector
- priorities for investment
- partnerships with other tiers of government and the private sector
- an implementation program with key performance indicators (KPIs).⁴⁵⁶

As key infrastructure is a catalyst to economic development at a local and state level, the Committee believes that a long-term, state-wide infrastructure funding framework is needed to increase certainty and provide direction for future state and local planning decisions. However the Committee notes that infrastructure delivery is not solely a state responsibility and requires active collaboration between all tiers of government and the private sector.

The Committee notes that the Victorian Government is currently reviewing development contribution plans and encourages the government to use this mechanism to ensure improved targeting of infrastructure funding. In addition, as previously discussed in section 4.3, the

⁴⁵² Hume City Council, *Submission*, no. 18, 29 August 2012, p. 28.

⁴⁵³ Steven Wojtkiw, Executive Manager, Policy, Victorian Employers' Chamber of Commerce and Industry, *Transcript of evidence*, 8 November 2012, pp. 3–4.

⁴⁵⁴ Municipal Association of Victoria, *Submission*, no. 41, 7 September 2012.

⁴⁵⁵ *Ibid.*, p. 4.

⁴⁵⁶ Property Council of Australia — Victorian Division, *Submission*, no. 65, 5 October 2012, p. 7.

Victorian Government has committed to establishing an expert advisory panel for infrastructure in response to the recommendations of the PAEC's report *Inquiry into effective decision making for the successful delivery of significant infrastructure projects*.

The Committee also acknowledges the role of Infrastructure Australia in major infrastructure provision. As such, the Committee requests that the Victorian Government integrate this role into the state-wide infrastructure delivery mechanism.

The Committee further notes that while investment in infrastructure commonly results in economic growth, with some exceptions it is unlikely any significant and lasting economic benefit will accrue to local businesses from the building of council offices. In circumstances where some councils have imposed heavy rate increases of between 7 and 10 per cent over the next four years, investment in infrastructure that would bring a tangible economic benefit to local businesses — such as road improvements — would have been a more desirable outcome.

Recommendation 29

The Victorian Government advocates for a new funding framework, which involves all tiers of government and the private sector, for funding of agreed long term infrastructure priorities.

4.3.2 Transport and infrastructure

Connected, inter-modal and timely transport links are essential to local economic development. Whilst inquiry participants spoke of the benefits associated with existing transport links, many believed the shortfall of appropriate transport links and infrastructure held back local economic development opportunities.

4.3.2.1 PUBLIC TRANSPORT

Several inquiry stakeholders believed that access to public transport in their municipalities was inadequate.⁴⁵⁷ This was particularly an issue for interface councils such as Casey and Cardinia councils, which stated:

Public transport between metropolitan Melbourne and the interface councils is either non-existent, insufficient, or too expensive. This means private vehicle use is high as there [are] few convenience or financial benefits to using public transport.⁴⁵⁸

Further, the Southern Melbourne Regional Development Australia (RDA) Committee stated that passenger rail does not adequately service the outer municipalities of Melbourne's south-east, which rely primarily on bus links for public transport.⁴⁵⁹ Mornington Peninsula SC believed that the surrounding region lacked any 'timely, convenient public transport for ... young people to

⁴⁵⁷ For example, see: Horsham Rural City Council, *Submission*, no. 74, 1 November 2012; Committee for Wyndham, *Submission*, no. 6, 16 August 2012; Gannawarra Shire Council, *Submission*, no. 60, 27 September 2012; Wyndham City Council, *Submission*, no. 61, 1 October 2012; Mornington Peninsula Shire Council, *Submission*, no. 63, 1 October 2012; Nillumbik Shire Council, *Submission*, no. 67, 10 October 2012; Northern Melbourne Regional Development Australia Committee, *Submission*, no. 75, 9 November 2012.

⁴⁵⁸ Casey City and Cardinia Shire Councils, *Submission*, no. 68, 12 October 2012, p. 10.

⁴⁵⁹ Southern Melbourne Regional Development Australia Committee, *Submission*, no. 70, 12 October 2012, p. 8.

access quality education services'.⁴⁶⁰ Melton SC highlighted that the township is serviced by only a V/Line train every hour, despite being only 37 kilometres from the Melbourne CBD.⁴⁶¹

Along with the Southern Melbourne RDA Committee, Mr Gary Castricum, Chair of the Committee for Dandenong (CfD), raised the issue of poor intra-connectivity in the Greater Dandenong region. Although there are rail services that run through the Greater Dandenong area, they believed there were inadequate public transport links to high employment areas in Dandenong South, which limited the ability for those without cars to work locally.⁴⁶²

An appropriate mix of rail and road infrastructure is required for a growing economy. The Committee is of the view that for an agile and integrated local economy, a mix of transport options are required.

4.3.2.2 RAIL

Many inquiry participants believed that inefficient access to rail inhibited local economic development. In addition, they noted that this requires industry to transport freight by road, often at considerable cost to businesses and wear on road infrastructure. Mr Bruce Evans stated that the increasing transfer of freight from rail to roads had transferred the costs of infrastructure maintenance from the Victorian Government to local councils.⁴⁶³ In addition, Professor Philip Laird believed the mix of broad and standard gauge rail lines in Victoria was a factor 'driving up transport costs and ... [putting] more "loads on roads"'.⁴⁶⁴

The Southern Melbourne RDA Committee made the following commentary on rail network connectivity in the southern region:

It is generally accepted that the lack of access and connection to the rail network is inhibiting efficient development of the freight industry in the southern region ... Using the inadequate road network creates a greater cost burden for producers and suppliers in the region, who contribute to economic development, disadvantaging the regional economy and ultimately discouraging investors.⁴⁶⁵

Cr Michael Freshwater, a director of Agribusiness Gippsland, believed that there was a shortfall in freight and passenger rail service for areas east of Traralgon. He also urged development of a rail link to Western Port as part of the development of the port of Hastings to assist the region in exporting its dairy and mineral resources.⁴⁶⁶ Along with the Southern Melbourne RDA Committee, Casey and Cardinia councils also supported a rail link to the port of Hastings, with the councils calling for further integration with the national rail network.⁴⁶⁷

⁴⁶⁰ Mornington Peninsula Shire Council, *Submission*, no. 63, 1 October 2012, p. 5.

⁴⁶¹ Melton Shire Council, *Submission*, no. 31, 31 August 2012.

⁴⁶² Southern Melbourne Regional Development Australia Committee, *Submission*, no. 70, 12 October 2012, p. 8; Gary Castricum, Chair, Committee for Dandenong, *Transcript of evidence*, 27 February 2013.

⁴⁶³ Bruce Evans, *Submission*, no. 3, 9 August 2012, p. 10.

⁴⁶⁴ Professor Philip Laird, *Submission*, no. 40, 6 September 2012, p. 2.

⁴⁶⁵ Southern Melbourne Regional Development Australia Committee, *Submission*, no. 70, 12 October 2012, p. 8.

⁴⁶⁶ Cr Michael Freshwater, Director, Agribusiness Gippsland, *Transcript of evidence*, 24 April 2013, p. 3.

⁴⁶⁷ Southern Melbourne Regional Development Australia Committee, *Submission*, no. 70, 12 October 2012, p. 8; Casey City and Cardinia Shire Councils, *Submission*, no. 68, 12 October 2012, p. 20.

Mr John Murray, General Manager, Ports for Asciano stated that although the port of Geelong has adequate existing rail links, new and upgraded infrastructure is necessary for the port to expand its operations. However, he conceded that financing such projects is difficult due to the modest size of the upgrades and operations of the port:

If we were to develop a coal project for 5 million tonnes a year, then they are big enough that we could go and spend the money, or someone could spend the money to build the rail infrastructure necessary to get the standard gauge over to the broad gauge lines. But if you were only going to do 1 million tonnes a year of mineral sands, then it just becomes tantalising. So somehow we need to work out how those projects can be adequately serviced through this part of the world.⁴⁶⁸

Inquiry stakeholders from the Greater Dandenong area highlighted the impact of peak rail services on road traffic due to unseparated rail crossings.⁴⁶⁹ Mr John Bennie, CEO of Greater Dandenong CC described these to the Committee:

... in the peak hours of any day Springvale Road and all other roads that cross the rail line are closed for 40 minutes in the hour, and as the number of trains increase on the Dandenong line this could potentially grow to 45 or 50 minutes. For all of those periods you can understand the downtime and the adverse impact on the economy from north-south vehicle or truck and freight movements along those routes.⁴⁷⁰

He was optimistic that the upcoming grade separation of the Dandenong crossing at Springvale would help to address these issues.⁴⁷¹

4.3.2.3 ROADS

Some inquiry participants believed that a lack of adequate road infrastructure inhibited local economic development through congestion that reduces connectivity to key commercial and industrial precincts. Mr Howard Ronaldson, Secretary of DBI, emphasised the importance of roads for freight transport, particularly in off-peak times.⁴⁷²

Some inquiry stakeholders found connectivity to the Melbourne CBD by their residents and businesses was inhibited by congested road links. For example, Greater Dandenong CC highlighted road capacity issues, particularly along the Monash Freeway and connection of EastLink to the Hume Highway.⁴⁷³ Kingston CC echoed these concerns, noting that the Monash Freeway is the main arterial route to the port of Melbourne.⁴⁷⁴ Ms Elaine Carbines, CEO of G21 — Geelong Region Alliance (G21), stated that poor connectivity was the primary issue affecting productivity of the Geelong region:

⁴⁶⁸ John Murray, General Manager, Ports, Asciano, *Transcript of evidence*, 13 March 2013, p. 3.

⁴⁶⁹ Gary Castricum, Chair, Committee for Dandenong, *Transcript of evidence*, 27 February 2013; John Bennie, Chief Executive Officer, Greater Dandenong City Council, *Transcript of evidence*, 27 February 2013; Southern Melbourne Regional Development Australia Committee, *Submission*, no. 70, 12 October 2012.

⁴⁷⁰ John Bennie, Chief Executive Officer, Greater Dandenong City Council, *Transcript of evidence*, 27 February 2013, p. 4.

⁴⁷¹ *Ibid.*

⁴⁷² Howard Ronaldson, Secretary, Department of Business and Innovation, *Transcript of evidence*, 8 November 2012, p. 5.

⁴⁷³ Greater Dandenong City Council, *Submission*, no. 33, 3 September 2012, p. 10.

⁴⁷⁴ Kingston City Council, *Submission*, no. 20, 31 August 2012, p. 12.

Our links to Melbourne are poor. Basically our link is the West Gate Freeway and the West Gate Bridge, and we see this as the no. 1 issue affecting the whole productivity of our region — the poor access to Melbourne.⁴⁷⁵

Along with Justin Giddings, CEO of Avalon Airport and the Committee for Wyndham (CfW), G21 advocated for duplication of the West Gate Bridge to address congestion around the port of Melbourne and improve connectivity between the east and west of Melbourne.

A number of inquiry participants drew attention to the cost of road maintenance on local government, particularly for regional cities and rural councils.⁴⁷⁶ These councils manage around 90 per cent of the road network managed by local government.⁴⁷⁷ The MAV described the challenges rural and regional councils face in maintaining these roads:

- Capital costs such as construction and maintenance have increased at 2-3 per cent above CPI (in line with construction, material and wage price movements)
- Some rural councils have a declining population and rate base
- A large percentage of freight traffic originates outside the municipality
- Councils are consistently lobbied by farmer groups for lower rates.
- It is critical that infrastructure be improved and augmented in line with population growth, to create more economic opportunities overall and particularly more local employment opportunities.⁴⁷⁸

The MAV recognised that local government road maintenance costs are supported by a number of Victorian and Australian Government grants. However, it believed the methods of grant distribution often fail to gauge the true need for funding amongst councils. It described the distribution methods — such as population, total road length or consumer price index (CPI) — as ‘crude’, and recommended that funding be granted according to true local need.⁴⁷⁹

In addition, Surf Coast SC and Ms Elaine Carbines, CEO of G21, highlighted the unique issue of maintenance of the Great Ocean Road. Ms Carbines stated that according to VicRoads, the road requires \$10 million per year to be maintained. However she and Surf Coast SC noted that the road does not receive funding from the Australian Government, despite being recognised as a nationally significant tourist destination.⁴⁸⁰ Citing the road’s closure in 2011 due to severe

⁴⁷⁵ Elaine Carbines, Chief Executive Officer, G21 — Geelong Region Alliance, *Transcript of evidence*, 13 March 2013, p. 3.

⁴⁷⁶ Bruce Evans, *Submission*, no. 3, 9 August 2012; Indigo Shire Council, *Submission*, no. 22, 31 August 2012; Municipal Association of Victoria, *Submission*, no. 41, 7 September 2012; Surf Coast Shire Council, *Submission*, no. 23, 31 August 2012; Professor Philip Laird, *Submission*, no. 40, 6 September 2012.

⁴⁷⁷ Municipal Association of Victoria, *Submission*, no. 41, 7 September 2012, p. 6.

⁴⁷⁸ *Ibid.*

⁴⁷⁹ *Ibid.*, pp. 6–7.

⁴⁸⁰ Surf Coast Shire Council, *Submission*, no. 23, 31 August 2012, pp. 1–2; Elaine Carbines, Chief Executive Officer, G21 — Geelong Region Alliance, *Transcript of evidence*, 13 March 2013, p. 5.

weather issues as an example, Ms Carbines noted the flow-on effects to small townships in the area, which greatly rely on the road for local tourism.⁴⁸¹

4.3.3 Information and communications technology

Many councils cited inadequate and inefficient information and communications technology (ICT) — particularly poor internet and mobile phone connectivity — as inhibitors to the growth of local economic development.⁴⁸² Inquiry participants were also concerned that poor connectivity impacted on potential investment due to increasing ICT requirements in day-to-day business operations.

As an example of a local ICT issue, Wyndham CC reported that a shortfall of ADSL2 had forced some residents on to wireless connections out of necessity. In addition, it believed the costs had inhibited many others from acquiring it.⁴⁸³ Mornington Peninsula SC highlighted that limited network capability in the southern peninsula had impacted local conference providers, as attendees have difficulty accessing online resources during conference proceedings.⁴⁸⁴ East Gippsland SC believed that low internet speeds had impeded businesses trying to source information on compliance and regulatory requirements.⁴⁸⁵ Cr Bate from Mansfield SC expressed concern for residents' ability to receive information from emergency services and state warning systems due to connectivity problems.⁴⁸⁶

From a rural business perspective, Pyrenees SC cited a local winery and resort that spent 10 hours per week following up online accommodation enquiries due to a poor internet connection.⁴⁸⁷ Ms Sue Crow, Owner and Director of two hospitality businesses in Mansfield, reported constant negative feedback over lack of mobile reception, limited internet connectivity in outlying areas of the municipality and very limited wireless access in the Mansfield CDB.⁴⁸⁸

Inquiry participants were optimistic that these issues would be somewhat addressed by implementation of the National Broadband Network (NBN) in their areas. As the first Victorian council to receive the NBN, Moreland CC commented on local businesses which had benefitted from its introduction:

Ms COSTER — There is an art gallery business at the moment in Brunswick. I am trying to remember what his background was; I think it was in music. But he now has a digital art

⁴⁸¹ Elaine Carbines, Chief Executive Officer, G21 — Geelong Region Alliance, *Transcript of evidence*, 13 March 2013, p. 5.

⁴⁸² For example, see: Pyrenees Shire Council, *Submission*, no. 47, 14 September 2012; East Gippsland Shire Council, *Submission*, no. 55, 19 September 2012; Strathbogie Shire Council, *Submission*, no. 37, 6 September 2012; Mansfield Shire Council, *Submission*, no. 27, 31 August 2012; Wyndham City Council, *Submission*, no. 61, 1 October 2012; Cr Russell Bate, Mayor, Mansfield Shire Council, *Transcript of evidence*, 13 February 2013; Mornington Peninsula Shire Council, *Submission*, no. 63, 1 October 2012.

⁴⁸³ Wyndham City Council, *Submission*, no. 61, 1 October 2012, p. 9.

⁴⁸⁴ Mornington Peninsula Shire Council, *Submission*, no. 63, 1 October 2012, p. 5.

⁴⁸⁵ East Gippsland Shire Council, *Submission*, no. 55, 19 September 2012, p. 17.

⁴⁸⁶ Cr Russell Bate, Mayor, Mansfield Shire Council, *Transcript of evidence*, 13 February 2013, p. 6.

⁴⁸⁷ Pyrenees Shire Council, *Submission*, no. 47, 14 September 2012, p. 6.

⁴⁸⁸ Sue Crow, Owner and Director, The Deck on High/The Deck Quarters, *Transcript of evidence*, 13 February 2013, p. 3.

gallery. Basically the amount of artwork he can load up to that, he could never have done in the old system — of the quality that he does. I suppose he is a really basic example.

... Another one has been the gaming association. Gamers, on computer games, are now all looking for businesses in the area that they can take up because they can operate internationally with them as well.

Mr BROWN — At a regional level there is a chap who used to operate out of Kew. He has relocated to South Morang to get into their NBN. He is running a business services-type business, a web-enabled business that provides business services to small business, accounting and so forth.⁴⁸⁹

However, some councils believed that the NBN rollout plan overlooked areas of their municipalities that would provide the greatest benefit to their communities. Frankston CC was ‘confused’ as to why Karingal was identified as a location for an exchange rather than the Frankston central activities area (CAA). The council believed that the CAA would have a greater benefit to local businesses, higher education providers, health care facilities and community facilities.⁴⁹⁰ Similarly, Mansfield SC noted that areas in the shire that are not connected to existing copper network will receive satellite NBN access before those already connected.⁴⁹¹

The benefits of increased broadband speed and connectivity on remote locations are evident in the outcomes of the United Kingdom’s (UK’s) 21st century network program. The program involved upgrading the UK’s existing public telephone network to an internet protocol system. In 2011 Huawei Australia commissioned a white paper on the impact of the implementation of the program on UK communities and some implications for Australian communities.⁴⁹² Huawei’s parent company was one of eight telecommunications suppliers engaged for the rollout of the network.

The paper identified a number of benefits of faster broadband for remote UK communities, including:

- telehealth, particularly in remote areas of Scotland
- retaining ambitious and skilled workers in Cornwall, where out-migration has occurred for over 150 years
- combating disadvantage in Cumbria through increased connectivity to public services.⁴⁹³

⁴⁸⁹ Kirsten Coster, Director, Planning and Economic Development, Moreland City Council, *Transcript of evidence*, 6 December 2012, p. 10; Peter Brown, Chief Executive Officer, Moreland City Council, *Transcript of evidence*, 6 December 2012, p. 11.

⁴⁹⁰ Frankston City Council, *Submission*, no. 32, 3 September 2012, p. 8.

⁴⁹¹ Mansfield Shire Council, *Submission*, no. 27, 31 August 2012, p. 27.

⁴⁹² Huawei Australia, *Connecting communities: The impact of broadband on communities in the UK and its implications for Australia*, Huawei Technologies Co. Ltd., Melbourne, 2011.

⁴⁹³ *Ibid.*, pp. 31–36.

The paper argued that the rollout of Australia's NBN would provide similar benefits to remote areas of Australia — particularly to disadvantaged and isolated areas — through increased access to services, increased social cohesion and retaining local residents.⁴⁹⁴

Notwithstanding the differing policy positions of Committee members regarding the NBN roll-out, the Committee considers NBN advocacy is an area that the Victorian Government should actively participate in.

Recommendation 30

The Victorian Government works with local government and the Australian Government to identify key strategic areas for the rollout of the National Broadband Network to promote enterprise, innovation and jobs.

The Committee notes that many of these rural and regional ICT issues will also be addressed by the Victorian Parliament's Rural and Regional Committee's Inquiry into the opportunities for people to use telecommuting and e-business to work remotely in rural and regional Victoria. As the inquiry was still in progress at the time this report was tabled, the Committee is unable to comment. The Committee awaits the outcomes of the inquiry report.

4.3.4 Utilities

Connection to utilities was an impediment to development for some non-metropolitan inquiry stakeholders.⁴⁹⁵ Specifically, these stakeholders cited a lack of connectivity to natural gas, electricity and water. Strathbogie, Indigo, Casey and Cardinia councils all cited lack of utilities as impeding new business attraction.⁴⁹⁶ This concerns the Committee as it considers these utilities to be basic infrastructure requirements.

Casey and Cardinia councils commented that even though most of the municipality is in an identified growth area, there is a lack of utilities infrastructure throughout the local area. Indigo SC reported that piped natural gas was only available in the townships of Chiltern and Rutherglen, leaving Beechworth and Yackandandah without it.

Swan Hill RCC believed potential for economic expansion in manufacturing and food production would be substantial with the extension of reticulated natural gas to the municipality.⁴⁹⁷ This issue was reiterated by the Southern Melbourne RDA Committee.⁴⁹⁸

⁴⁹⁴ Ibid., pp. 59–60.

⁴⁹⁵ For example, see: Indigo Shire Council, *Submission*, no. 22, 31 August 2012; Strathbogie Shire Council, *Submission*, no. 37, 6 September 2012; Bass Coast Shire Council, *Submission*, no. 5, 15 August 2012; Maxine Morrison, Program Manager — Networked Rural Councils, Rural Councils Victoria, Department of Planning and Community Development, *Transcript of evidence*, 8 November 2012; Swan Hill Rural City Council, *Submission*, no. 43, 7 September 2012; Gannawarra Shire Council, *Submission*, no. 60, 27 September 2012; Casey City and Cardinia Shire Councils, *Submission*, no. 68, 12 October 2012; Horsham Rural City Council, *Submission*, no. 74, 1 November 2012.

⁴⁹⁶ Indigo Shire Council, *Submission*, no. 22, 31 August 2012, p. 7. Strathbogie Shire Council, *Submission*, no. 37, 6 September 2012, p. 3. Casey City and Cardinia Shire Councils, *Submission*, no. 68, 12 October 2012, p. 11.

⁴⁹⁷ Swan Hill Rural City Council, *Submission*, no. 43, 7 September 2012, p. 3.

⁴⁹⁸ Southern Melbourne Regional Development Australia Committee, *Submission*, no. 70, 12 October 2012.

Mr Bruce Evans believed that rural and regional areas were inadequately compensated for use of gas resources.⁴⁹⁹ In contrast, Central Goldfields SC considered there was a 'lack of full recognition' of the infrastructure capacity of rural Victoria. It stated that 'Towns have surplus electricity, water, gas ... and can accommodate businesses where metropolitan areas may be challenged and have competing demands'.⁵⁰⁰

4.4 Population issues

4.4.1 Population decline

Declining population and inability to attract new residents is an issue for non-metropolitan councils. Specifically, a smaller population base limits the number of skilled workers for local businesses. In addition, local government is affected through a smaller rate base, limiting council resources and their ability to engage in and promote local economic development. This is a significant issue for the viability of smaller councils, which is discussed in detail in section 4.5.1.

A number of councils described the effects of out-migration and an ageing workforce on their municipalities. East Gippsland SC outlined its issues as follows:

As exists in many other regions, the workforce in East Gippsland is ageing and there is an exodus of younger people who leave the region for higher education or initial employment. Some of these age impacts are reflected in labour force participation rates. Compared with Victoria overall, the Shire has a higher percentage of the population aged 15 years and above who are not in the workforce (Victoria 33%, East Gippsland LGA 43%). The share of employed persons in full time employment is lower in the Shire (Victoria 60%, East Gippsland LGA 53%) and part-time employment is higher in the region.⁵⁰¹

In addition to declining population, rural councils are also faced with problems of an aging population base. This is due to both out-migration from young residents and an in-migration of older treechangers. Loddon, Pyrenees and Strathbogie SCs identified an ageing workforce as an issue affecting their local economies.⁵⁰² Campaspe SC reported that although growth is sustained in its larger towns, some of its smaller towns were experiencing either population stagnation or decline.⁵⁰³ From a regional business perspective, Mr Ross Bertoli, General Manager at Latrobe Valley-based Hydro Australia, found retaining young people interested in engineering to be significant regional issue.⁵⁰⁴

A 2012 report by DPCD predicted a significant out-migration of rural and regional Victorian residents aged from 15 and 34 to metropolitan Melbourne by 2016. Conversely, a high

⁴⁹⁹ Bruce Evans, *Submission*, no. 3, 9 August 2012.

⁵⁰⁰ Central Goldfields Shire Council, *Submission*, no. 14, 24 August 2012, p. 3.

⁵⁰¹ East Gippsland Shire Council, *Submission*, no. 55, 19 September 2012, p. 15.

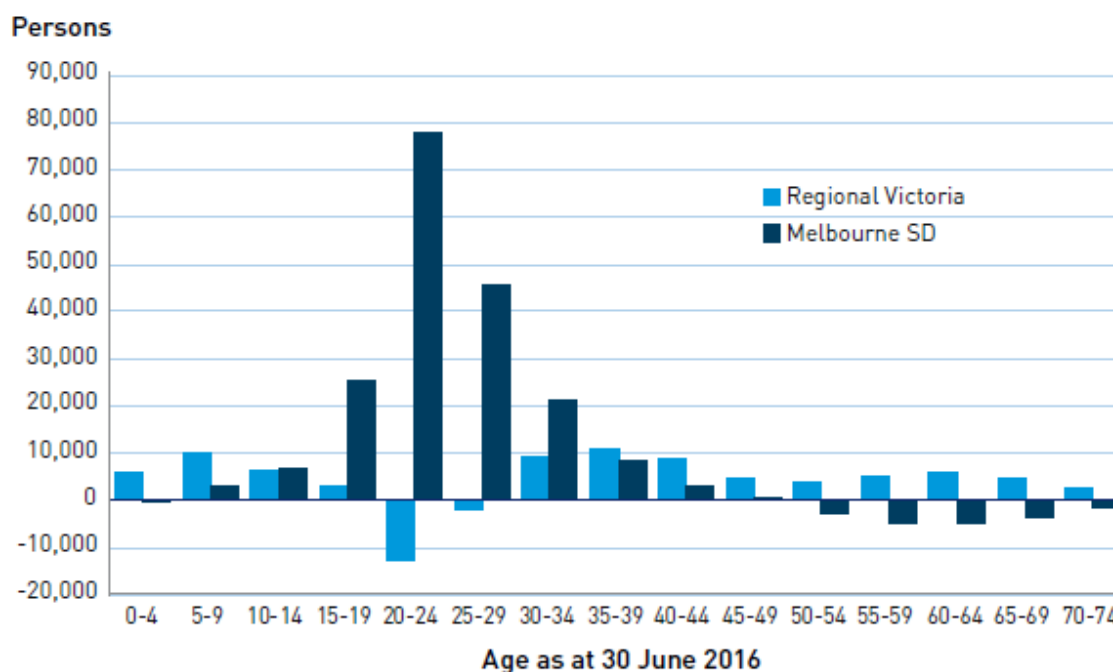
⁵⁰² Strathbogie Shire Council, *Submission*, no. 37, 6 September 2012; Loddon Shire Council, *Submission*, no. 38, 6 September 2012; Pyrenees Shire Council, *Submission*, no. 47, 14 September 2012.

⁵⁰³ Campaspe Shire Council, *Submission*, no. 56, 19 September 2012, p. 1.

⁵⁰⁴ Ross Bertoli, General Manager, Hydro Australia, *Transcript of evidence*, 24 April 2013, p. 8.

proportion of in-migrants to non-metropolitan areas will be aged 35 or over.⁵⁰⁵ Figure 2 below illustrates this.

Figure 2: Implied net migration by age, Melbourne and regional Victoria, 2011–16⁵⁰⁶



Many non-metropolitan councils engage in attraction and retention activities that target young people. However, a significant issue is that factors affecting a person's decision to migrate are mostly beyond government influence. RCV's 2012 report *Rural migration trends and drivers* examined the subject from a rural perspective and found that migration factors often relate to lifestyle choices:

The research has identified a number of key influencers on relocation decision making, with the main influencers being friends, relatives and real estate agents. This information represents a real leverage opportunity for rural councils as these groups are largely uninvolved in attraction and retention initiatives.⁵⁰⁷

RCV went on to note that young people migrate away from rural and regional areas for education and employment opportunities as well as the experience of living in a metropolitan area. It recommended further investigation into the merit of retention efforts targeting young people, and into whether the councils would be better off focusing on encouraging these people to return when they are older.⁵⁰⁸

⁵⁰⁵ Department of Planning and Community Development, *Victoria in future 2012 — Population and household projections 2011–2031 for Victoria and its regions*, Victorian Government, Melbourne, 2012.

⁵⁰⁶ *Ibid.*, p. 6.

⁵⁰⁷ Rural Councils Victoria, *Rural migration trends and drivers*, Municipal Association of Victoria, 2012, p. 1.

⁵⁰⁸ *Ibid.*

Population growth in surrounding metropolitan areas and regional centres often comes at the expense of smaller rural towns. This is referred to as the 'sponge city' effect.⁵⁰⁹ Indigo SC attributed this in part to support given to regional centres by the Victorian Government:

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.⁵¹⁰

Bass Coast and Corangamite councils echoed this view, citing Victorian Government focus and concentration of services and funding on regional centres as a barrier to local economic development.⁵¹¹

In response, the regional cities noted that their service base extends into many smaller surrounding towns, including surrounding councils.⁵¹² According to Wodonga CC, while Wodonga has a population of approximately 37 000, the estimated total service catchment extends to 180 000. Wodonga CC believed this created an additional burden on its requirements for infrastructure provision.⁵¹³

4.4.2 Rapid growth

In direct contrast to the issues above, population increases in growth areas can also be considered a barrier to local economic development due to the strain on the local community services and infrastructure. Melton SC highlighted that although it was the fastest growing region in Australia, there is a significant gap in local employment opportunities. Mr Brett Luxford, Melton SC's Manager, Business Growth and Sustainability, told the Committee that for every 3.6 blue collar residents, there is 1 job available in the municipality. Similarly, there is only 1 position available for every 2.9 white collar workers.⁵¹⁴ Hume, Casey and Cardinia councils — whose municipalities are also experiencing high growth — highlighted similar issues, additionally emphasising the effects of a car-dependent workforce on congestion.⁵¹⁵

4.4.3 Skilled workforce

The challenges of developing, attracting, and retaining a skilled workforce are complex issues, which may be better understood and planned for through local industry sectors, communities, or industry clusters. Attracting, developing and retaining an appropriately skilled workforce to

⁵⁰⁹ Robert J. Stimson, 'Australia's changing economic geography revisited', *Australasian Journal of Regional Studies*, vol. 17, no. 1, 2011.

⁵¹⁰ Indigo Shire Council, *Submission*, no. 22, 31 August 2012, p. 8.

⁵¹¹ Bass Coast Shire Council, *Submission*, no. 5, 15 August 2012, p. 4; Corangamite Shire Council, *Submission*, no. 51, 17 September 2012, p. 4.

⁵¹² Wodonga City Council, *Submission*, no. 21, 31 August 2012, p. 7; Ballarat City Council, *Submission*, no. 28, 31 August 2012, p. 8.

⁵¹³ Wodonga City Council, *Submission*, no. 21, 31 August 2012, pp. 7–8.

⁵¹⁴ Brett Luxford, Manager, Business Growth and Sustainability, Melton City Council, *Transcript of evidence*, 6 December 2012, p. 4.

⁵¹⁵ Casey City and Cardinia Shire Councils, *Submission*, no. 68, 12 October 2012, pp. 13–14; Hume City Council, *Submission*, no. 18, 29 August 2012, p. 28.

support the needs of local businesses is critical to sustainable LED. Skills deficits affect industries in a fast evolving, globally exposed economy, overlaid by a vibrant immigration program.

Hence the Committee's recommendations in this chapter on how local business-led partnerships can facilitate local economic development have the ability to provide an important mechanism to address local needs.

Developing, attracting and retaining an appropriately skilled workforce becomes more of an issue as a municipality's distance from Melbourne increases. Several inquiry stakeholders attributed this to a lack of education and training opportunities in non-metropolitan Victoria.⁵¹⁶

A lack of employment pathway options in rural areas for young people acts as a disincentive to them from remaining in the area to work. This in turn leads to a lower number of skilled workers living in rural towns. This vicious cycle of skills decline is a cause of major frustration for non-metropolitan councils and businesses, which prefer to recruit from the local labour base but struggle to do so. Pyrenees SC voiced this concern in its submission:

Levels of academic achievement are lower in regional and rural areas due to the migration of youths to cities for study who then begin their professional careers there. The aptitude towards gaining tertiary qualifications is lower in this region. According to 2011 Census data 6.6% of the population in Pyrenees Shire had obtained university or tertiary qualifications compared to 15.2% for the State of Victoria. The lack of people with qualifications is restrictive of economic growth.⁵¹⁷

A number of other inquiry stakeholders raised concerns over skills issues relating to their municipality. For example, Maroondah CC conducted an analysis of local businesses which highlighted 45 per cent of businesses interviewed believed that prospective local candidates would not have the appropriate skills to fill vacancies.⁵¹⁸ Whittlesea SC believed there were a lack of supports and programs that encourage young local residents to complete education or transition to employment.⁵¹⁹ Elaine Carbines, CEO of G21, stated the skills deficit in the Greater Geelong area needs to be addressed, noting the effects on the region's productivity.⁵²⁰

From a rural business point of view, Mr Ross Bertoli, General Manager of Hydro Australia, was concerned with the declining number of apprenticeship take-ups in the Latrobe Valley.⁵²¹ Mr Peter Baenziger, Director of Mansfield Constructions, stated that due to the smaller labour force in regional Victoria, skilled workers were often sourced at the expense of other industries, particularly the farming sector.⁵²²

⁵¹⁶ For example, see: Loddon Shire Council, *Submission*, no. 38, 6 September 2012; East Gippsland Shire Council, *Submission*, no. 55, 19 September 2012; Rural Councils Victoria, *Rural migration trends and drivers*, Municipal Association of Victoria, 2012.

⁵¹⁷ Pyrenees Shire Council, *Submission*, no. 47, 14 September 2012, p. 4.

⁵¹⁸ Maroondah City Council, *Submission*, no. 30, 31 August 2012, p. 3.

⁵¹⁹ Whittlesea Shire Council, *Submission*, no. 48, 14 September 2012, p. 2.

⁵²⁰ Elaine Carbines, Chief Executive Officer, G21 — Geelong Region Alliance, *Transcript of evidence*, 13 March 2013, p. 3.

⁵²¹ Ross Bertoli, General Manager, Hydro Australia, *Transcript of evidence*, 24 April 2013, p. 4.

⁵²² Peter Baenziger, Director, Mansfield Constructions, *Transcript of evidence*, 13 February 2013, p. 7.

There were also number of inquiry stakeholders who reported difficulties in retaining skilled workers after they had completed qualifications in their municipalities. Dandenong CC reported that businesses found that workers were leaving after they had gained skills and qualifications.⁵²³ Campaspe SC raised its concern that the local food manufacturing sector found retaining skilled workers to be a significant issue.⁵²⁴ Indigo SC reported that many local tourism businesses find retaining skilled hospitality staff difficult due to fluctuations in trade.⁵²⁵

As highlighted in section 4.3.3, the Committee's investigations indicate that effective ICT infrastructure — particularly broadband connections — is a major key to retaining and re-attracting skilled workers with higher education qualifications to rural areas. Mr Paul Sladdin, CEO of Mansfield Adult Continuing Education (MACE), highlighted the benefits of its Uni4U project undertaken in partnership with Swinburne University to provide higher education qualifications to local residents. However, he noted that access to fast broadband was a problem for the program, particularly in the more remote northern areas of Victoria.⁵²⁶ The Committee stresses the importance of regional and rural municipalities having equivalent opportunities to engage in e-learning programs and access accredited training facilities for higher education qualifications.

Recommendation 31

The Victorian Government continues to explore and support innovative delivery mechanisms for post-compulsory education including via distance and online learning.

4.5 Barriers at a local government level

4.5.1 Capacity of smaller local councils

Throughout the Committee's investigations it was evident that councils differ vastly in their capacity to engage in local economic development. As stated previously, this was particularly an issue for remote rural councils that typically have a smaller resource base than their metropolitan counterparts.

In June 2013 the Victorian Auditor-General released a report into the organisational sustainability of small councils, which investigated Buloke, Golden Plains, Strathbogie, Towong and Yarriambiack SCs. The report's findings include:

- the councils' reliance on government grants as a proportion of revenue has significantly increased over the past five years⁵²⁷
- the councils had generally not assessed whether user fees and charges could be increased or introduced⁵²⁸

⁵²³ Greater Dandenong City Council, *Submission*, no. 33, 3 September 2012, p. 11.

⁵²⁴ Campaspe Shire Council, *Submission*, no. 56, 19 September 2012, p. 8.

⁵²⁵ Indigo Shire Council, *Submission*, no. 22, 31 August 2012, p. 8.

⁵²⁶ Paul Sladdin, Chief Executive Officer, Mansfield Adult Continuing Education, *Transcript of evidence*, 13 February 2013, p. 4.

⁵²⁷ Victorian Auditor-General, *Organisational sustainability of small councils*, Victorian Auditor-General's Office, Melbourne, 2013, p. 7.

- all councils except Yarriambiack had developed long-term financial plans, which varied in quality and were not sufficiently integrated with asset management⁵²⁹
- the councils were unable to demonstrate that service delivery is efficient and effective.⁵³⁰

In addition, the report found that although Local Government Victoria (LGV) provides sustainability and asset management guidance to smaller councils, the guidance needs to be reviewed and updated.⁵³¹

Accordingly, the report made seven recommendations including:

- better-practice financial reporting by councils, including consideration by DPCD to make long-term financial planning mandatory
- identifying and publicly reporting sustainability challenges faced by councils and their associated strategies and actions
- reviewing council service planning and delivery in accordance with Best Value Principles
- reviewing and updating guidance provided by LGV to councils.⁵³²

The Committee supports the recommendations of the Auditor-General's report, however it is also concerned about the ongoing viability of such smaller councils that may have inadequate capacity to perform the role of local government due to a declining population and rate base. The Committee believes there is an opportunity for smaller councils to form clusters with neighbouring local governments and other stakeholders, including businesses, to address current financial issues and provide services to their community. This model also has the potential to be applied to LED strategies for these communities.

Economic development includes maximising business growth opportunities as well reducing unnecessary costs. The Committee believes there are many opportunities for local governments to share some services and in doing so benefit from both economies of scale and buying power.

Recommendation 32

The Victorian Government considers ways that small local councils can collaborate to meet the expectations of the community, business, and state and federal governments, including the investigation of adopting shared service models.

4.5.2 Ineffective economic development

During its investigations, the Committee found that in certain councils there was a general lack of focus on local economic development, coupled with an absence of vision and leadership. As

⁵²⁸ Ibid.

⁵²⁹ Ibid., p. 17.

⁵³⁰ Ibid.

⁵³¹ Ibid., p. 31.

⁵³² Ibid., p. xi.

mentioned previously in this report, promoting the economic viability and sustainability of the local community is a primary objective of local government under the LG Act.⁵³³ However, the Committee is of the view that many councils are effectively ignoring this statutory requirement for economic development.

In addition, although there is evidence of effective regional collaborations of councils, there are many instances where local councils approach economic development with a siloed mentality. This reduces the efficiency of economic development initiatives and foregoes the benefits of collaboration and cooperation with the broader region and Victoria as a whole.

Further, the Committee was unable to fully establish the status of LED activities in many municipalities. This is evident in the Victorian Auditor-General's report *Performance reporting by local government* (2012), which examined the performance reporting arrangements of 10 Victorian councils. It found the councils' performance reporting to be inadequate, focusing on inputs and operating activities whilst offering little insight to service impact and achievement of objectives.⁵³⁴ Speaking on the outcomes of the audit, Mr Des Pearson, the then Auditor-General, stated:

There have been limited improvements we could note today, and we did not judge them to be sufficient to meet the information needs of ratepayers or to drive performance improvement.⁵³⁵

This concerns the Committee as it believes economic development — as a core function of local government — should be outcomes-driven and readily subject to an evaluation of its objectives.

Most Victorian councils would claim they have an economic development strategy in place. The Committee's investigations found these to be of varying quality, as noted in Appendices 4 and 5. The Committee also found that these programs are undertaken mostly in isolation. The PC had a similar view, commenting:

Whilst these initiatives are highly valuable and demonstrate the capacity of local government to contribute to Victoria's overall economic development, they largely operate in isolation without overarching coordination and direction from State Government. This approach has resulted in a duplication and inefficient allocation of resources to policy development and implementation, as well as a loss of potential opportunities between local governments.⁵³⁶

RCV acknowledged this in its report *Rural migration trends and drivers*, stating 'the majority of rural councils are working on population attraction and retention initiatives on their own with very few resources'.⁵³⁷

As noted in Chapter 3, the Committee notes the significant benefit of collaborative approaches to economic development and believes that further integration of economic development priorities of councils is needed. The Committee sees the MAV as the body to provide leadership

⁵³³ *Local Government Act 1989* (Vic), 11/1989, section 3C.

⁵³⁴ Victorian Auditor-General, *Performance reporting by local government*, Melbourne, 2012, p. vii.

⁵³⁵ Des Pearson, Auditor-General, Victorian Auditor-General's Office, *Transcript of evidence*, 16 October 2012, p. 3.

⁵³⁶ Property Council of Australia — Victorian Division, *Submission*, no. 65, 5 October 2012.

⁵³⁷ Rural Councils Victoria, *Rural migration trends and drivers*, Municipal Association of Victoria, 2012, p. 1.

in this space. However, the Committee is concerned that economic development is not listed in the MAV's 2013–14 strategic plan, with those functions diluted into planning- and infrastructure-related priorities. Further, of the MAV's eight committees, none relate specifically to economic development.⁵³⁸ As the peak body for local government, the Committee believes that the MAV should provide leadership to councils for economic development initiatives to ensure that there is effective collaboration and priorities between jurisdictions.

The Committee also believes that due to the age of the legislation this is an opportune time for review of the *Municipal Association Act 1907* (Vic).

Recommendation 33

The Victorian Government considers reviewing the *Municipal Association Act 1907* (Vic) with a view to modernising it, to ensure its continued value and relevance.

Recommendation 34

The Victorian Government, through legislation, creates a statutory obligation for economic development to be a priority of the Municipal Association of Victoria.

4.5.3 Perception of local government

During the course of the Inquiry, the Committee was concerned to find that many councils find it difficult to engage meaningfully with the local community and businesses. In some cases, negative public perception and attitudes to both local government and the municipality itself impedes local economic development. This situation affects local government's ability to engage local businesses, particularly SMEs and HBBS.

Mansfield SC felt the perception of local government as 'rates, roads and rubbish' threatened local government's capacity to fulfil its objectives.⁵³⁹ Campaspe SC believed that community perceptions of local government affected its capacity to promote and engage in local economic development.⁵⁴⁰

In addition, the CfD, Port Phillip CC and the Northern Melbourne RDA all believed that poor perceptions of their municipalities had discredited the strengths and benefits of the areas.⁵⁴¹ Mr Todd Hartley, a member for the CfD, stated that this had affected the municipality's ability to attract skilled workers:

One critical thing looking forward in the region — admittedly I am coming from the manufacturing path — is that although we have some of the best truck, caravan, bus and train original equipment manufacturers in the region, I still do not think we get the first pick of our best engineers that are going through Melbourne University et cetera, because I do not think

⁵³⁸ Municipal Association of Victoria, 'Committees', viewed 9 May 2013, <<http://www.mav.asn.au/>>; Owen Harvey-Beavis, Manager, Research and Strategy, Municipal Association of Victoria, *Transcript of evidence*, 8 November 2012, p. 10.

⁵³⁹ Mansfield Shire Council, *Submission*, no. 27, 31 August 2012, p. 13.

⁵⁴⁰ Campaspe Shire Council, *Submission*, no. 56, 19 September 2012, p. 15.

⁵⁴¹ Port Phillip City Council, *Submission*, no. 57, 19 September 2012, p. 11; Northern Melbourne Regional Development Australia Committee, *Submission*, no. 75, 9 November 2012, p. 7; Gary Castricum, Chair, Committee for Dandenong, *Transcript of evidence*, 27 February 2013, pp. 2–5.

they know the options, the availability and the businesses that are in the region and the diversity and the sophistication of the businesses we have.⁵⁴²

Mr Dennis Hovenden, CEO of Frankston CC, noted that DPCD's community satisfaction survey results of local government's economic development programs have in the past been poor. He attributed this in part to a lack of community understanding of local government's role in economic development:

If you have a look at community satisfaction surveys in relation to local government right across Victoria, one of the key three low areas where the community marks councils down is economic development ...

...

They are critical of the performance because, in part, they do not understand the importance of why local government is involved in economic development ...

...

And they get frustrated by the fact that local government can, like state government, pour a lot of energy and effort into resourcing economic development.⁵⁴³

The Committee believes that this issue stems from a lack of recognition of the existing obligations of local government in economic development, as detailed in the *Local Government Act 1989* (Vic). The Committee is of the view that local government needs to draw attention to and strengthen its commitment to local economic development. The Committee believes that many local councils do not adequately engage with businesses. Mr Dennis Hovenden acknowledged this issue requires an attitudinal change within councils:

... we cannot sit here and look across the table towards the next level of government and say 'You need to help us out' if we are not prepared to help ourselves.

...

we should be prepared as a local government authority to sit at the table with those who want to come and invest in our municipality, with the support of other levels of government, and at the very least explore it with an open mind ...⁵⁴⁴

This timid approach to local economic development is in stark contrast to the robust and focused approach observed by the Committee during its overseas study tour, with two notable examples being in Manchester and London. These are discussed in detail in Chapter 5.

4.5.4 Resources dedicated to local economic development

The Committee is of the view that there are significant resource issues which impact on local economic development. These include:

⁵⁴² Todd Hartley, Member, Committee for Dandenong, *Transcript of evidence*, 27 February 2013, p. 5.

⁵⁴³ Dennis Hovenden, Chief Executive Officer, Frankston City Council, *Transcript of evidence*, 27 February 2013, pp. 3–4.

⁵⁴⁴ *Ibid.*, p. 4.

- financial and human resource capacity in local councils
- funding key projects, particularly infrastructure
- increasing efficiency of service delivery.

The Committee notes that private sector resourcing constraints and issues for local economic development are extensively considered in this report.

Many councils believed that a lack of financial and human resources had constrained their ability to engage in local economic development.⁵⁴⁵ As discussed in sections 4.1 and 4.2, councils also attributed this in part to being required to meet the demands of planning and compliance. However, the Committee only found this to be a major constraint to smaller councils, as discussed in section 4.5.1.

Generally, non-metropolitan councils are required to be more engaged with businesses in their municipalities than their metropolitan counterparts. In particular, the economic development function of rural councils is required somewhat out of necessity. In addition, regional and rural councils are required to service a larger area than metropolitan councils. Corangamite SC attributed this to the increasing demands on council services:

Councils' ability to adequately resource economic development are always stretched, as the need for people to work in population attraction, events management, business networking and the diversity of requirements that our businesses demand are a challenge that many councils are unable to perform.⁵⁴⁶

Swan Hill RSC highlighted that regional councils are expected to provide a similar service range as metropolitan councils over a larger area and with a smaller resource base.⁵⁴⁷ East Gippsland SC stated that local government is often the only continuous agency in regional areas, and is seen as the 'fix it' agency by local businesses.⁵⁴⁸ Cr Bate from Mansfield SC believed this had impeded rural council's ability to advocate for support and funding from other levels of government:

Most rural councils do not have the resources available to them to advocate as effectively and universally as the larger urban councils. That is just a statement of fact. We do a very good job with what we have ... But if it is just left at the status quo, we will always be on an unfair competitive basis as we seek to get a reasonable slice of funding and assistance.⁵⁴⁹

Corangamite SC believed there was an over-emphasis on funding larger regional councils within government programs.⁵⁵⁰ Indigo SC agreed, and argued that these areas had guaranteed growth

⁵⁴⁵ For example, see: Loddon Shire Council, *Submission*, no. 38, 6 September 2012; Corangamite Shire Council, *Submission*, no. 51, 17 September 2012; Rural Councils Victoria, *Submission*, no. 7, 16 August 2012; Swan Hill Rural City Council, *Submission*, no. 43, 7 September 2012; Campaspe Shire Council, *Submission*, no. 56, 19 September 2012; Darebin City Council, *Submission*, no. 17, 29 August 2012.

⁵⁴⁶ Corangamite Shire Council, *Submission*, no. 51, 17 September 2012, p. 4.

⁵⁴⁷ Swan Hill Rural City Council, *Submission*, no. 43, 7 September 2012, p. 2.

⁵⁴⁸ East Gippsland Shire Council, *Submission*, no. 55, 19 September 2012, p. 10.

⁵⁴⁹ Cr Russell Bate, Mayor, Mansfield Shire Council, *Transcript of evidence*, 13 February 2013, p. 6.

⁵⁵⁰ Corangamite Shire Council, *Submission*, no. 51, 17 September 2012, p. 4.

due to proximity to Melbourne.⁵⁵¹ To address this, some rural councils advocated for more targeted funding towards rural councils.⁵⁵² However, Wodonga and Swan Hill councils argued that as major regional centres, their service base extended beyond the municipal borders and into smaller surrounding shires.⁵⁵³

4.6 Private sector

4.6.1 Transitioning sectors

A number of Victoria's economic sectors have undergone restructure in recent times to adapt to changing economic climates and consumer demands. Inquiry participants highlighted significant challenges in coping with declining state and local manufacturing, retail and tourism sectors. Whilst a number of local councils have implemented strategies to deal with these challenges, the Committee notes the level of support provided by local government is largely variable.

4.6.1.1 MANUFACTURING SECTOR

The changing structure of the manufacturing industry over the past decade has presented a significant challenge for the State. The effects of the restructure are particularly apparent in LGAs that were traditionally manufacturing-centred.

According to the economic profiling site economy.id, manufacturing's share of output in Victoria fell between from 19.9 to 15.7 per cent between 2003 and 2012.⁵⁵⁴ In its report *Victorian manufacturing: Meeting the challenges — Inquiry into a more competitive Victorian manufacturing industry* (2011), VCEC described the changes to the sector as a 'compositional change' rather than a complete decline:

The commonly held view that manufacturing is declining is only partly true. The sector's value added has been quite stable over the last 10 years, although employment has fallen as labour productivity has increased. There has also been considerable compositional change within the sector. The distinction between manufacturing and other activities, such as research, product design and services, is becoming less clear. This means that the relationships among businesses, their customers and their suppliers are also changing.⁵⁵⁵

Ballarat CC reported that the local economy had suffered 1600 job losses in the manufacturing sector after the GFC.⁵⁵⁶ Hume CC noted the flow on effects of such losses to the local economy, stating that for every 100 manufacturing jobs lost, industrial, consumption and multiplier effects result in 'tens of millions of dollars lost to the economy'.⁵⁵⁷

⁵⁵¹ Indigo Shire Council, *Submission*, no. 22, 31 August 2012, p. 8; Cr Russell Bate, Mayor, Mansfield Shire Council, *Transcript of evidence*, 13 February 2013, p. 6.

⁵⁵² Indigo Shire Council, *Submission*, no. 22, 31 August 2012.

⁵⁵³ Wodonga City Council, *Submission*, no. 21, 31 August 2012, p. 7.

⁵⁵⁴ economy.id, 'How is our economy structured? — How does each industry contribute?', viewed 13 May 2013, <<http://economy.id.com.au/>>.

⁵⁵⁵ Victorian Competition and Efficiency Commission, *Victorian manufacturing: Meeting the challenges — Inquiry into a more competitive Victorian manufacturing industry*, Victorian Government, Melbourne, 2011, p. xxix.

⁵⁵⁶ Ballarat City Council, *Submission*, no. 28, 31 August 2012, p. 3.

⁵⁵⁷ Hume City Council, *Submission*, no. 18, 29 August 2012, p. 7.

Indigo SC commended the Victorian Government's assistance to the manufacturing sector, however it commented that it lacked a focus on SMEs:

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.⁵⁵⁸

Some inquiry participants believed a negative perception of manufacturing had contributed to a decline in the number of appropriately skilled workers. To address this, Mr David Peart, Executive Officer of the Geelong Manufacturing Council, believed that perceptions had to be targeted through the education system.⁵⁵⁹

Local councils have dealt with the structural changes of the manufacturing sector in a number of different ways. Inquiry stakeholders saw the need to transition to 'advanced manufacturing' sectors that emphasise research and development (R&D) and innovation.⁵⁶⁰ Some councils saw this as an opportunity to restructure and diversify the local economic base, with greater emphasis on the tourism, health services, transport and logistics.⁵⁶¹

A number of inquiry stakeholders had implemented strategies to mitigate the effects of manufacturing restructure on the local economy. NORTH Link was particularly active in this space, engaging in research and advocacy programs for the northern Melbourne region.⁵⁶² Greater Dandenong CC, traditionally a manufacturing area, established South East Business Networks (SEBN) to strengthen the knowledge and capability of the local manufacturing sector.⁵⁶³ Greater Geelong CC, in partnership with G21, developed an economic development strategy to diversify the local economy and to become less reliant on the manufacturing sector in the future.⁵⁶⁴ Ballarat CC partnered with the Victorian Government and the local manufacturing industry to develop the Ballarat Industry Workforce Development Strategy to provide direction to help transition and development of the Ballarat workforce. In addition, the council's Strategic

⁵⁵⁸ Indigo Shire Council, *Submission*, no. 22, 31 August 2012, p. 9.

⁵⁵⁹ David Peart, Executive Officer, Geelong Manufacturing Council, *Transcript of evidence*, 13 March 2013, p. 5.

⁵⁶⁰ For example, see: *ibid.*; Committee for Wyndham, *Submission*, no. 6, 16 August 2012; Northern Melbourne Regional Development Australia Committee, *Submission*, no. 75, 9 November 2012; Greater Geelong City Council, *Submission*, no. 44, 10 September 2012; Victorian Competition and Efficiency Commission, *Submission*, no. 35, 4 September 2012; Kingston City Council, *Submission*, no. 20, 31 August 2012.

⁵⁶¹ For example, see: Hume City Council, *Submission*, no. 18, 29 August 2012; Northern Melbourne Regional Development Australia Committee, *Submission*, no. 75, 9 November 2012; G21 — Geelong Region Alliance, *Submission*, no. 64, 5 October 2012; Greater Geelong City Council, *Submission*, no. 44, 10 September 2012.

⁵⁶² NORTH Link, *Submission*, no. 66, 9 October 2012. See also: NORTH Link, *Melbourne's north: Socio-economic overview*, attachment to NORTH Link, *Submission*, no. 66.

⁵⁶³ Greater Dandenong City Council, *Submission*, no. 33, 3 September 2012, p. 5.

⁵⁶⁴ G21 — Geelong Region Alliance, *Submission*, no. 64, 5 October 2012, p. 2.

Management for Profitable Growth Program is primarily targeted at SMEs in the manufacturing sector.⁵⁶⁵

4.6.1.2 RETAIL SECTOR

A number of inquiry participants highlighted the impacts of a declining retail sector on local economies. Mr Russell Zimmerman, Executive Director of the ARA, attributed the decline in part to low sales growth which was in turn due to low level of current consumer confidence and constant price reductions.⁵⁶⁶

Indigo and Banyule councils noted that a declining local retail sector had led to lower levels of youth employment and reduced the ability of independent retailers to capture and retain market share. The councils attributed this in part to an increase in consumer preference to online shopping.⁵⁶⁷ Mr Heath Michael, Director, Policy, Government and Corporate Relations with the ARA, supported this view, adding that the effects were exacerbated for regional Victorian LGAs, as they were experiencing a higher growth in online sales compared to that of the Melbourne CBD.⁵⁶⁸

Further, Mr Michael did not believe that retail rent models accurately reflected current retail growth. He stated that the models were built on 5 to 10 per cent projected growth, whereas annual growth for the retail sector now averages around 3 per cent.⁵⁶⁹ Mr Russell Zimmerman, Executive Director of the ARA, agreed, stating:

... I think the model is broken. We have talked about the fact that retail is at 3 per cent or thereabouts. Yet you have a number of landlords ... saying to retailers, 'Your model is CPI plus 2 [per cent].' There is no way that you can run a business and expect your rents to go up by the CPI plus 2 per cent over that period of time ... I think the landlords have to come to grips with it and realise that this is really the new way of retailing and that you cannot afford to continually push those rents up like they have in the past.⁵⁷⁰

As noted in Chapters 2 and 3, many councils work to address retail decline through implementing retail strategies; support programs such as 'buy local' campaigns; and funding traders associations and CoCs. However the Committee believes that there are many instances where councils do not adequately support the local retail sector. Further, the Committee found that a number of councils have little-to-no engagement with local business associations. This is concerning as local retail sectors throughout all LGAs are a vital part of local economies, providing substantial employment, goods and services to the community.

⁵⁶⁵ Ballarat City Council, *Submission*, no. 28, 31 August 2012.

⁵⁶⁶ Russell Zimmerman, Executive Director, Australian Retailers Association, *Transcript of evidence*, 8 November 2012, p. 4.

⁵⁶⁷ Banyule City Council, *Submission*, no. 9, 17 August 2012, p. 1; Indigo Shire Council, *Submission*, no. 22, 31 August 2012, p. 9.

⁵⁶⁸ Heath Michael, Director, Policy, Government and Corporate Relations, Australian Retailers Association, *Transcript of evidence*, 8 November 2012, p. 4.

⁵⁶⁹ *Ibid.*, p. 8.

⁵⁷⁰ Russell Zimmerman, Executive Director, Australian Retailers Association, *Transcript of evidence*, 8 November 2012, p. 8.

4.6.1.3 AGRICULTURAL SECTOR

The Victorian agricultural sector has experienced decline over the last two decades due to a number of environmental, social and economic factors. These included a prolonged period of drought; declining interest in agricultural careers; an aging workforce; and the increasing out-migration of young people from rural areas.⁵⁷¹ This has posed a significant challenge to rural and regional LGAs that in many cases have been reliant on the sector for economic output and employment. Strathbogie SC stated that a lack of economic diversity puts pressure on the local agricultural industry to be 'more adaptive and innovative, [and] have the capacity to adjust the cost of production or transfer to other business/industry sectors'.⁵⁷²

The Committee notes that these issues were dealt with extensively in the Rural and Regional Committee's *Inquiry into the capacity of the farming sector to attract and retain young farmers and respond to an ageing workforce* (2012). In its response, the Victorian Government agreed to implement a number of mechanisms to address the issues raised in the report. The Committee welcomes the reforms and anticipates they will address a number of the issues raised in this report upon implementation.

In addition to the factors previously mentioned, inquiry participants raised a number of other issues affecting local agricultural sectors. Gannawarra and Yarra Ranges SCs indicated that water security and availability had restricted economic development in the local agricultural sector.⁵⁷³ To address this, Yarra Ranges stated that it had commissioned a feasibility project for a recycled water pipeline with Yarra Valley and Melbourne Water'.⁵⁷⁴

Along with AiA, East Gippsland and Yarra Ranges SCs highlighted issues in sourcing and housing seasonal workers for the agricultural sector, such as during crop harvests.⁵⁷⁵ Strathbogie SC was concerned about the sustainability of such labour, stating:

Studies have shown this workforce is approximately 2,500 to 3,500 people per day for six months of the year. There is concern about the long term sustainability of supply of this type of labour, with a significant proportion having come from first generation immigrants of Vietnamese and Cambodian background. A greater percentage may need to be overseas tourists on working holiday visas or those attracted through the Pacific Seasonal Worker Scheme auspiced by the Federal Government.⁵⁷⁶

AiA believed that 'in many cases, the prospective employees are best sourced from a local community'.⁵⁷⁷ However, it noted the dilemma that 'economic development can't occur without

⁵⁷¹ Paul Collits, 'The Howard Government and regional development', *Australasian Journal of Regional Studies*, vol. 14, no. 3, 2008, p. 295.

⁵⁷² Strathbogie Shire Council, *Submission*, no. 37, 6 September 2012, p. 3.

⁵⁷³ Gannawarra Shire Council, *Submission*, no. 60, 27 September 2012, p. 3; Yarra Ranges Shire Council, *Submission*, no. 59, 27 September 2012, p. 6.

⁵⁷⁴ Yarra Ranges Shire Council, *Submission*, no. 59, 27 September 2012, p. 6.

⁵⁷⁵ Ambitions into Achievements, *Submission*, no. 8, 17 August 2012, p. 2; East Gippsland Shire Council, *Submission*, no. 55, 19 September 2012, p. 15; Strathbogie Shire Council, *Submission*, no. 37, 6 September 2012, p. 4.

⁵⁷⁶ Yarra Ranges Shire Council, *Submission*, no. 59, 27 September 2012, p. 5.

⁵⁷⁷ Ambitions into Achievements, *Submission*, no. 8, 17 August 2012, p. 2.

local people yet additional local people will not materialise as there is no suitable accommodation available'.⁵⁷⁸

Further, some inquiry participants noted issues with the competing interests of farming activities and lifestyle residential development.⁵⁷⁹ Mr James Tehan, President of the Mansfield branch of the Victorian Farmers Federation, explained this to the Committee:

... local government must be conscious of the ever-encroaching lifestyle farms and tree changers that are moving into the farming area and beginning to impinge on our ability to run our businesses. A real problem in this area is the influx of feral pests and weeds onto these properties. Local government needs to make sure that these lifestyle developments do not impact on agricultural pursuits.⁵⁸⁰

4.6.2 Representation of the private sector

The Committee's investigations indicated that local government adopts a predominantly passive approach to engaging local businesses. As local government is a primary point of contact for businesses for governance issues, it is important that councils actively engage businesses to ensure that their views are properly represented. The Committee calls for Victorian local governments to take a more proactive approach to engaging businesses.

As noted in Chapter 3, there are some standout examples of collaboration between councils and business to drive economic development. These include:

- SEBN
- South East Melbourne Manufacturing Alliance (SEMMA)
- G21
- Committees for Ballarat and Wyndham
- NORTH Link.

In each engagement model, local government is an active participant in differing ways and extents. These illustrate the range of options that local government can adopt to engage with businesses despite differing levels of resources. These examples highlight opportunities for local government to build capacity in the sector and lead local economic development.

4.6.2.1 BUSINESS REPRESENTATION IN COUNCIL ELECTIONS

The Committee heard evidence on the voting eligibility of business tenants from Ms Christine Richards, a member of Greater Frankston Business Chamber and former councillor at Frankston CC. Ms Richards expressed concern that business tenants are not eligible to vote in local government elections for the municipality their business operates in:

⁵⁷⁸ Ibid.

⁵⁷⁹ Strathbogie Shire Council, *Submission*, no. 37, 6 September 2012, p. 4; Victorian Farmers Federation — Mansfield Branch, *Submission*, no. 16, 29 August 2012, p. 1.

⁵⁸⁰ James Tehan, President, Mansfield branch, Victorian Farmers Federation, *Transcript of evidence*, 13 February 2013, pp. 2–3.

The majority of businesses are tenants, not landowners, unlike residential tenants — and I stress that — unlike residential tenants, commercial and industrial tenants are not entitled to a vote in local council elections in their own right. They should be. Without a vote, councillors and councils have less incentive to work with and for local business needs and aspirations.⁵⁸¹

Ms Richards went on to propose that the *Local Government Act 1989* (Vic) be amended to allow this.

Sections 11–17 of the Act outline who can enrol to vote in local government elections. Section 11 states that residents — including residential tenants — who are listed on the Victorian electoral role are automatically enrolled for local government elections at the same address. Section 15 states that an occupier ratepayer (typically a business tenant) may apply to enrol to vote in local government elections providing:

- they pay rates or their lease specifies they must reimburse the landowner for rates
- they have the written consent of the landowner to apply.

If the occupier ratepayer is enrolled to vote, the landowner cannot be enrolled at that address.

Ms Richards described the provision in practice as ‘tortuous’ and stated it was barely used to the point it was ‘virtually redundant’.⁵⁸² Using the Frankston LGA as an example, she stated in the 2012–13 local government elections only 2 tenants from 4484 commercial and industrial properties in the municipality had obtained the landowners consent to be enrolled to vote.⁵⁸³

This model is similar to that of Melbourne CC, where business tenants are eligible to vote in council elections under the *City of Melbourne Act 2001* (Vic). Section 9C of the Act allows corporations that are owners or joint owners of rateable properties in the municipality to appoint two people to vote in council elections on their behalf.⁵⁸⁴

Some members of the Committee noted the circumstances of Melbourne CC — in particular its high number of businesses and the rate income received from them — make its circumstances arguably different from most councils in Victoria. However, it should be noted that different LGAs receive substantial contribution from business in rateable income. This matter has come to the attention of the Committee as a priority of some businesses.

Nonetheless, some members of the Committee believe that the Victorian Government should consider the benefits of allowing business tenants to vote in local council elections against any consequences that may result from changing the Act in this manner. This issue is seen as particularly relevant to those LGAs that have a high proportion of businesses which make up a substantial percentage of the local council’s income.

⁵⁸¹ Christine Richards, Member, Greater Frankston Business Chamber, *Transcript of evidence*, 27 February 2013, p. 4.

⁵⁸² *Ibid.*, p. 5.

⁵⁸³ *Ibid.*

⁵⁸⁴ *City of Melbourne Act 2001* (Vic), 5 of 2001, section 9C.

Recommendation 35

The Victorian Government considers both the benefits and consequences of allowing business tenants who are occupier ratepayers to vote in council elections, and on this basis determines whether or not the *Local Government Act 1989* (Vic) requires amendment to extend voting rights.

The Committee has also observed the trend within the UK and elsewhere towards local governments led by directly-elected mayors. While the Mayor of London stands as the most obvious example, other cities — including Liverpool and Bristol — have adopted directly-elected mayors, as have a number of London's boroughs, such as Tower Hamlets and Lewisham. The Committee also notes that Greater Geelong CC has recently adopted direct election, and Cr Keith Fagg was announced as the city's first directly elected mayor in 2012. The Committee believes an evaluation of this approach would be beneficial to gauge whether it could be adopted by other local councils.

Recommendation 36

The Victorian Government undertakes an evaluation of the City of Greater Geelong's recent adoption of a directly-elected mayor, with a view to expanding this electoral reform to other Victorian councils.

The issue of formal representation of businesses within the operation of councils was a consistent theme of inquiry discussions. London First — an organisation that seeks to ensure a pro-business approach is taken in London by all levels of government — held the view that methods such as direct voting by businesses in their own right was not a priority when set against other mechanisms such as business-led economic development strategies through the local enterprise partnerships (LEPs), or business referendums on the impacts of key policy on business. Andrew Jones of Southbank University's Local Economic Policy Unit agreed with this view, as cited in his article 'Here we go again: The pathology of compulsive re-organisation'.⁵⁸⁵

These are amongst some of the issues that any consideration of including businesses as direct voters in local government should consider.

4.6.3 Financial barriers

A number of inquiry participants highlighted the effects of financial barriers on local economic development.⁵⁸⁶ Financing issues for business start-ups are exacerbated by planning and compliance costs and delays, which prolong the period before the business can start to generate any income. The main concerns of inquiry stakeholders were:

⁵⁸⁵ Andrew Jones, 'Here we go again: The pathology of compulsive re-organisation', *Local Economy*, vol. 25, no. 5–6, 2010.

⁵⁸⁶ Surf Coast Shire Council, *Submission*, no. 23, 31 August 2012; Ballarat City Council, *Submission*, no. 28, 31 August 2012; Moreland City Council, *Submission*, no. 39, 6 September 2012; East Gippsland Shire Council, *Submission*, no. 55, 19 September 2012; Mark Sanders, President, Geelong Chamber of Commerce, *Transcript of evidence*, 13 March 2013; Peter Baenziger, Director, Mansfield Constructions, *Transcript of evidence*, 13 February 2013.

- taxes, fees and charges imposed by all levels of government, particularly land tax, stamp duty and payroll tax
- access to capital and business financing, which was exacerbated by the GFC.

Although the Committee recognises the impact of these and other barriers to private sector leadership in local economic development, there are many other barriers to the financial participation of businesses in this area. Whilst many of them are beyond the scope of this report, they form part of the many influences on local economic development across the public, private and community sectors. For successful local economic development, the public sector removing barriers to private sector initiatives coincides with creating opportunities for partnerships with the private sector.

CHAPTER 5:

LOCAL ECONOMIC DEVELOPMENT IN THE 21ST CENTURY

Throughout this report the Committee has made a number of recommendations designed to encourage local economic development and growth within Victoria. In particular, the Committee has strongly advocated a coordinated business-led approach to business development strategies and industry support, whereby all tiers of government, business and community work towards agreed economic development priorities. Further, that this be done in an agile, non-prescriptive manner that encourages locally-defined and locally-led solutions to economic development which takes into account national, regional and local approaches to local economic development. This chapter continues to highlight best practice local development — per term of reference (f) — with a particular focus on international best practice examples.

This chapter also addresses aspects of term of reference (e), which directs the Committee to ‘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’. Throughout this report the Committee has emphasised the importance of an agile, flexible and integrated approach to economic development, whereby all levels of government and the private sector work to pursue identified goals. As discussed in Chapter 3, the Committee is of the view that local and business-led approaches to economic development provide the key to supporting economic growth and employment opportunities. The Committee also supports the establishment of agile structures that bring together all levels of government, business and the wider community to identify economic development priorities within defined functional economic areas.

This chapter details a number of innovative economic development initiatives raised by inquiry stakeholders, which could be adapted to other areas of the State. It also highlights several local councils that have taken a proactive approach to investment attraction to boost employment opportunities and encourage a robust local economy. As set out in Chapter 4, the Committee recommends that all levels of government, business and community work to identify and develop appropriate and available funding models to ensure Victoria’s growth. The Committee also believes that more can be done to encourage stakeholders to work together, particularly in business-led clusters, to meet the changing demands of the economy.

5.1 Promoting best practice in local government

The Committee believes that local government needs to develop a culture of support for business, in which economic development is central to the activities of local government. As identified in Chapter 4, a lack of leadership and focus by local government serves as a barrier to economic development at the local level.

The Committee heard evidence that suggested many local councils lack vital skills in the area of economic development. According to Professor Bob Stimson, from the University of Melbourne, local governments require support to produce and implement effective economic development strategies. In this way, Professor Stimson argued that:

In many ways I think one of the most powerful things that central government — state government — can do would be to resource local regions with the capability to actually implement practices in terms of undertaking a regional development strategy that is using best practice. That is not happening. There is not the capability necessarily within a region. Places like Melbourne might have it, but most local governments ... they do not.⁵⁸⁷

At the same time, the Committee found that some councils were proactive in taking on a leadership role within their regions to promote best practice approaches to local economic development. At a public hearing Mr Jeff Pulford, Director Destination and Economy, Ballarat City Council (CC), described the complexities of acting as a leader in relation to regional development:

One of the big issues about creating a cooperative arrangement is regional leadership and we have worked really hard to establish it here across the Central Highlands region. It means that we have to let go on some projects. It means that we have to deliberately allow other instrumentalities to do better at something that we probably could have taken away from them if we have gone hard. I am not saying that we ever miss out on funding opportunities, but we have to take a mature approach to regionalism.⁵⁸⁸

In a similar way Mr John Bennie, Chief Executive Officer (CEO) of Greater Dandenong CC, promoted the benefits of working cooperatively with neighbouring areas:

Being a regional contributor, it is about avoiding duplication and avoiding competition, and between Kingston [CC] and ourselves you are probably aware that together we contribute something like 35 per cent of state domestic product. We do not get that through competing with one another — 'Who is going to get this business?' It is about collaborating and working together and talking about the heartland of manufacturing Victoria as being in the municipalities that include Kingston and Greater Dandenong. Whilst it is almost a natural phenomenon to be competitive with other municipalities, we have to try to put that parochialism aside and work towards growing and supporting what is in the best interests of our municipality but also our region. Businesses may come here, and if they do not reside in Greater Dandenong, so be it. If they reside in the region, that is what we should be aiming for, because again what is good for the region is good for us. It creates more jobs and more opportunities for us to grow.

In Chapter 2 the Committee made several recommendations aimed at improving the quality of council economic development strategies, while in Chapter 3 the Committee made recommendations designed to support regional collaboration between local councils. Further to this the Committee believes that peak bodies, such as the Municipal Association of Victoria (MAV) and LGPro (Local Government Professionals), together with other private sector

⁵⁸⁷ Professor Bob Stimson, University of Melbourne, *Transcript of evidence*, 16 October 2012, p. 4.

⁵⁸⁸ Jeff Pulford, Director, Destination and Economy, Ballarat City Council, *Transcript of evidence*, 24 January 2013, p. 11.

participants such as the Victorian Employers' Chamber of Commerce and Industry (VECCI) and non-government organisations (NGOs), have a crucial role to play in professional development training and the up-skilling of both council staff and councillors.

Therefore, the Committee recommends that:

Recommendation 37

The Victorian Government works with local government, peak bodies and private providers, to ensure delivery of professional development programs for council personnel, both appointed and elected, that support the adoption of economic development best practice.

5.2 Maximising existing resources

As discussed in Chapters 3 and 4, the Committee is of the view that local councils should endeavour to work in partnership with neighbouring councils to address regional issues and to avoid duplication of efforts. As part of pursuing a regional approach to economic development, the Committee considers it prudent for councils to investigate shared service delivery models to achieve more efficient use of existing resources.

Ms Maxine Morrison, Program Manager at Rural Councils Victoria (RCV) reported that her organisation has recently undertaken a pilot program 'around asset management in rural areas'.⁵⁸⁹ Further, Ms Morrison stated that:

The cost savings that came out of that pilot were jaw dropping, and it was very illuminating to see how assets are managed in some of these rural councils and what the possible benefits could be if we shared and shared alike a little.⁵⁹⁰

Ms Morrison noted that RCV has plans to involve all rural councils in the asset management program.⁵⁹¹

The MAV has also been involved in promoting a shared service model within local government, particularly in the areas of IT system platforms, telephone services and fleet management. However, the MAV has noted that it has had difficulty bringing councils together around this issue:

The MAV has done a lot of work in this space to attempt to get councils to actually move towards a shared service model, and it has been predominantly around IT system platforms. The program we attempted to implement had two objectives, and that was to get them on a similar platform, so there was a much better level of actually obtaining data and information across councils, and making it much simpler, but it was also about improving the quality of the IT products. So in effect what one council could actually purchase by itself versus what a cluster could do is quite different in terms of the quality of the actual product. The big issue we have had with that is getting the appetite of the councils at the really pointy end. There is a great deal of enthusiasm for the concept, there is a great deal of enthusiasm to get out and

⁵⁸⁹ Maxine Morrison, Program Manager — Networked Rural Councils, Rural Councils Victoria, Department of Planning and Community Development, *Transcript of evidence*, 8 November 2012, p. 9.

⁵⁹⁰ Ibid.

⁵⁹¹ Ibid.

work towards it, but when it actually comes to the crunch, and in particular the large capital up-front funding that is required for it, unfortunately it has not got across the line.⁵⁹²

The Committee believes that all local governments should be proactive in maximising the use of existing resources including leveraging off the programs of other levels government, as well as working in partnership with others to increase purchasing power.

Accordingly, the Committee recommends that:

Recommendation 38

The Victorian Government works with local government to identify and establish shared services models and joint management initiatives to maximise the use of council resources.

5.3 Identifying diverse funding sources

Throughout the Inquiry the Committee received evidence about the need for local councils to explore diverse sources of funding to support local economic development projects. As discussed in Chapter 3, a number of councils have partnered with private sector organisations to advance common projects and have benefitted from both financial and in-kind contributions from business and industry.

One such project is the south east Melbourne innovation precinct (SEMIP) which brings together the Victorian Government, the CSIRO, Monash University, the Australian Synchrotron, the Small Technologies Cluster and Greater Dandenong, Kingston, Knox and Monash councils.⁵⁹³ Some of the industry partners for the project include Invetech, Siemens Australia, Minifab, and Nulab Professional Imaging.⁵⁹⁴ The project aims to strengthen collaboration between research institutions and industry, and to capitalise on the south-east's status as a manufacturing and technology hub. According to Kingston CC:

Through the SEMIP initiative, businesses are being provided with access to cutting edge research and the opportunities to build collaborative business to business and business to researcher relationships.⁵⁹⁵

Another example of local government working with the private sector to develop local projects is the Bunyip Food Belt project coordinated by Casey, Cardinia and Mornington councils with local water utility companies. The project aims to support growth in the agricultural sector through the development of a water recycling facility to be used for agricultural land in the areas of Tyabb, Pearcedale, Tooradin and Lang Lang.⁵⁹⁶ According to Mornington Peninsula Shire Council (SC), the project has 'potentially big, long term, sustainable economic benefits'⁵⁹⁷, and further:

⁵⁹² Owen Harvey-Beavis, Manager, Research and Strategy, Municipal Association of Victoria, *Transcript of evidence*, 8 November 2012, p. 9.

⁵⁹³ Southern Melbourne Regional Development Australia Committee, *Submission*, no. 70, 12 October 2012, p. 5.

⁵⁹⁴ Kingston City Council, *Submission*, no. 20, 31 August 2012, p. 6.

⁵⁹⁵ *Ibid.*

⁵⁹⁶ Mornington Peninsula Shire Council, *Submission*, no. 63, 1 October 2012, p. 5. See also Casey City and Cardinia Shire Councils, *Submission*, no. 68, 12 October 2012, p. 15.

⁵⁹⁷ Mornington Peninsula Shire Council, *Submission*, no. 63, 1 October 2012, p. 5.

Food production is a life sustaining fundamental to any community and economy. The Bunyip Food Belt project is pivotal for this state's population and economy now and into the future. Our region is blessed with suitable agricultural soils with 'eternal' secure water through the Eastern Treatment Plant's recycled water. Grow food where food grows best is the sustainable option for food security.⁵⁹⁸

The Committee also received evidence from Bendigo and Adelaide Bank (B&AB) about its community banking model. Branches of Bendigo Bank opened under the community model are owned by community shareholders and run by a board comprised of community members. Profits are shared between B&AB and the local branch, which then contributes funding to local projects including building works. As at the 30 June 2012, there were 135 community branches of Bendigo Bank in Victoria, which have collectively contributed more than \$51 million to community projects, grants and sponsorship programs.⁵⁹⁹ At a public hearing in Melbourne Mr Russell Jenkins, Executive — Customer and Community at B&AB, described the contribution that community branches make to their local area:

One of the great benefits of having those locally-owned businesses is you have a locally-owned board which knows what is going on in its community. So these sorts of projects are not determined by Bendigo Bank; they are determined by that locally-based board. One example is the Anglesea fire station and the local community bank. They have done a series of projects down there, including a dementia wing on the local hospital. In this case they saw the need to redevelop the fire station — so \$100 000 went straight from the Winchelsea Anglesea Community Bank branch. They then led a community fundraiser that raised \$300 000 or \$400 000. They then came to the State Government and you guys put in \$1.3 million.⁶⁰⁰

B&AB conceives of the community banking model as a partnership with a local area, whereby local projects are funded through a combination of branch funding, and contributions from all three tiers of government. Mr Collin Brady, Head of Community Strengthening at B&BA, discussed this partnership process in relation to the recently constructed Diamond Creek stadium:

That is a project in excess of \$10 million and is an example of how most government funding requires a community dollar to be on the table, which is absolutely appropriate because community has skin in the game. It provides an opportunity to leverage other funding. As you can see in this particular case, local government, state government and federal government are supporting a project that will stand for many generations to come. Once again it is an example of our network's capacity and willingness to partner around projects that have a wider social and economic benefit.⁶⁰¹

⁵⁹⁸ *Ibid.*, p. 1.

⁵⁹⁹ Bendigo and Adelaide Bank, *Submission*, no. 71, 12 October 2012, p. 4.

⁶⁰⁰ Russell Jenkins, Executive, Customer and Community, Bendigo & Adelaide Bank, *Transcript of evidence*, 6 December 2012, p. 4.

⁶⁰¹ Collin Brady, Head of Community Strengthening, Bendigo & Adelaide Bank, *Transcript of evidence*, 6 December 2012, p. 5.

The Committee is of the view that B&BA's community banking model is an innovative example of how local projects can be funded through a combination of private sector and government sources.

5.3.1 Infrastructure funding

As discussed in Chapters 2 and 3, the Committee heard from a wide range of stakeholders that argued that securing sufficient funding for Victoria's present and future infrastructure needs is a pressing issue. A small number of witnesses suggested new funding initiatives that could assist with meeting this shortfall, by providing an alternative to a sole reliance on government funding. The Committee notes that alternative funding models exist and are appropriate for supporting the delivery of identified local economic development priorities.

At a public hearing in Melbourne Ms Kate Roffey, CEO of the Committee for Melbourne (CfM), summarised the infrastructure dilemma facing governments in the following way:

... there just is not enough money in the government coffers to continue with our traditional model, which has been that the government pretty much funds everything from an infrastructure perspective: our hospitals, our schools and our transport infrastructure. When you look at some of our major projects at the moment, being in the hundreds of billions of dollars, I think it is time that we as a community need to start having a look at how we actually make some kind of contribution to transport and infrastructure funding ourselves.⁶⁰²

The CfM has taken on a leadership role in researching and disseminating information about possible funding schemes for infrastructure projects, including:

- benefitted area levies
- usage taxes or tolls, and congestion charges
- value capture mechanisms such as tax increment financing
- public–private partnerships
- superannuation bonds
- developer contributions and growth area infrastructure charges.

The CfM is particularly interested in the possibility of superannuation funds becoming involved in financing infrastructure projects, although it recognises the need for these projects to be of a sufficient scale and timeframe to generate returns for funds.⁶⁰³

Ms Roffey noted that in the past alternative funding options have been used to complete infrastructure projects in Victoria, such as the benefitted area levy that was raised on businesses in the Melbourne CBD to fund the construction of the underground rail loop.⁶⁰⁴ The CfM has argued that benefitted areas levies could again be used to fund infrastructure within Melbourne

⁶⁰² Kate Roffey, Chief Executive Officer, Committee for Melbourne, *Transcript of evidence*, 31 October 2012, p. 2.

⁶⁰³ *Ibid.*, p. 5.

⁶⁰⁴ *Ibid.*, p. 2.

— such as the Melbourne Metro project — on the strength of recent successful international examples, most notably London’s Crossrail project.⁶⁰⁵ Tax increment financing is another value capture funding option advocated by the CfM, which has been used extensively in the US, recently as part of the Dallas Area Rapid Transit development.⁶⁰⁶

The CfM noted that although there are a range of funding options, there is no one-size-fits-all approach: ‘There are different models out there, and I think that rather than advocate one model you would need to look at each project in its entirety and in its scope and actually say, “This model would apply”’.⁶⁰⁷ Accordingly:

If we were talking about a level crossing, obviously the volume of money in there is smaller and it may be that you could come up with a model that a government, for example, would be comfortable with saying, ‘We will contribute X number of dollars’, a local government might contribute X number of dollars, and you raise revenue through some of these methods in another capacity, whether it is a direct or indirect charge.⁶⁰⁸

One of the aims of the CfM has been to explore options for increasing citizens’ contribution to infrastructure. At the same time, Ms Roffey argued that:

We always have to be careful of direct-pays issues with areas that may need more infrastructure because they are actually low socioeconomic areas. We do not want to be in a situation where those who can afford least are hit with greater charges, so somehow we have to come up with a socially conscientious model let us call it, for want of a better term, that actually allows us to spread out the load a little bit so that it is an equitable access for all.⁶⁰⁹

The MAV also commented on the range of potential funding mechanisms for infrastructure, including the need to balance developer contributions with both government funding and beneficiary-pays principles. Mr Owen Harvey-Beavis, Manager, Research and Strategy at the MAV stated that:

I guess ultimately developer contributions come down to the extent to which you want to finance infrastructure through user charges — do you actually turn around and push it onto the beneficiary to pay so you have a broader tax contribution? So it is really based around principles. Obviously you do not want to go down that path where you have very significant developer contributions like they have in New South Wales that adversely affect housing affordability, but to what extent is it fair that the broader community actually bears the costs of new development? Ultimately it does come down to values. Without doubt it is fair and reasonable that there is some form of developer contributions, but to the extent that they are actually providing a great deal of infrastructure, we do not have a really firm position on that.⁶¹⁰

⁶⁰⁵ Committee for Melbourne, *Moving Melbourne: A transport funding and financing discussion paper*, Melbourne, 2012, p. 12.

⁶⁰⁶ *Ibid.*, p. 8.

⁶⁰⁷ Kate Roffey, Chief Executive Officer, Committee for Melbourne, *Transcript of evidence*, 31 October 2012, p. 5.

⁶⁰⁸ *Ibid.*, pp. 4–5.

⁶⁰⁹ *Ibid.*, p. 3.

⁶¹⁰ Owen Harvey-Beavis, Manager, Research and Strategy, Municipal Association of Victoria, *Transcript of evidence*, 8 November 2012, p. 5.

The Committee notes that the MAV's contribution in this area, while calling on developers and other levels of government to take action, failed to identify opportunities for local government leadership.

Mr Steven Wojtkiw, VECCI's Executive Manager, Policy, described the creative approach to infrastructure funding adopted by the city of Chicago, USA:

In Chicago — I think you would be aware of the mayor there, who has sought — given the difficulty in raising capital through traditional means — to say, 'We have some major infrastructure upgrades in the city. For example, our street lighting is costing us' — this is an example and not necessarily a correct figure — '\$100 million a year in a bill to the city. If we can undertake new investment to improve that lighting — more efficient lighting — our bill might be only \$40 million. Of that \$60 million saving, if you — in terms of that capital-raising effort — as an investor would like to receive some of those savings from the city back to you and other consortiums and stakeholders, if you like, that is one way of creating a dividend flow to help repay some of that equity raising.' It is creative. It can still make commercial sense.⁶¹¹

Ballarat CC noted that rural areas have experienced unique difficulties in attracting investors to fund infrastructure via public–private partnerships due to decreased opportunities for returns. In its submission Ballarat CC explained that:

The lack of available investment vehicles and instruments appropriate to the infrastructure needs of the Ballarat regional community is also an issue. Investment arrangements such as public private partnerships that have been used to encourage private sector investment in large scale metropolitan infrastructure such as freeways, bridges, tunnels, and airport terminals are not usually appropriate to the provision of infrastructure in regional cities such as Ballarat. This is because regional infrastructure requirements are usually of a small-scale, local nature. They include the building of a freight hub or bio energy co-generation plant. The capital required for these projects is commonly less than \$20m. While large scale metropolitan projects of \$200m or more can usually source capital from traditional markets, it is often difficult for local businesses and authorities in regional areas such as Ballarat to generate funds for small-scale infrastructure. The projects are simply too small to attract the attention of the major fund managers.⁶¹²

As noted in Chapters 2 and 3, while a number of local councils are aware of the challenges of infrastructure funding, few local government authorities demonstrated a commitment to seeking solutions. Most viewed infrastructure provision the responsibility of other levels of government. The Committee recognises that the issue of infrastructure funding is a key challenge facing Australian governments, and will play a central role in encouraging future economic growth within the State. As discussed in previous chapters, this is a challenge for all levels of government, which need to find more effective ways of achieving local economic development goals. The Committee is pleased that organisations like the CfM have taken on the role of guiding public discussion around infrastructure funding and have sought the support of major private sector organisations. The Committee believes that more work needs to be done to

⁶¹¹ Steven Wojtkiw, Executive Manager, Policy, Victorian Employers' Chamber of Commerce and Industry, *Transcript of evidence*, 8 November 2012, p. 7.

⁶¹² Ballarat City Council, *Submission*, no. 28, 31 August 2012, p. 11.

develop innovative approaches to meeting the State's infrastructure needs in a more timely fashion.

In order to address the issue of infrastructure financing, the Committee recommends that:

Recommendation 39

The Victorian Government works with other levels of government and the private sector to identify and develop a funding framework and a range of funding models (involving contributions from government, value capture schemes and private sector sources) that can be used to finance key infrastructure projects with defined local economic development benefits.

5.4 Attracting new investment and enhancing employment opportunities

The Committee received evidence from several local councils that have adopted innovative strategies for encouraging new investment and enhancing employment opportunities in their areas. In particular, some councils have undertaken strategic planning and local infrastructure works to develop investment-ready industrial precincts and business parks to encourage new investment. Further, as discussed in Chapter 2, a number of councils have developed relationships with education providers to address the skills needs of local industry to expand local employment opportunities, particularly in relation to information and communications technology (ICT) training.

Moreland CC has an active land assembly program, which is designed to encourage investors to the area by accumulating parcels of land ready for development within a defined precinct. Mr Peter Brown, CEO of Moreland CC, explained the council's approach at a public hearing in Melbourne:

My advice to council, I suppose — and the Council decided to do it — was to look for strategic parcels of land in the shopping centre and over time purchase them, so council operates as a land banker and consolidates. That is exactly what we have been doing. In the Coburg area in particular we bought both the Coles supermarkets because they were both on strategic parcels of land and we now own about 12.5 hectares of the retail area of Coburg. With that land, we want the opportunity to work with the development community to then leverage projects.⁶¹³

While Moreland CC's is a unique approach involving significant capital investment, several other councils, including Gannawarra, Loddon and Horsham councils, have sought to attract investors by developing industrial land to encourage businesses to re-locate into business and employment precincts.⁶¹⁴

Ballarat CC has adopted a similar approach by targeting investment by the ICT industry. The council has worked alongside the University of Ballarat to stimulate the growth of ICT sector in the area through the council-run organisation Ballarat ICT Limited and the Ballarat Technology Park. Mr Mal Valance, Director of the University of Ballarat Technology Park, outlined its aim:

⁶¹³ Peter Brown, Chief Executive Officer, Moreland City Council, *Transcript of evidence*, 6 December 2012, pp. 2–3.

⁶¹⁴ Gannawarra Shire Council, *Submission*, no. 60, 27 September 2012, p. 5.

We construct and develop the buildings in response to market demand, in response to approaches we receive. Buildings and infrastructure have traditionally been financed by the University, so we have put skin in the game ourselves, but a major player in that has been the State Government as well. The reality is that the University's capital investment, our contribution, has recovered over time through long-term leases with the major tenants. The State Government's contribution has essentially been grants. I could not quantify what its contribution has been over the last 17 years — I have been there only five years — but I suspect there would probably not be a building in the Technology Park that has not had some sort of assistance from the State Government, and that assistance has been critical to the success of the Technology Park.⁶¹⁵

A number of other rural and regional councils have worked collaboratively to attract investment and boost employment locally. For example, Ballarat CC noted that it participated in a regional forum for economic development managers within the Central Highlands region.⁶¹⁶ Campaspe SC highlighted the role of the Murray River Group of Councils, which brings together neighbouring local government areas (LGAs) 'to achieve common economic goals', particularly in promoting the future of the region's agricultural sector.⁶¹⁷

Ms Maxine Morrison, Program Manager at RCV, argued that rural and regional councils often have a limited capacity to undertake strategic economic development programs. Outlining the approach taken by RCV to boost the skills of rural councils and councillors, Ms Morrison noted that:

We went straight to the coalface [of rural councils] and said, 'Where are your skills lacking, and where do you think the skills for your councillors are lacking?' They identified that their councillors do not understand economic development enough, so in consultation with the MAV — and in particular Andrew Rowe, who is the person who leads in this space — we are putting forward what we, in all our wisdom, think may help some new councillors to understand the economic development space.⁶¹⁸

As discussed in Chapter 2, RDV is the Victorian Government's lead agency for rural and regional development, and coordinates a number of projects to assist rural councils and communities to drive industry and business growth.

In order to assist local councils to attract business investment, the Committee recommends that:

Recommendation 40

The Department of State Development, Business and Innovation works with Victorian councils and the private sector to support investment attraction strategies, including those that leverage off other levels of government.

⁶¹⁵ Mal Valance, Director, University of Ballarat Technology Park, *Transcript of evidence*, 24 January 2013, p. 2.

⁶¹⁶ Sean Cameron, Manager, Economic Development, Ballarat City Council, *Transcript of evidence*, 24 January 2013, p. 9.

⁶¹⁷ Campaspe Shire Council, *Submission*, no. 56, 19 September 2012, p. 3.

⁶¹⁸ Maxine Morrison, Program Manager — Networked Rural Councils, Rural Councils Victoria, Department of Planning and Community Development, *Transcript of evidence*, 8 November 2012, p. 8.

Recommendation 41

The Department of State Development, Business and Innovation works with Victorian local councils and the private sector to support business-led local economic development best practice approaches relevant to functional economic areas.

Having identified these issues in particular in smaller rural and regional communities the same principals apply to other areas of local government. The recommendations in Chapter 4 address these wider sector concerns.

A number of councils — including Darebin, Mansfield and Brimbank — have developed vocational education and employment programs to ensure that training opportunities align with the needs of local business and industry.⁶¹⁹ Mr Paul Sladdin, CEO of Mansfield Adult Continuing Education (MACE), argued that further attention should be paid to the specific skills needs of rural and regional areas:

We believe there is room to investigate a new funding model for rural and regional Victorians in the areas of localised skill shortages. With the changes to the student-contact-hour rate, it was the training package that was affected. Hospitality is a good example to use. In hospitality in all areas except commercial cookery the student-contact-hour funding rate went down. In an area such as Mansfield, where we rely on the service industry, tourism and hospitality, those skills are in high demand. They may not be in high demand in Chapel Street, Prahran, but they are in tourism-based areas like the north-east.⁶²⁰

At a public hearing in Ballarat, the Committee heard how the University of Ballarat has worked with both the local council and industry to develop skills pathways in ICT and manufacturing. Associate Professor Barry Wright, Executive Director of the University's Industry Skills Centre, described the Centre's development in the following way:

The Industry Skills Centre is a new entity for the University under a restructure that took place mid last year. It started on 1 January. It has been launched. We had a successful launch, and it is now, 'How do we position ourselves? How do we be smart and innovative to deliver vocational training not only to this community but to the communities either to the west of us, to the east of us or to the north of us?'⁶²¹

Associate Professor Wright noted that the Centre has developed close relationships with local industry representatives, many of whom sit on the Centre's two industry advisory groups:

We have discussions like, 'Is training relevant? What would you like to see?' Most of them have trainees or apprentices with us, so we are trying to get their feedback. There is no use for us to be in the training business if our training is not relevant and not hitting the mark. That

⁶¹⁹ Darebin City Council, *Submission*, no. 17, 29 August 2012, p. 33. Mansfield Shire Council, *Submission*, no. 27, 31 August 2012, p. 10. Brimbank City Council, *Submission*, no. 58, 24 September 2012, p. 6.

⁶²⁰ Paul Sladdin, Chief Executive Officer, Mansfield Adult Continuing Education, *Transcript of evidence*, 13 February 2013, p. 4.

⁶²¹ Associate Professor Barry Wright, Executive Director, Industry Skills Centre, University of Ballarat, *Transcript of evidence*, 24 January 2013, p. 3.

is one of the ways that we test ourselves to see if we are relevant and how our training is going.⁶²²

To ensure that educational and training opportunities align with the needs of Victorian business and industry, the Committee recommends that:

Recommendation 42

The Department of Education and Early Childhood Development and the Department of State Development, Business and Innovation conduct an assessment of the skills needs of business and industry that meet the needs of the locally-defined economic areas, with a view to aligning education and training opportunities to support local sectors identified for future growth.

5.5 International cases studies in local economic development

The following section discusses the range of best practices model that the Committee observed in the United Kingdom (UK), the Netherlands and Germany. The approaches observed by the Committee are united by a commitment to business-led economic development that brings together leaders from government, the private sector, the voluntary sector and the wider community to identify local priorities.

5.5.1 London

Established in 1999, the Greater London Authority (GLA) is the local government authority for the Greater London area. The GLA consists of the directly elected Mayor of London — currently Mr Boris Johnson — and the 25 member London Assembly which has oversight for the Mayor's performance.

The GLA operates alongside 32 London borough councils and the City of London Corporation, which have responsibility for defined areas within the capital. The GLA was established to improve policy coordination between the boroughs. It functions as a strategic regional authority with powers over transport, policing, economic development, and emergency planning. The office of the Mayor is designed to provide a leadership focal point for London. This devolved structure of government provides the GLA and the Mayor with a unique level of autonomy within the UK government structure.⁶²³

London faces a number of challenges for the future related to population growth, such as the need to plan for appropriate transport infrastructure improvements and housing supply. Moreover, local economic development has been a particular focus of the GLA and London's boroughs in the aftermath of the 2011 riots.

5.5.1.1 GREATER LONDON AUTHORITY AND THE MAYOR OF LONDON

The Committee met with personnel from the City of London and the Mayor's office, who outlined the role of the Mayor of London in planning for the city's future growth. Through the

⁶²² Ibid.

⁶²³ Greater London Authority, 'Mayor & Assembly', viewed 18 July 2013, <<http://www.london.gov.uk/>>.

Greater London Authority Acts of 1999 and 2007, the Mayor of London gained citywide powers beyond those normally allocated to local authorities in any UK regions.⁶²⁴

The Mayor's office discussed partnerships between London's 33 local authorities, and highlighted the Borough of Haringey's city plan as an effective model for economic development at the local level. Haringey's plan was developed following extensive consultation with community stakeholders and businesses, and is clearly aligned with broader strategic plans for London and the UK Government's national growth policies.⁶²⁵ The plan aims to promote Haringey's links to the City and Stansted Airport and its strategic location in the London-Stansted-Cambridge-Peterborough growth area.⁶²⁶ The plan also connects with the priorities of neighbouring areas to address issues impacting on the entire North London region, including coordinating house growth and infrastructure needs.⁶²⁷ The Mayor's office views Haringey's plan as blueprint for bringing local communities together and pooling the efforts of both councils and the local community.

The Mayor's office also noted the 'Jobs and Growth Plan for London' recently released by the London Enterprise Panel which identified the following areas as key to delivering growth to the city:

- improving skills to boost employability
- supporting the SME sector
- promoting the capital as a hub for the digital, creative, and technology industries
- delivering infrastructure improvements.

The plan was developed in conjunction with the London Enterprise Panel, which was established in 2012 as a vehicle for private sector leaders to advise the Mayor on jobs and growth in the capital.⁶²⁸ In the area of skills, the plan recommends increasing incentives to providers to align course offerings with the needs of in-demand sectors to support job growth.⁶²⁹ In order to support small-to-medium enterprises (SMEs), the report suggests that barriers to accessing finance need to be minimised. Further, SMEs, should be supported through business networks and in relation to workspaces.⁶³⁰ The plan also suggests that more should be done to ensure that London is a competitive environment for ICT and science investors.⁶³¹ With regards to infrastructure investment, the report recommends prioritising infrastructure projects that will 'unlock' growth areas, and pursuing projects that can leverage private sector funding.⁶³²

⁶²⁴ Ibid.

⁶²⁵ Haringey Council, *Haringey's local plan*, Wood Green, 2013, p. 4.

⁶²⁶ Ibid., pp. 8–9.

⁶²⁷ Ibid., p. 10.

⁶²⁸ London Enterprise Panel, *Jobs and growth plan for London*, London, 2013, p. 12.

⁶²⁹ Ibid., p. 15.

⁶³⁰ Ibid., p. 21.

⁶³¹ Ibid., p. 28.

⁶³² Ibid., p. 34.

5.5.1.2 DEPARTMENT FOR BUSINESS, SKILLS AND INNOVATION

The UK Government's Department for Business, Skills and Innovation provided an overview to the Committee of the relationship between the UK's central government and local government authorities. The Department noted that aside from the GLA and Mayor for London, economic policy is highly centralised in England, with very limited fiscal devolution to local government authorities. In the absence of state government in the UK, local government authorities play a more central role in policy development and service delivery than Australian local councils.

The Department explained the UK Government's recent introduction of local enterprise partnerships (LEPs) as a vehicle for local economic development. In 2012 LEPs were established to assist with identifying local economic development priorities and to encourage growth within local areas. LEPs are voluntary partnerships between local authorities and private sector leaders.⁶³³ As of September 2012 there are 39 LEPs in operation throughout the UK. LEPs replace a former system of regional development agencies, which were non-departmental public bodies established to guide economic development. The regional development agencies were viewed by many as unaccountable to local communities, particularly in England's south-east. LEPs vary significantly in size and area of responsibility; for example the South East LEP is the largest and covers 3 countries, whereas Oxfordshire LEP is quite small. LEPs have developed close connections between local authorities and businesses. Whereas regional development agencies were often in competition with local authorities, LEPs are considered integral to building partnerships between local government, business leaders and the broader community. However, the Department also acknowledges that the capacity and role of LEPs will take time to evolve.⁶³⁴

Under the LEP model, funds have been distributed through the Regional Growth Fund (RGF) support local government initiatives. The RGF is a £3.2 billion UK Government fund, designed to operate until 2020s, to support private sector projects and programs that stimulate investment and sustainable employment. Some funding is targeted to SMEs, to strengthen their business models, promote innovation and create new jobs.⁶³⁵

The Department also discussed the 24 enterprise zones that were established throughout the UK in 2012 in partnership with LEPs. Enterprise zones are specific geographical areas where businesses can be offered a range of incentives, including:

- a 100 per cent business rates discount worth around £275,000 over a five-year period
- simplified local authority planning
- government grants to undertake ICT improvements

⁶³³ United Kingdom Government, 'Supporting economic growth through local enterprise partnerships and enterprise zones', viewed 19 July 2013, <<https://www.gov.uk/>>.

⁶³⁴ Ibid.

⁶³⁵ United Kingdom Government, 'Understanding the Regional Growth Fund', viewed 19 July 2013, <https://www.gov.uk>.

- enhanced capital allowances to support the uptake of energy-saving technology.⁶³⁶

Further, all business rates growth generated within an enterprise zone will be used within the relevant LEP for the next 25 years to be reinvested into local economic development initiatives.⁶³⁷

The UK Government has also established a network of What Works centres to produce evidence-based social policy research in the areas of crime reduction, ageing, education and local economic growth. The What Works centres operate in partnership with the Economic and Social Research Council — a non-departmental public body — and can be drawn upon by LEPs to assist with developing policy to support local growth. The UK Government has argued that the What Works centres will ‘ensure that rigorous, high quality, independently assessed research shapes decision making at every level’.⁶³⁸

5.5.1.3 LOCAL ECONOMIC POLICY UNIT

While in London the Committee attended a roundtable on economic development hosted by the Local Economic Policy Unit (Lepu) at South Bank University. Founded in 1983, Lepu regularly conducts seminars and produces research to support work in the field of economic development.

A key focus of the Lepu roundtable was the recent report by the London Finance Commission on increasing the taxation powers of local government — *Raising the Capital: The report of the London Finance Commission* (2013). The Committee met with the Chair of the London Finance Committee, Professor Tony Travers, who outlined the report’s findings and recommendations. The Commission was established by the Mayor of London in 2012 to investigate funding arrangements for London, in particular granting of greater powers to raise taxes. The Commission argued that:

... funding arrangements in London should allow London government to make additional self-determined investments in its own infrastructure both to cater for the growth already forecast for its population and economy, and to promote additional economic growth. Relaxing restrictions on borrowing for capital investment while retaining prudential rules and simultaneously devolving the full suite of property tax revenue streams would afford London government greater autonomy to invest in the capital. Such reforms would also increase London government’s accountability to residents and businesses.⁶³⁹

Further, the Commission noted that the devolution of fiscal powers could also benefit other English city regions, especially Manchester.⁶⁴⁰ Professor Travers explained that Manchester could benefit from this model because local government in the area has successfully pursued regional collaboration between local councils through the Greater Manchester Combined Authority. Professor Travers believes that this collaborative model works because councils have

⁶³⁶ United Kingdom Government, 'Supporting economic growth through local enterprise partnerships and enterprise zones', viewed 19 July 2013, <<https://www.gov.uk/>>.

⁶³⁷ Ibid.

⁶³⁸ United Kingdom Government, *What Works: evidence centres for social policy*, 2013, p. i.

⁶³⁹ London Finance Commission, *Raising the Capital: The report of the London Finance Commission*, London, 2013, p. 7.

⁶⁴⁰ Ibid., p. 5.

managed to articulate an agreed set of principles, such as a clear public transport investment focus and a commitment to encouraging growth by the airport area.

At the Lepu roundtable the Committee also discussed the challenges faced by local councils with Mr Andrew Jones, Lepu's Director. Mr Jones explained that local municipalities have been recently impacted by the abolition of regional development agencies as part of Coalition government policy to minimise the role of QUANGOS (quasi-autonomous non-governmental organisations). Mr Jones argued that LEPs represent a positive development, particularly as regional development agencies became increasingly unpopular due to anti- planning and development lobbyists. Mr Jones also discussed the trend towards 'compulsive reorganisation' in the local government sector, whereby electoral change at the central government level is followed by extensive reorganisation to both department and local government structures. This process has the potential to cause significant upheaval for minimal gain. Similar to the view expressed by Professor Travers, Mr Jones argued that devolution of responsibilities to local government is important in encouraging a sense of autonomy and an entrepreneurial focus.

The Committee also heard the views of Dr Michael Leary, of London South Bank University, who promoted a partnership approach to economic development whereby governments work alongside private sector partners. Dr Leary argued that it is important for communities to look beyond local government for service provision, to work with social economy partners and encourage social enterprises.

The Lepu roundtable also raised the issue of the UK Government-commissioned review of wealth creation and business support undertaken by Lord Michael Heseltine in 2012. Lord Heseltine's report *No stone unturned in pursuit of growth* argued for an increased devolution of powers from central government to LEPs. The report suggested that the government should produce 'a clear statement ... of its priorities to guide Local Enterprise Partnerships in the preparation of strategic plans for their local economies' and 'a clear policy for each sector of the economy conceived in conjunction with industry and academia'.⁶⁴¹

In response to Lord Heseltine's report the UK Government has committed to devolving responsibility for some funding streams to LEPs; increasing the RGF; engaging in regulatory reform; and encouraging local authorities to combine to form regional authorities.⁶⁴²

5.5.1.4 ENLIGHTENMENT ECONOMICS

The Committee met with Dr Diane Coyle, Director of Enlightenment Economics, a consultancy specialising in research about the economic and social effects of new technologies. Dr Coyle is a strong advocate for a collaborative approach to economic development at the local level, in which all key stakeholders prioritise and pursue common objectives. At the same time Dr Coyle acknowledged that current economic trends towards slow growth and high unemployment — particularly in Europe — has made it difficult to initiate local economic development programs in some areas. As a result, Dr Coyle views clear leadership to be a fundamental goal for local government, to ensure that community networks work together well and develop a clear social

⁶⁴¹ The Rt Hon. the Lord Heseltine of Thenford CH, *No stone unturned in pursuit of growth*, London, 2012, p. 9.

⁶⁴² United Kingdom Government, 'Government's response to the Heseltine review into economic growth', viewed 19 July 2013, <<https://www.gov.uk/>>.

and economic vision and with measurable objectives. Dr Coyle also believes that local authorities can make a difference to market design through mechanisms such as differential rates or providing incentives to encourage entrepreneurial behaviour. Local governments can also bolster local markets by encouraging residents and businesses to spend locally.⁶⁴³

Dr Coyle also commented on her research into the economic impacts of new technologies, arguing that technology-based platforms can be used to enhance community engagement. Technological developments can also lead to business innovations for SMEs. In order to ensure that the benefits of ICT improvements can be maximised, Dr Coyle argued that education and skills development should be improved, particularly at secondary school level.

5.5.1.5 LONDON FIRST

London First is a business membership organisation with the mission to make London the best city in the world in which to do business. London First represents the capital's leading employers in key sectors such as financial and business services, property, transport, ICT, creative industries, hospitality and retail. Its membership also includes higher education institutions and further education colleges. The group engages in public policy advocacy — particularly in relation to the Mayor of London — and aims to influence investment decisions to support London's global competitiveness. It is a not-for-profit organisation, funded primarily through its members, with an agenda developed independent of party political motives or affiliations.⁶⁴⁴

The Committee met with representatives from London First, who identified transport infrastructure investment and housing supply as key issues in planning for London's future population growth. London First noted that social housing is a heated issue within London, as divisions have emerged over whether or not the city should have more or less social housing. In terms of infrastructure investment, London First argued that the recent Crossrail project is a positive step, although community conflicts have arisen around commercial and mixed-use developments near train stations.

London First also discussed the report of the London Finance Commission, and agreed that London requires a more robust planning strategy for future development. However, London First does not agree that the Mayor of London should have tax raising powers. London First is broadly supportive of a greater devolution of responsibility to councils, arguing that a more significant role for local government will encourage more capable council leaders and greater involvement from community members.

London First promoted the work of World Business Chicago, a non-for-profit economic development organisation that leads Chicago's business attraction and support efforts. World Business Chicago is chaired by the city's Mayor — Rahm Emanuel — and managed by a board of local business leaders. The organisation undertakes a range of programs to support businesses, from site location assistance to economic research, and aims to bring together key stakeholders to promote growth within the city.⁶⁴⁵

⁶⁴³ Diane Coyle, 'Enlightenment Economics', viewed 19 July 2013, <<http://www.enlightenmenteconomics.com/>>.

⁶⁴⁴ London First, 'About London First', viewed 19 July 2013, <<http://londonfirst.co.uk/>>.

⁶⁴⁵ World Business Chicago, 'About', viewed 19 July 2013, <<http://www.worldbusinesschicago.com/>>.

5.5.1.6 COMMONWEALTH LOCAL GOVERNMENT FORUM

The Commonwealth Local Government Forum (CLGF) works to promote and strengthen effective democratic local government throughout the Commonwealth and to facilitate the exchange of good practice in local government structure and services — through conferences and events, programs and projects, and research and information. As a Commonwealth organisation, CLGF draws on the influential network of the Commonwealth that provides a solid basis for its programs and activities. As an associated organisation officially recognised by Commonwealth Heads of Government, CLGF is well-placed to influence policy development and lead on democracy and good governance at local level.⁶⁴⁶

The Committee met with representatives of the CLGF to discuss their work with Commonwealth governments and NGOs, and the group's strong links to Australian governments. In 2011 CLGF convened a conference on 'Energising local economies: Partnerships for prosperous communities', which was attended by approximately 500 representatives of ministers of local government, local government associations, academics and NGOs. Participants at the conference compiled the *Cardiff consensus for local economic development*, which argued that the following key actions are necessary to support local government to fulfil its local economic development role:

- providing a clear national and/or state government framework to support the work of local councils in local economic development, including 'meaningful autonomy'
- creating an enabling environment for business growth, including minimising red tape
- developing local strategies for economic development in partnership with business, and community stakeholders.⁶⁴⁷

CLGF is strongly supportive of a partnership approach to local economic development, arguing that 'partnerships are at the heart of effective [local economic development] and local government should promote partnerships' with a range of stakeholders, such as businesses, local chambers of commerce (CoCs), trade associations, education providers, community groups, and with other levels of government.⁶⁴⁸

CLGF also discussed the introduction of the new LEPs, which the organisation views as a generally positive step. CLGF notes that LEPs have continued many of the projects begun by regional development agencies. CLGF also expressed concerns regarding the impact that government austerity measures will have on the capacity of LEPs. Further, there is a view that LEPs will contribute to the further devolution of government within the UK and bolster the role of local authorities.

⁶⁴⁶ Commonwealth Local Government Forum, 'About CLGF', viewed 19 July 2013, <<http://www.clgf.org.uk/>>.

⁶⁴⁷ Commonwealth Local Government Forum, *Cardiff consensus for local economic development*, London, 2011, pp. 1–4.

⁶⁴⁸ *Ibid.*, p. 3.

5.5.2 Manchester

Manchester is the economic engine of England's North West. It is the regional centre for finance, commerce, retail, culture and leisure, and is home to a major international airport and one of the largest student populations in Europe. Manchester city lies at the heart of Greater Manchester region. The Committee visited a number of key organisations involved in supporting economic growth in the region, including representatives from local government, research institutions and business support groups.

The economy of Greater Manchester has undergone significant restructuring from a reliance on the manufacturing sector to a new focus on the digital economy and creative industries. Manchester also benefits from being the location of a number of major higher education institutions and an established transport network. However, Greater Manchester also has a relatively high rate of unemployment and a comparatively high percentage of the population dependent upon disability and income support. Many of the region's residents claiming out-of-work benefits are lacking the appropriate skills which would help them secure the growing number of job opportunities in the region. The need to bridge the gap between the skills needs of local industry and business and a lack of qualifications within the workforce is a key challenge facing Greater Manchester into the future.⁶⁴⁹

According to the UK Government, High Speed Rail 2 (HS2) is the most significant transport infrastructure project in the UK since the motorways were built in the 1950s and 1960s. It will provide a high speed rail line between London and Birmingham and on to Manchester and Leeds. The UK Government notes that HSR 2 is a key project in the Manchester area that is causing significant debate within the business community.⁶⁵⁰

5.5.2.1 MANCHESTER CITY COUNCIL

Manchester CC is the local government authority for Manchester, a city and metropolitan borough in Greater Manchester, England. It is composed of 96 councillors, 3 for each of the 32 electoral wards of Manchester. Currently the council is controlled by the Labour Party and is led by Sir Richard Leese as Leader of Council.⁶⁵¹

Over the past 25 years increasing employment opportunities has been the core objective of local government in Manchester. The Greater Manchester area has historically faced higher levels of unemployment than other areas in the UK and lower numbers of workers with necessary skills and qualifications. However, the past 10 years has seen a 50 per cent increase in the number of people with some form of qualification. At the same time, skills remain low in the over-50 age group. Manchester has also experienced increased migration, and with this English language proficiency has emerged as a barrier to employment for some new arrivals. A range of strategies have been employed by Manchester CCs to boost skills, including a renewed focus on

⁶⁴⁹ Manchester City Council, *Manchester's local development framework: Core strategy development plan document*, Manchester, 2012, pp. 7–24.

⁶⁵⁰ United Kingdom Government, 'Developing a new high speed rail network', viewed 19 July 2013, <<https://www.gov.uk/>>.

⁶⁵¹ Manchester City Council, 'The members of the executive', viewed 19 July 2013, <<http://www.manchester.gov.uk/>>.

apprenticeships. Throughout the UK more broadly there has been a policy focus on preparing young people to be 'job ready', which has increased the number of young people with skills.⁶⁵²

Manchester underwent significant redevelopment in the late 1990s as a result of rebuilding following the Provisional Irish Republican Army bombing in 1996. The bombing targeted the city's infrastructure and caused widespread damage in the CBD area (estimated to be worth £1 billion in current terms). During this time the Manchester CC focused on building confidence amongst business and industry by developing a clear vision for the city's renewal. The Committee heard about examples of major infrastructure and public investment that occurred after the bombing, including the development of the National Football Museum and Exchange Square. A key focus for the Manchester CC during the rebuilding phase was ensuring that high-quality, durable buildings were constructed, which encouraged mixed-used development and emphasised that the city had a strong future. From a design perspective, the bombings opened the way for new building designs, including the reintroduction of medieval designs to replace damaged buildings from the 1960s and 1970s.⁶⁵³

The Committee heard that the Manchester CC has been actively involved in working with neighbouring councils through the Greater Manchester Combined Authority. In 2011 the Greater Manchester Combined Authority was established as the strategic county-wide authority for Greater Manchester, taking on functions and responsibilities for economic development, regeneration and transport. The Greater Manchester area has a population of 2.68 million. It encompasses one of the largest metropolitan areas in the UK and comprises 10 metropolitan boroughs: Bolton, Bury, Oldham, Rochdale, Stockport, Tameside, Trafford, Wigan, and the cities of Manchester and Salford. Councils within the region have also worked together to deliver business support and skills programs.⁶⁵⁴

Manchester CC displayed a strong record of working with local business, including the area's two football teams, Manchester United and Manchester City, which have been active in supporting community projects and combating disadvantage. The Council has also been involved with the Manchester International Festival, an arts festival which began in 2007 and has flourished as a reflection of the city's distinctive character.

The Council views affordable housing as a key issue for the city's future, and estimates that 3000 properties per year need to be built to meet housing demand; in contrast, appropriately 1000 dwellings are constructed. The Council also believes that investment in infrastructure via local taxes will be critical to supporting the city's future development, as well as investment in improving 'quality of place'.⁶⁵⁵

5.5.2.2 NEW ECONOMY

New Economy is a think tank designed to help create the conditions for economic growth and prosperity for Greater Manchester. It is a wholly owned company of the Greater Manchester

⁶⁵² Manchester City Council, *Manchester's local development framework: Core strategy development plan document*, Manchester, 2012, pp. 5–28.

⁶⁵³ Julia Houston, 'From bomb site to capital', *BBC News*, 15 June 2006.

⁶⁵⁴ Greater Manchester Combined Authority, 'GMCA', viewed 19 July 2013, <<http://www.agma.gov.uk/>>.

⁶⁵⁵ Manchester City Council, *Manchester's local development framework: Core strategy development plan document*, Manchester, 2012, pp. 97–132.

Combined Authority that works with all 10 Greater Manchester local councils and private and public sector partners to advise on best policy practice to create a better economy for Greater Manchester.⁶⁵⁶

New Economy's areas of work range from research and strategy planning, housing, environment, science and innovation, skills and employment, and project development. The organisation is focused on identifying and testing new, potentially ground-breaking ideas to the point of implementation and delivery. New Economy also aims to promote the excellence and innovation already present in Greater Manchester, and growing these economically valuable sectors by raising skill levels in the local population. New Economy undertakes two main roles: preparing cost-benefit analyses, and economic impact modelling. The organisation works on projects spanning a wide range of topics, such as infrastructure, public health, housing, revenue, investment, health interventions, and digital economy.

New Economy has recently prepared a report for the European Union about the benefits of social enterprises and methods to improve their business models. Ms Alison Gordon, Director of Project Development at New Economy, noted that:

Successful social enterprises are a key part of our economy and are critical to the kind of ambitious sustainable, diverse business base we want in Greater Manchester. Social enterprises can provide targeted and specialised services to commercial and non-profit markets that meet buyers' needs more cost-effectively than bulk generic contracts. We have some great examples of social enterprises here in Greater Manchester doing excellent work- but there is much more that can be done.⁶⁵⁷

New Economy promotes Manchester's high population and relatively well-funded local government sector as two of the region's key advantages. Local government is unique in Manchester as it has been primarily dominated by one political party — the Labour Party — which has resulted in a certain level of consistency in terms of policy approach throughout the region.

New Economy outlined its involvement in projects focusing on what skills and training are required for vocational employment. In the Manchester area, unemployment is at 23 per cent for 18–24 year olds; the adult rate is just below 10 per cent. While this situation compares favourably to Europe, it is higher than the rest of the UK. The restructuring of the manufacturing industry has also impacted older unskilled workers, who have often found it difficult to re-enter the workforce. In order to address the skills gap a focus has developed in Manchester on breaking cycles of dependency by supporting young people to access education and vocational training.

5.5.2.3 DOWNTOWN MANCHESTER

Downtown Manchester in Business (DMIB) was launched in March 2010 as a business club that provides independent leadership to the private sector by articulating the views of its members to the public sector agencies that govern the city. DMIB supports and promotes policies that

⁶⁵⁶ New Economy, 'About us', viewed 19 July 2013, <<http://neweconomymanchester.com/>>.

⁶⁵⁷ New Economy, 'Social enterprises can communicate social value more effectively, says new report', viewed 19 July 2013, <<http://neweconomymanchester.com/>>.

benefit Manchester at regional and national levels and creates genuine cross-sector networking environments that will attract entrepreneurs and high growth companies from all areas of the business community.⁶⁵⁸

The organisation currently has almost 300 members and promotes itself as adopting a different approach to a more traditional local chamber of commerce (CoC) model. DMIB offers members networking opportunities through events, and facilitates specific introductions between business operators. DMIB has developed two programs — 'Sexy Networking' and 'Twit Faced' — in order to rejuvenate how business networking operates. The organisation aims to be attentive to member needs through a devolved structure that ensures that members' voices are reflected.

As noted by New Economy, DMIB also believes that Manchester has benefitted to some extent from policy consistency at the local government level. However, this has been at the expense of input from the Conservative and Liberal Democratic Parties. In order to improve local government accountability, DMIB supports the adoption of an elected regional city mayor.

5.5.2.4 CLES CONSULTING

Established in 1986, Centre for Local Economic Strategies (CLES) Consulting is a research and consultancy company specialising in economic and community development, regeneration and place-making. CLES has undertaken a wide variety of projects for regeneration partnerships, local authorities, regional bodies, central government, European institutions and third sector organisations. CLES Consulting is a not-for-profit organisation, in which revenue from consultancy work is used to support the wider activities. CLES Consulting is funding from a mix of sources: appropriately 10 per cent from member organisations (including 150 local councils); 30 per cent from securing research awards and grants; 30 per cent from commercial research projects; and the remainder from various smaller sources.⁶⁵⁹

CLES Consulting's core areas of expertise include the following:

- economic analysis, forecasting, and action planning
- developing strategies to support employment and skills
- developing and assessing business support programs
- governance advice
- community regeneration
- well-being and health policy and practice.

Drawing from extensive research experience across a wide range of projects, CLES Consulting has identified a number of key factors that influence local economic development. In the 2010 report *Productive local economies: creating resilient places*, CLES outlines a framework for building 'resilience' in cities, to ensure that local economies can withstand downturns and build

⁶⁵⁸ Downtown Manchester in Business, 'About', viewed 19 July 2013, <<http://www.downtownmanchester.co.uk/>>.

⁶⁵⁹ Centre for Local Economic Strategies, 'About us', viewed 19 July 2013, <<https://www.gov.uk/>>.

a sustainable future. The report identifies 10 resilience measures (see below table), which emphasise the interrelationship between the commercial, economic and social life of a place in supporting community growth.

Figure 3: The ten resilience measures⁶⁶⁰

<i>The shape of your local economy</i>			
<p>1: The commercial economy</p> <p>The strength of the commercial economy is defined as economic wealth creation generated by businesses that are privately owned and profit motivated.</p>	<p>2: The public economy</p> <p>The public economy consists of services delivered on behalf of government organisations whether national, regional or local, and funded by the public purse.</p>	<p>3: The social economy</p> <p>The social economy embraces a wide range of community, voluntary and not-for-profit activities that try to bring about positive local change.</p>	
<i>The relationships which influence your economy</i>			
<p>4: Commercial economy's relationship with the public economy</p> <p>Explores the existence and effectiveness of partnerships between the commercial and public sector and the level of interaction between the two parts of the economy.</p>	<p>5: Public economy's relationship with the social sector</p> <p>Explores the existence and effectiveness of partnerships between the public and social sectors.</p>	<p>6: Social economy's relationship with the commercial economy</p> <p>Explores the existence and effectiveness of partnerships between the commercial and social sectors.</p>	
<i>The wider relationships upon a local economic territory</i>			
<p>7: Health and wellbeing and the relationship to the local economic territory</p> <p>How local health and well being issues relate to the local economy. This includes ill health, quality of life, travel to work and leisure patterns, and the economic geography of the area.</p>	<p>8: Relationship between the local economic territory and working within environmental limits</p> <p>Explores how the climate change agenda has been integrated into the economy of the local economic territory. This looks both at climate change mitigation and adaptation strategies.</p>	<p>9: Relationship between the local economic territory and local identity, history and context</p> <p>The extent to which an area is shaped by and manages its identity, history and culture.</p>	<p>10: Relationship between the local economic territory and governance</p> <p>How national and local governance has affected the local economic territory.</p>

According to CLES Consulting local government has a fundamental role to play in local economic development, and as such local councils should prioritise economic development at the heart of their activities. In particular, local council economic development policies should establish and pursue clear key performance indicators (KPIs). CLES Consulting also promotes collaboration across all levels of government, and believes the best outcomes can be achieved if the roles of each tier of government are clearly defined and the efforts of each are oriented towards agreed goals.

⁶⁶⁰ Neil McInroy and Sarah Longlands, *Productive local economies: creating resilient places*, Manchester, 2010, p. 18.

The Committee also heard that a change in community ‘mindset’ has been central to revitalising Manchester after a period of stagnation and divisiveness in the 1980s. The city is now widely viewed as ‘open for business’ by business and industry. CLES Consulting noted that one consequence of recent UK Government budget cuts has been a new era of inventiveness within local government and the encouragement of entrepreneurial attitudes within the community. In terms of place-making and revitalising communities, CLES Consulting also cites the Scottish Government’s town centre innovation fund as an example of best practice in promoting urban renewal.

CLES Consulting has developed connections to several Victorian municipalities and notes that both Greater Dandenong CC and Hume CC excel in the area of economic development and business support services.

5.5.2.5 BUILDING ON INNOVATIONS FROM THE UNITED KINGDOM

The Committee supports a Victorian Government review of the UK’s LEPs, with a view to establishing similar locally-based entrepreneurial bodies. These new bodies may build upon the relationships already developed as part of the Regional Development Australia (RDA) Committees, or other regional structures, such as G21 — Geelong Region Alliance (G21), and should relate to clearly defined functional economic regions. LEPs represent a hybrid model that combines the benefits of centralism with a local approach. Local government often see business as simply as a source of revenue, rather than as providers of services and infrastructure. Some local councils and councillors view business as an activity which makes others wealthy, rather than as necessary for the creation of prosperity and jobs for the community. To fundamentally drive change in the relationships and dynamics between key players in the economic development area, the Victorian Government is encouraged to develop policies and resources that assist in the establishment of structures that oversee functional economic areas. The work and priorities of these bodies may be assisted by establishing advisory boards, similar to the UK Governments’ LEPs, which bring in the key players whose collaborative work can advance a vision and agenda for the economic development of a local area or region. Such structures need to be both entrepreneurial and agile with a focus on deliverables by building on existing strengths and relationships to provide leadership for its community. The Committee believes that LEPs can provide opportunities for governments to fund local and subregional priorities that are identified and delivered by local businesses, education institutions, the voluntary sector, as well as by local government, similar to the UK’s RGF.

Recommendation 43

The Victorian Government adopts a local economic development model that draws on the best aspects of the United Kingdom’s local economic partnerships and the Netherlands’ Amsterdam Economic Board, to ensure Victoria’s functional economic areas are driven by a business-led organisation that works with government, leading educational institutions, the private sector and the wider community, to identify and implement local economic development.

5.5.3 Amsterdam

The city of Amsterdam markets itself as a new global business hub and as an entry point into the EU for foreign investors. There are presently over 2000 foreign companies in the Amsterdam

metropolitan area, such as Facebook, Microsoft, Nike, Mattel, Starbucks and Epson. Amsterdam promotes itself as a city welcoming of all cultures and nationalities, and has a government focus on attracting skilled and multilingual talent from all over the world. The city also promotes its transport connections, such as the Amsterdam Airport at Schiphol, the high speed train network, established port system, and ICT infrastructure. In particular, the Netherlands has one of the highest internet broadband speeds within the EU. Key sectors in the Netherlands economy include agriculture, gas, ICT, life sciences and financial services. There are also efforts to rejuvenate the manufacturing sector and develop knowledge intensive clusters to encourage research and development (R&D) in new technologies.⁶⁶¹

The Netherlands' unique geography means it is particularly vulnerable to climate change. This has led to the country to become a strong supporter of renewable energy and a proponent of carbon capture and storage.⁶⁶²

5.5.3.1 AMSTERDAM INBUSINESS

Business support is a key role for local government in Amsterdam, and the city has adopted a strong partnership approach to economic development. Amsterdam inbusiness was established in 2008 and is the official foreign investment agency of the Amsterdam Metropolitan Area. Amsterdam inbusiness is managed by the City of Amsterdam and works with the Netherlands Foreign Investment Agency, an operational unit of the Dutch Ministry of Economic Affairs. The organisation assists business to develop the business case for establishing in the Amsterdam Metropolitan Area. Amsterdam inbusiness provides the following services:

- Marketing Intelligence: up-to-date information and data on the specific sector (and/or country of origin) in which the company is active.
- Investment climate: providing information about the Dutch tax climate, incentives, legal and regulatory framework and labour market. Developing independent benchmark reports on salary levels, office rental, cost of living etc. for European location study and/or supply chain study.
- Fact-finding trips: tailor-made fact-finding programs offering information about the fiscal climate, the market, availability of talent, business climate, quality of service providers and office locations.
- Legal and tax advice: organising free introductory meetings with internationally-oriented business service suppliers to map out.
- Talent: tapping into the labour market through introduction to recruiters and/or networks and communities of professionals.
- Business and partner networks: introductions to strategic partners, business networks/associations, knowledge institutions, tax authorities, governmental agencies.

⁶⁶¹ Department of Foreign Affairs and Trade, 'Netherlands country brief', viewed 22 July 2013, <<http://www.dfat.gov.au/>>.

⁶⁶² Ibid.

- Relocation support: assistance in the search and selection of temporarily, flexible and permanent office space, including site visits.⁶⁶³

Amsterdam inbusiness has 30 employees and is responsible for providing business support services across 4 municipalities: Amsterdam, Amstelveen, Almere, and Haarlemmermeer. The organisation is overseen by a board of 20 people drawn from business, universities, and government.

The key objective of Amsterdam inbusiness is to ensure companies develop a clear idea of how to undertake business in Amsterdam and are connected to the relevant government services. The Committee heard that approximately 25 per cent of businesses in Amsterdam establish themselves without government assistance, while the remainder do seek advice from government agencies such as Amsterdam inbusiness.

A key drawcard for businesses to relocate to Amsterdam is the Netherlands' attractive business tax regime. Corporate income tax is currently at a rate of 25 per cent, which is below the EU average. Further, profits generated by companies in the Netherlands are not taxed in other countries. This exemption is arranged through the Netherlands' tax treaties with other states. Foreign companies have also begun to use Amsterdam as a single point of entry for establishing operations in the EU.

Although Amsterdam inbusiness is designed to support businesses to establish themselves in the region, the organisation also undertakes exit polls to understand why businesses sometimes choose to leave, so that issues raised by exiting companies can be considered by the city's local government.⁶⁶⁴

5.5.3.2 CENTRE FOR INNOVATION, LEIDEN UNIVERSITY, THE HAGUE

The Committee met with Mr Ulrich Mans, a representative of the Centre for Innovation, Leiden University. Mr Mans outlined his work on relational economic geography and discussed the Centre's research on the green economy.

Mr Mans views local government as an enabling force in encouraging carbon reduction by educating communities and promoting a shared vision of energy efficiency. At the same time Mr Mans also discussed the new role for universities within the knowledge economy, particularly the way in which these institutions can partner with government and the private sector to pursue new ideas. In general, Mr Mans argued that the decentralisation of government power promotes the creation of partnerships and encourages innovation.

Mr Mans discussed the achievements of the Netherlands Government in establishing an extensive system of windmills, and promoting agreement within the community regarding the importance of sustainable energy generation. He also noted that other EU countries are pursuing interesting partnerships around renewable energy, such as the recent emergence of a cooperative in Germany focusing on wind farms. Germany is considered an interesting case study in renewal energy as the government's decision to end reliance on nuclear power sparked innovation and investment in alternative energy. Mr Mans promoted the cluster establishment,

⁶⁶³ I amstredam, 'Our services', viewed 22 July 2013, <<http://www.iamsterdam.com/>>.

⁶⁶⁴ Ibid.

which brings together government, research institutions and the private sector around energy efficiency, especially with regards to energy generation and storage, water sustainability and transport.⁶⁶⁵

5.5.4 Berlin

Berlin in Germany has one of the most robust economies in Europe and is central to the strength of the European Union. According to the Australian Department of Foreign Affairs and Trade, 'after a strong recovery from the [global financial crisis of 2007–08] in 2010 and 2011 ... the ongoing Euro zone crisis has affected the German economy, with growth expected to slow to 1.0 per cent in 2012'.⁶⁶⁶ Manufacturing remains the mainstay of the German economy, however new sectors are emerging, particularly ICT, biotechnology and renewable energy.⁶⁶⁷

Germany Trade and Invest is the economic development agency of the Federal Republic of Germany. The organization promotes Germany as a business and technology location and supports companies based in Germany with global market information.

Germany Trade and Invest combines the in-depth analysis of foreign markets with the extensive knowledge of Germany's key industries and its investment and technology landscape. Supported by a network of 60 experts abroad and benefitting from close cooperation with the Worldwide Network of German CoCs, the economic development agency of the Federal Republic of Germany supports international trade with comprehensive, consistent and industry-specific market information.

Utilizing the combination of wide-ranging global expertise and an internationally competitive consulting and service profile for foreign investors, Germany Trade and Invest secures and creates jobs in Germany. The organization places a special focus on the economic development promotion of the new federal states (eastern Germany) and Berlin.

Germany Trade and Invest provides up-to-the-minute foreign trade information to German-based businesses seeking to expand in international markets. A team of industry analysts spread across the globe compiles constantly updated country reports.

Germany Trade and Invest's foreign trade division also provides the following services:

- market and industry reports
- business and tax law information
- customs and tariff conditions
- international project notifications, calls for tender and business contacts

⁶⁶⁵ Universiteit Leiden, 'Centre for Innovation', viewed 22 July 2013, <<http://campusdenhaag.leiden.edu/centre4innovation/>>.

⁶⁶⁶ Department of Foreign Affairs and Trade, 'Germany country brief', viewed 22 July 2013, <<http://www.dfat.gov.au/>>.

⁶⁶⁷ Ibid.

- practical business information.⁶⁶⁸

5.5.4.1 ASSOCIATION OF GERMAN CHAMBERS OF INDUSTRY AND COMMERCE

The Association of German Chambers of Industry and Commerce (AGCIC) is the umbrella organization of the 80 regional Chambers of Industry and Commerce in Germany. The AGCIC speaks for 3.6 million entrepreneurs and represents their interests in national and European politics in the field of research and innovation.

Some 140 innovation and technology advisors at the CoCs offer tangible support to companies seeking innovative solutions in a regional, national or international context. In so doing, they operate in fields of activity, such as the protection of intellectual property rights or the initiation of international contacts with scientific organizations and business. These advisors collaborate closely with the German CoCs, which have 120 locations in 80 countries worldwide. The CoCs represent a unique, locally-experienced and globally-active service network, which supports companies in their international business activities with respect to, market opportunities, skilled personnel or information on regional research capacities.⁶⁶⁹

5.5.4.2 BERLIN CENTRAL STATION

The Committee toured Berlin Central Station which was extensively redeveloped by Deutsche Bahn (a private company in which the government is the major shareholder) in 2006. The vision for the station was conceived in 1989, after the fall of the Berlin Wall, when planners began to prepare for the reunification of Berlin's public transportation system. The site was developed using the *pilzkonzept* (mushroom plan), which incorporated the existing station as the 'cap' and added a new north-south tunnel as a 'stalk'. The station has been developed as a multi-use site including offices and 24 hour retail.⁶⁷⁰

Today the station is Germany's central transport hub, and according a key employment centre. The train network brings passengers from regional Germany and other European cities into the capital, and extends to Russia and Kazakhstan. The station is one of the most efficient and modern in European, and repents a model of 24-hour connectivity.⁶⁷¹

Report adopted on 23 July 2013.

⁶⁶⁸ Germany Trade & Invest, 'About us', viewed 22 July 2013, <<http://www.gtai.de/GTAI/>>.

⁶⁶⁹ German Chambers of Commerce, 'About AHK', viewed 22 July 2013, <<http://ahk.de/en/>>.

⁶⁷⁰ Railway-technology.com, 'Berlin Hauptbahnhof and north-south tunnel, Germany', viewed 23 July 2013, <<http://www.railway-technology.com/>>.

⁶⁷¹ Berlin Online, 'Berlin's economy', viewed 23 July 2013, <<http://www.berlin.de/>>.

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<http://www.dfat.gov.au/geo/netherlands/netherlands_country_brief.html>.

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APPENDIX 1: LIST OF SUBMISSIONS

1. Mornington Peninsula Marine Alliance
2. Deakin University School of Law
3. Mr Bruce Evans
4. Yarra City Council
5. Bass Coast Shire Council
6. Committee for Wyndham
7. Rural Councils Victoria
8. Ambitions into Achievements
9. Banyule City Council
10. Alpine Resorts Co-ordinating Council
11. Wood Hughes Strickland Partnership
12. Melbourne City Council
13. A L Chambers
14. Central Goldfields Shire Council
15. Hume Region Local Government Network
16. Victorian Farmers Federation — Mansfield Branch
17. Darebin City Council
18. Hume City Council
19. Whitehorse City Council
20. Kingston City Council
21. Wodonga City Council
22. Indigo Shire Council
23. Surf Coast Shire Council
24. SpringDale Neighbourhood Centre
25. Monash City Council
26. Stonnington City Council
27. Mansfield Shire Council
28. Ballarat City Council
29. Victorian Employers' Chamber of Commerce and Industry
30. Maroondah City Council
31. Melton Shire Council*
32. Frankston City Council
33. Greater Dandenong City Council
34. Cr Christine Richards
35. Victorian Competition and Efficiency Commission
36. Mildura Development Corporation
37. Strathbogie Shire Council
38. Loddon Shire Council
39. Moreland City Council
40. Professor Philip Laird
41. Municipal Association of Victoria
42. Latrobe City Council
43. Swan Hill Rural City Council
44. Greater Geelong City Council
45. Glen Eira City Council
46. Mainstreet Australia
47. Pyrenees Shire Council
48. Whittlesea City Council
49. Dr Margaret McKenzie
50. Bayside City Council
51. Corangamite Shire Council
52. Dr Marion Manifold
53. Boroondara City Council
54. Minerals Council of Australia — Victorian Division
55. East Gippsland Shire Council
56. Campaspe Shire Council
57. Port Phillip City Council
58. Brimbank City Council
59. Yarra Ranges Shire Council
60. Gannawarra Shire Council
61. Wyndham City Council
62. Economic Development Australia
63. Mornington Peninsula Shire Council
64. G21 — Geelong Region Alliance
65. Property Council of Australia — Victorian Division
66. NORTH Link
67. Nillumbik Shire Council
68. Casey City Council and Cardinia Shire Council
69. Victorian racing industry
70. Southern Melbourne Regional Development Australia Committee
71. Bendigo and Adelaide Bank
72. Geelong Port
73. Melbourne Airport
74. Horsham Rural City Council
75. Northern Melbourne Regional Development Australia Committee
76. Dr Alan March

*During the inquiry Melton was reconstituted from a shire to a city

APPENDIX 2: LIST OF PUBLIC HEARINGS

Melbourne, 16 October 2012

Mr Des Pearson
Auditor-General

Victorian Auditor-General's Office

Mr Dallas Mischkulnig
Director, Performance Audit

Professor Rob Adams
Director, City Design

Melbourne City Council

Professor Bob Stimson

Melbourne, 31 October 2012

Professor Michael Buxton

Ms Kate Roffey
Chief Executive Officer

Committee for Melbourne

Dr Alan March
Senior Lecturer

Melbourne School of Design
University of Melbourne

Melbourne, 8 November 2012

Mr Owen Harvey-Beavis
Manager, Research and Strategy

Municipal Association of Victoria

Mr James Cleaver
Policy Adviser

Ms Maxine Morrison
Program Manager — Networked Rural
Councils

Rural Councils Victoria

Professor Brendan Gleeson

Mr Russell Zimmerman
Executive Director

Australian Retailers Association

Mr Heath Michael
Director, Policy, Government and Relations

Mr Richard Clancy
Executive Director — Industry and Workplace
Relations Services

Victorian Employers' Chamber of Commerce
and Industry

Mr Steven Wojtkiw
Executive Manager, Policy

Mr Howard Ronaldson
Secretary

Department of Business and Innovation

Mr Justin Hanney
Deputy Secretary, Trade and Industry
Development

Melbourne, 6 December 2012

Mr Peter Brown
Chief Executive Officer

Moreland City Council

Ms Kirsten Coster
Director, Planning and Economic Development

Mr Robert Johanson
Chairman

Bendigo and Adelaide Bank

Mr Collin Brady
Head of Community Strengthening

Mr Russell Jenkins
Executive, Customer and Community

Mr Ralph Kenyon
Acting Chief Executive Officer

Port of Hastings Development Authority

Mr Brett Luxford
Manager, Business Growth and Sustainability

Melton City Council

Mr Mick Butera
Executive Director

NORTH Link

Mr Peter McNabb
Committee member

Mainstreet Australia

Ballarat, 24 January 2013

Mr Jeff Pulford
Director, Destination and Economy

Ballarat City Council

Mr Sean Cameron
Manager, Economic Development

Ms Judy Verlin
Chair

Committee for Ballarat

Mr John Kilgour
Chief Executive Officer

Ms Kay Macaulay
Regional Manager, Ballarat

Australian Industry Group

Ms Jodie Gillet
Executive Director

Commerce Ballarat

Associate Professor Barry Wright
Executive Director, Industry Skills Centre

University of Ballarat

Mr Mal Valance
Director

University of Ballarat Technology Park

Mansfield, 13 February 2013

Cr Russell Bate Mayor	Mansfield Shire Council
Mr Peter Baenziger Director	Mansfield Constructions
Mr James Tehan President	Victorian Farmers Federation — Mansfield Branch
Mr Mark Ritchie Member	
Mr Paul Sladdin Chief Executive Officer	Mansfield Continuing Adult Education
Mr Michael Watson General Manager	Adventure Victoria
Mr David Octigan Owner	Bonnie Doon Caravan Park
Ms Sue Crow Owner and Director	The Deck on High The Deck Quarters

Dandenong, 27 February 2013

Mr Peter Helmore
President
Greater Dandenong Chamber of Commerce

Ms Jacquie Brown
Executive Officer

Ms Sandra George
Manager, South East Business Networks
Greater Dandenong City Council

Mr Kevin van Boxtel
Manager, Revitalising Central Dandenong

Mr John Bennie
Chief Executive Officer

Ms Paula Brannan
Economic Development Coordinator

Mr Gary Castricum
Chair
Committee for Dandenong

Mr Todd Hartley
Committee member

Mr David Willersdorf
Committee member

Mr Paul Dowling
Executive Officer
South East Melbourne Manufacturers Alliance

Mr Martin Solomon
Member

Ms Suzanne Ferguson
Manager, Economic Development
Kingston City Council

Cr Sandra Mayer
Mayor
Frankston City Council

Mr Dennis Hovenden
Chief Executive Officer

Ms Sam Jackson
Manager, Economic Development

Mr Peter Patterson
President
Greater Frankston Business Chamber

Ms Christine Richards
Member

Geelong, 13 March 2013

Cr Keith Fagg
Mayor

Greater Geelong City Council

Mr Peter Bettles
General Manager, Economic Development,
Planning and Tourism

Mr John Murray
General Manager, Ports

Asciano

Mr Mark Sanders
President

Geelong Chamber of Commerce

Ms Elaine Carbines
Chief Executive Officer

G21 — Geelong Region Alliance

Mr David Peart
Executive Officer

Geelong Manufacturing Council

Mr Justin Giddings
Chief Executive Officer

Avalon Airport

Traralgon, 24 April 2013

Cr Sandy Kam
Mayor

Latrobe City Council

Mr Geoff Hill
Manager, Economic Development

Mr Roland Davies

Mr Alex Arbuthnot AM
Chair

Agribusiness Gippsland

Ms Sue Webster
Executive Officer

Cr Michael Freshwater
Director

Mr Ross Bertoli
General Manager

Hydro Australia

Dr Robert Faggian
Head Researcher

Gippsland Climate Change Adaptation Project

APPENDIX 3: LIST OF BRIEFINGS

Manchester, United Kingdom, Monday 15 July 2013

Sir Richard Leese
Leader of Council

Manchester City Council

Ms Angela Harrington
Head of Regeneration

Ms Jessica Bowles
Head of City Policy

Mr Eddie Smith
Chief Executive

New East Manchester

Mr James Farr
Director of Skills and Employment

New Economy

Mr John Holden
Deputy Director, Research

Mr Michael Taylor
Chairman

Downtown Manchester in Business

Mr Danny Franks
Member

Mr Justin Strong
Director

SKV Communications

Mr Neil McInroy
Chief Executive

Centre for Local Economic Strategies
Consulting

Manchester, United Kingdom, Tuesday 16 July 2013

Roundtable discussion hosted by:

Mr Andrew Jones
Senior Consultant

Local Economy Policy Unit — London South
Bank University

Dr Michael Leary
Course Director: MA Planning, Policy and
Practice

London South Bank University

Professor Tony Travers
Director, British Government

London School of Economics and Political
Science

Dr Diane Coyle
Head

Enlightenment Economics

London, United Kingdom, Wednesday 17 July 2013

Mr John Dickie
Strategy and Policy Director

London First

Mr Joe Mitton
Senior Advisor to Mr Kit Malthouse, Deputy
Mayor for Business and Enterprise

Greater London Authority

Ms Bernadette Kelly
Director General, Markets and Growth

Department for Business, Innovation and Skills

Dr Simon Miller
Local Growth

Ms Emma Squire
Local Growth

Mr Carl Wright
Secretary-General

Commonwealth Local Government Forum

Ms Sue Rhodes
Director of Communications

Amsterdam, Netherlands, Friday 19 July 2013

Mr Hugo Niezen
Project Manager Foreign Investments

Amsterdam inbusiness

Ms Reiniera van Pallandt
Financial Sector Advisor

Mr Ulrich Mans

Centre for Innovation, Leiden University

Berlin, Germany, Monday 22 July 2013

Dr Peter Sauer
Spokesperson DB Schenker Logistics

Deutsche Bahn

Ms Margit Teske
PR and Internal Communications DB Group

Berlin, Germany, Tuesday 23 July 2013

The Honourable André Haermeyer Board member	Australian Business in Europe
Dr Claas de Boer Board member; Lawyer	Australian Business in Europe; AGS Legal
Ms Petra Gerboth Head	Berlin–Sydney Marketing
Mr Axel Fastenau Economist	Deutsche Gesellschaft für Internationale Zusammenarbeit
Ms Paquita Lamacraft Chief Executive Officer	Archer Business Group
Mr Martin Kluwe Financial Manager	Postbank Finanzberatung
Mr Evan Johns Second Secretary, Trade and Economic Section	Australian Embassy Berlin
Ms Margaret Nathan Travel Designer/Owner	Nathan Travel

APPENDIX 4: SUMMARY OF LOCAL GOVERNMENT ECONOMIC DEVELOPMENT STRATEGIES

Adapted from the Property council of Australia — Victorian Division's submission attachment 65B — *Audit of local government economic development strategies*.

Council name	Economic development strategy title	Publication date	Vision/key priorities	Economic development unit lead division/directorate
Alpine	Draft Economic Development Strategy released from public comment (December 2012)	2013 (expected)	N/A	Sustainable Development
Ararat	No data	No data	No data	Council Services
Ballarat	<i>City of Ballarat economic strategy 2010–2014</i>	2010	The Ballarat Economic Strategy 2010–2014 has been structured around a long term (20-year) vision which has three themes. The themes capture the essence of Ballarat's desired economic future. The three themes include Theme 1: Regional Development — The Capital of Western Victoria, Theme 2: Economic Growth and Diversification — Australia's Premier High Tech & Knowledge Based Regional Economy and Theme 3: Capitalising on Population Growth — A Bigger and More Diverse Community.	Destinations and Economy
Banyule	Banyule Economic Development Plan (in development)	No data	No data	City Development
Bass Coast	<i>Bass Coast economic outlook report 2012–2017</i> Economic Development Plan under review	2012 2013 (expected)	'Over the long-term, economic growth and security in Bass Coast can be achieved by focussing on the Shire's main sources of competitive advantage, which are its location close to Melbourne, its economic diversity, and its economic resilience. Economic opportunities for the Shire and its residents can be maximised by creating better economic linkages with Melbourne, achieving higher worker productivity, and making strategic capital investments in transport and tourism infrastructure.' (p. 2, <i>Bass Coast economic outlook report 2012–2017</i>)	Community and Economic Development

Council name	Economic development strategy title	Publication date	Vision/key priorities	Economic development unit lead division/directorate
Baw Baw	Economic Development Strategy 2009–2011	2009	Baw Baw Shire’s Economic Development Strategy 2009–2011 links to the Council Plan’s aim of encouraging investment and visitation. It contains four key focus:	Growth and Development
	New strategy in development	2013 (expected)	<ul style="list-style-type: none"> • a strong and diverse agricultural sector • infrastructure and events/programs that support growth in tourism • business sector growth, sustainability and diversification • land development through availability of industrial and commercial land. 	
Bayside	<i>Bayside economic development strategy</i>	2010	‘Bayside will be Victoria’s most attractive place to live and work, with new growth and investment in a local economy and business community increasingly structured around innovative, knowledge and service oriented enterprises.’ (p. 6, <i>Bayside economic development strategy</i>)	City Strategy
Benalla	<i>Benalla Rural City economic development strategy 2010–13</i>	2010	‘By 2013 Benalla’s diverse and vibrant economy will enhance the City’s attractiveness to a wide range of age groups, occupations and professions. Our efforts will be focused on supporting steady economic growth, sustainable business development, innovation and the expansion of opportunities for higher income, higher value work.’ (p. 6, <i>Benalla Rural City economic development strategy 2010–13</i>)	Economic Development and Tourism Unit (under Chief Executive)
Boroondara	<i>Boroondara economic development strategy 2009 – 2016</i>	2009	‘To maintain the City’s economic health and to advance appropriate and sustainable economic development of the City and its businesses in order to contribute positively to the quality of life of Boroondara residents.’ (p. 9, <i>Boroondara economic development strategy 2009 – 2016</i>)	City Planning
Brimbank	<i>Brimbank economic development framework 2012–15</i>	2012	‘In 2015 Brimbank will be renowned as the centre of the west, a premier location for diverse and innovative industries that support entrepreneurial leaders and a dynamic workforce.’ (p. 5, <i>Brimbank economic development framework 2012–15</i>)	Economic Development Unit (City Strategy Department)
Buloke	Under review	Sep–Oct 2013 (expected)	No data	City Development
Campaspe	No current strategy.	N/A	N/A	Strategy

Council name	Economic development strategy title	Publication date	Vision/key priorities	Economic development unit lead division/directorate
Cardinia	Casey–Cardinia economic development strategy draft report March 2013 (in development in association with Casey City Council)	2013 (expected)	'To develop a thriving, distinctive, forward thinking, sustainable and healthy economy for the City of Casey and Shire of Cardinia by developing existing businesses, attracting new businesses and increasing the number of local jobs.' (p. iii Casey–Cardinia economic development strategy draft report March 2013)	Community Wellbeing
Casey	Casey–Cardinia economic development strategy draft report March 2013 (in development in association with Casey City Council)	2013 (expected)	'To develop a thriving, distinctive, forward thinking, sustainable and healthy economy for the City of Casey and Shire of Cardinia by developing existing businesses, attracting new businesses and increasing the number of local jobs.' (p. iii Casey–Cardinia economic development strategy draft report March 2013)	Planning and Development Services
Central Goldfields	No current strategy. Strategy development is included as an action item in the councils' draft Council plan 2013–17	N/A	N/A	'Special projects' (under Chief Executive)
Colac-Otway	<i>Colac Otway Shire economic development action agenda 2009–13</i>	2009	The action agenda focuses on seven themes: <ul style="list-style-type: none"> • Workforce development • Climate Change • Business Development • Regional Development Planning • Marketing and Promotion • Infrastructure • Economic Development Leadership. 	Economic Development Unit (Sustainable Planning and Development)

Council name	Economic development strategy title	Publication date	Vision/key priorities	Economic development unit lead division/directorate
Corangamite	<i>Economic development strategy 2011–2016</i>	2011	Corangamite’s five-year economic development strategy is guided by six strategic directions: <ul style="list-style-type: none"> • drive population growth to create a self-sustaining and vibrant community • capitalise on the great ocean road by drawing visitors north through product and infrastructure development and marketing • capitalise on the strength of the shire’s dairy industry • diversify the economy through investment attraction and promotion of innovative land use • improve workforce capacity and productivity through education and training • enhance township viability by developing vibrant and diverse retail centres. 	Sustainability Environment
Darebin	<i>Darebin City Council business development and employment strategy 2012–2015</i>	2012	‘Darebin will have a positive and connected business environment with a dynamic and diverse economy that has sustainable growth and operations and generates local employment opportunities.’ (p. 3, <i>Darebin City Council business development and employment strategy 2012–2015</i>)	Corporate and Business Services
East Gippsland	<i>East Gippsland economic development strategic plan</i>	2010	‘Overall the East Gippsland economic development strategic plan aims to achieve the following outcomes: <ul style="list-style-type: none"> • increased economic outputs and exports — across a range of economic sectors • increased employment • increased investment — both private and public.’ (p. 2, <i>East Gippsland economic development strategic plan</i>) 	Development
Frankston	<i>Frankston City Economic Development Strategy 2011</i>	2011	‘Frankston City is the preferred places to live, learn, work, visit and invest based on a local economy that is sustainable, innovative and inclusive. These attributes are reflected in the community’s perception of the City and in the number and type of jobs available in the City in 2025.’ (p. 1, <i>Frankston City economic development strategy 2011</i>)	Development

Council name	Economic development strategy title	Publication date	Vision/key priorities	Economic development unit lead division/directorate
Gannawarra	<i>Economic development strategy 2011–2015</i>	2011	The Economic development strategy is guided by seven strategic directions: <ul style="list-style-type: none"> • develop a progressive dairy industry • drive population growth through lifestyle and employment attraction • maximise productivity from rural land • enhance township vitality through developing vibrant retail and manufacturing sectors • facilitate the development of Gannawarra Shire as an environmental leader • develop the tourism sector through improvements in product and infrastructure • build the skill profile of Gannawarra Shire’s residents. 	Economic Development
Glen Eira	<i>Glen Eira Business Development Strategy</i>	1998	No data	Business Development Unit (Community Services)
Glenelg	Included in draft Council Plan 2013–2017	2013 (expected)	No data	Planning and Economic Development
Golden Plains	Draft Golden Plains economic development strategy 2013–2017	2013 (expected)	‘A diverse, resilient economy that benefits from strong regional connections and leverages the local assets in each of our townships.’ (p. 1, Draft Golden Plains economic development strategy)	Economic Development Unit (under Chief Executive)
Greater Bendigo	<i>Growing our potential — Greater Bendigo economic strategy</i>	2008	‘Over the next 15 years, Greater Bendigo will build its competitive advantage through advancing its capacity as a ‘thinking city.’ This will be undertaken through promoting an inclusive approach to skills development, creativity, sustainability, and developing and commercialising innovative ideas. ‘We will further enhance local economic development and employment opportunities for our community through supporting our existing business base, improving business retention, and creating an environment that attracts new businesses to the region.’ (p. 6, <i>Growing our potential — Greater Bendigo economic development strategy</i>)	City Futures

Council name	Economic development strategy title	Publication date	Vision/key priorities	Economic development unit lead division/directorate
Greater Dandenong	<i>Achieving Greater Dandenong's potential.</i>	2011	Greater Dandenong will be a place where people of all ages and backgrounds can reach their potential, gain the skills and education they need for success in life, and be part of a prosperous economy where all trade, manufacturing and business activity flourishes. (p. 1, <i>Achieving Greater Dandenong's potential</i>)	Economic Development Unit (under Chief Executive) South East Business Networks (business networking unit)
Greater Geelong	<i>Geelong economic development strategy 2005–2010 — Geelong, smart thinking</i>	2005	'In 2015 Geelong will be a vibrant municipality with a robust economy driven by smart and innovative industries that are supported by world-class infrastructure and highly skilled workers, and will be a region known for its strong environmental and social credentials.' (p. 8, <i>Geelong economic development strategy 2005–2010 — Geelong, smart thinking</i>)	Economic Development, Planning and Tourism
	G21 economic development strategy (draft)	2012 (expected; not yet published)	No data	
Greater Shepparton	<i>Greater Shepparton City Council economic development strategy 2009–2012</i>	2009	'Greater Shepparton will be a prosperous, innovative and dynamic place where the strengths of the local and regional economy and the skills and application of the resident population will be promoted as key attributes in fostering innovation, attracting investments, developing labour skills, growing existing businesses, and creating new businesses and new jobs. 'This will be a place where the achievement of best practice in the sustainable development of the agricultural, manufacturing, transport and logistics industries will be world-class, and where the community is renowned for its 'can do' spirit in achieving positive economic and social outcomes for the benefit of all in Greater Shepparton.' (p. iii, <i>Greater Shepparton City Council economic development strategy 2009–2012</i>)	Sustainable Development

Council name	Economic development strategy title	Publication date	Vision/key priorities	Economic development unit lead division/directorate
Hepburn	<i>Hepburn Shire Council economic development business plan 2011–2013</i>	2012	<p>The business plan identifies 11 priority recommendations in the following areas:</p> <ul style="list-style-type: none"> • street scaping and signage upgrades • tourism • resourcing council economic development unit • reviewing the local planning scheme • implementing a sustainable business practices policy • gathering and analysing economic data • ICT and NBN advocacy • renewable energy • reviewing council revenue streams. <p>There are also 8 recommendations to be reconsidered in the 2013–14 financial year.</p>	Community Services
Hindmarsh	No current strategy. Strategy development is included as a priority for 2012–13 in the <i>Council Plan 2011–15</i>	N/A	N/A	Corporate and Community Services
Hobsons Bay	Strategy in development	N/A	N/A	Cultural and Economic Development
Horsham	No specific strategy. Economic development guided by Council Plan and Wimmera Southern Mallee regional growth plan	2012 (Council plan)	N/A	Planning and Economic Development
	New plan currently in development	2012 (draft regional growth plan)		

Council name	Economic development strategy title	Publication date	Vision/key priorities	Economic development unit lead division/directorate
Hume	<i>The Hume economic development strategy 2030</i> <i>The Hume economic development strategy 2030: Action plan 2012–2013</i>	2012	'Hume will be a strong, diversified thriving business centre of northern Melbourne. This can be achieved by the provision of effective infrastructure networks, attracting significant and emerging industries, promoting business investment, while supporting existing industries and enabling residents to take up a range of employment opportunities.' (p. 5, <i>The Hume economic development strategy 2030</i>)	City Sustainability
Indigo	<i>Economic development strategy</i>	2012	'Council's vision as detailed in the 2011–2014 Council Plan is for the Indigo Shire to be a great place to live, work and visit. A key principle underpinning the vision is to pursue sustainable economic growth through supporting agriculture, tourism and business opportunities.' (p. 2, <i>Economic development strategy</i>)	Corporate Services
Kingston	<i>Retail/commercial development strategy</i>	2006	'Future retailing opportunities in Kingston will be determined by: <ul style="list-style-type: none"> • competition from centres in neighbouring municipalities, including a number of significant bulky goods developments proposed for Chadstone Shopping Centre, Clayton and Frankston • a forecast slowing in spending on household goods in response to an anticipated weakening in the exchange rate, as well as a slowing in housing activity • changing local population profiles that impact on household expenditure • the existing distribution and structure of retailing activity.' (p. 9, <i>Retail/commercial development strategy</i>)	Environmental Sustainability
Knox	<i>Knox economic development strategy 2008–2018</i>	2008	'Knox City Council's vision for the City of Knox is of an internationally competitive, inclusive and dynamic place to live, a great place to do business, a place of skilled people and a place bustling with dynamic enterprise.' (p. 4, <i>Knox economic development strategy 2008–2018</i>)	Knox Business Direct (under City Development directorate)
Latrobe	<i>Economic sustainability strategy</i>	2011	'In 2026, the Latrobe Valley will be a liveable and vibrant region, sustainable and enterprising with collaborative and inclusive leadership. One of the primary priorities identified by the community in the vision is diversification and expansion of local industry to ensure continued growth of the local workforce.' (p. 6, <i>Economic sustainability strategy</i>)	Economic Sustainability

Council name	Economic development strategy title	Publication date	Vision/key priorities	Economic development unit lead division/directorate
Loddon	<i>Economic development strategy</i>	2008	'To create a new period of development and investment in Loddon Shire which will have a positive impact on recent trends in the Shire's demographic and economic indicators through a pro-active and integrated approach to facilitating economic, social and sustainable development.' (p. 8, <i>Economic development strategy</i>)	Economic Development Unit (under Chief Executive)
Macedon Ranges	<i>Economic development strategy: The way forward 2009–2019</i>	2009	The Economic Development Strategy will form an important part of the achievement of the Shire's Vision 2025. The directions and actions which will emerge are integral to Council's commitment to building and strengthening our local communities, within the context of sustainability and a holistic approach to township development. Key elements of Council's vision which applies to this strategy are as follows: <ol style="list-style-type: none"> 1. Economic sustainability is valued by the community; 2. Value-adding to local produce is an important part of the local economy; 3. Investments are made with consideration to the values of the region; 4. Local produce is sold locally, nationally and globally; 5. Sustainable farming techniques are practised; 6. More residents are employed locally; 7. Home based work is recognised and encouraged; 8. Necessary technological infrastructure is in place; and 9. Council plays a major role as a facilitator and advocate. <p>(p. 10, <i>Economic development strategy: The way forward 2009–2019</i>)</p>	Planning and Environment
Manningham	<i>Manningham economic development strategy 2011–2030</i>	2011	Manningham will support diverse and well located businesses that excel through sustainable practice, technological advancement and support of healthy and accessible communities resulting in the long term generation of an attractive place to invest, personally and professionally. (p. 4, <i>Manningham economic development strategy 2011–2030</i>)	Planning and Environment

Council name	Economic development strategy title	Publication date	Vision/key priorities	Economic development unit lead division/directorate
Mansfield	Draft economic development strategy 2013–2017 currently in development	N/A	N/A	Organisational structure currently under review
Maribyrnong	<i>Maribyrnong economic and industrial development strategy</i>	2011 2013 (industrial development component expected)	'The City of Maribyrnong is a leader in urban economic transition and renewal, embracing its traditional industrial past whilst delivering vibrant and successful urban places and meaningful employment.' (p. 3, <i>Maribyrnong economic and industrial development strategy: Part 1 — Economic development strategy</i>)	Sustainable Development
Maroondah	<i>2011–13 Maroondah business development strategy and action plan</i>	2011	'Maroondah will have a vigorous local economy based on environmentally sustainable and socially responsible practices that attract business investment, support growth and promote employment within the municipality.' (p. 15, <i>2011–13 Maroondah business development strategy and action plan</i>)	BizMaroondah (under City Development directorate)
Melbourne	Overarching economic development strategy included in <i>Council Plan 2013–2017</i>	2013	Melbourne will have a global focus with first-rate infrastructure and services, a highly skilled workforce and affordable business accommodation. It will share knowledge, mentor emerging businesses, collaborate and attract global investment and visitors.	Enterprise Melbourne
Melton	<i>Economic development strategy</i>	2009	'A Robust And Diverse Local Economy With a Strong Foundation of Sustainability and a Focus Beyond Local Boundaries.' (p. 4, <i>Economic development strategy</i>)	Planning and Development
Mildura	<i>Mildura Development Corporation strategic plan 2012–2015</i>	2012	The strategic plan centres around four goals: <ul style="list-style-type: none"> • work with regional industry and business to facilitate growth • attract and develop investment opportunities • assist in building a vibrant community • strong relationships with stakeholders. 	Mildura Development Corporation

Council name	Economic development strategy title	Publication date	Vision/key priorities	Economic development unit lead division/directorate
Mitchell	<i>Mitchell Shire economic development and tourism strategy</i>	2010	The strategy contains five action plans: <ul style="list-style-type: none"> • managing growth • facilitating economic development • creating liveable communities • leadership and communication • marketing and promotion 	Sustainable Development
Moira	<i>Economic development strategy 2008–2013</i> (currently under review)	2008	'A growing, vibrant, sustainable and innovative municipality with a strong economic base to assist and encourage future development in appropriate areas.' (p. 4, <i>Economic development strategy 2008–2013</i>)	Community
Monash	<i>2013–2017 economic development strategy and action plan</i>	2013	'An inviting city, diverse and alive with activity, designed for a bright future.' (p. 6, <i>2013–2017 economic development strategy and action plan</i>)	City Development
Moonee Valley	<i>energise.connect.prosper — Moonee Valley economic development strategy</i>	2008	To create a City that is a leading destination for people to live, work, invest and prosper and an economy that is vibrant and sustainable.	Environment and Lifestyle
	(New strategy currently being developed)	Mid-2013 (expected)		
Moorabool	<i>'Growing Moorabool' economic development strategy and action plan</i>	2006	'By 2021 Moorabool will be renowned for being a special place to live and work and an attractive destination to visit. Our economy will build on the quality of its agricultural production and increasingly add value to its produce locally. Our aspirations are to increase our residential population substantially ... [and become] more and more self-contained ... [W]e aim to be recognised regionally as a centre for high quality aged care and senior accommodation. We will also improve our business and manufacturing environment by supporting the growth of both local service and export oriented businesses ... [O]ur environment will not be degraded by growth and where necessary, we will restore and enhance our existing environment.' ('Growing Moorabool, <i>'Growing Moorabool' economic development strategy and action plan</i> , no page number listed)	Growth and Development

Council name	Economic development strategy title	Publication date	Vision/key priorities	Economic development unit lead division/directorate
Moreland	<i>Moreland economic development strategy 2011–2016</i>	2011	'By 2016, the City of Moreland will have a sustainable economy where local enterprise is supported; where job growth and local employment opportunities exceed the metropolitan average; where the natural environment is not compromised by economic growth; where appropriate investment is welcomed and facilitated and where local businesses are capable of succeeding in the global market place.' (p. 4, <i>Moreland economic development strategy 2011–2016</i>)	Planning and Economic Development
Mornington Peninsula	<i>Economic sustainability strategy 2009–14</i>	2009	'The objectives of the ESS are consistent with the Mornington Peninsula Shire Council's Sustainability Framework and Shire Strategic Plan and are as follows: <ul style="list-style-type: none"> • Sustain the diversity of the local economy • Support effective linkages between the industry sectors in the local economy • Grow employment opportunities within the local economy and nearby • Foster the capability of local businesses • Promote the opportunities associated with the local economy.' (p. 4, <i>Economic sustainability strategy 2009–14</i>)	Sustainable Environment
Mount Alexander	<i>Economic development strategy 2013–2018</i>	2006	'Mount Alexander will be one of regional Victoria's most attractive places to live, work, and visit with sustainable growth and investment in a local economy increasingly structured around innovative, highly skilled, and service oriented businesses.' (p. 15, <i>Economic development strategy 2013–2018</i>)	Economic and Social Development

Council name	Economic development strategy title	Publication date	Vision/key priorities	Economic development unit lead division/directorate
Moyne	<i>Warrnambool and Moyne economic development and investment strategy</i> (in partnership with Warrnambool Shire Council)	2010	'Our region is supported by a fertile and productive hinterland and a sophisticated regional coastal city that provides all services and facilities to live, work, play, learn and do business. Our seaside and rural townships also support a way of living that is both relaxed and invigorating. Our environment permeates the way we think and relate to the world around us. Beautiful and tempestuous coastlines, marine life, windswept beaches and picturesque rural landscapes both nurture and provide livelihoods. They also attract and motivate others to visit and stay. Within this context our communities and economy is differentiated by four key things — a vibrant regional centre, education, energy and exports.' (p. 61, <i>Warrnambool and Moyne economic development and investment strategy</i>)	Sustainable Development
Murrindindi	<i>Economic development strategy 2011–2016</i>	2011	'To encourage economic growth, which enhances the liveability and quality of life in the Murrindindi Shire.' The Council has implemented seven key strategic areas to achieve this: <ul style="list-style-type: none"> • vibrant business • industry support • natural and built environments • growth, sustainability and innovation • partnerships and relationships • people and potential • vibrant communities. (p. 4, <i>Economic development strategy 2011–2016</i>) 	Sustainability
Nillumbik	<i>Nillumbik economic development strategy 2011–2016</i>	2010	The strategy is designed to enhance the wellbeing of the community by encouraging the development of a vibrant and sustainable local economy that is based on key advantages, including the magnificent environment and the high level of skills and abilities of residents and business people. (p. 4, <i>Nillumbik economic development strategy 2011–2016</i>)	Environment and Planning

Council name	Economic development strategy title	Publication date	Vision/key priorities	Economic development unit lead division/directorate
Northern Grampians	No specific strategy. Council plan includes an 'Economic strategy'.	2013	<p>We will develop the local economy and increase the diversity of industry in the Northern Grampians Shire by:</p> <ul style="list-style-type: none"> • Implementing a planning framework that enables and encourages business, including farming enterprises, and residential development and expansion • Creating industrial development opportunities in St Arnaud and Stawell • Developing Halls Gap as a tourism resort town and Great Western as a food and wine village • Attracting and encouraging new enterprises while supporting existing businesses through the implementation of targeted industry sectors plans.' (p. 8, <i>Council Plan 2013–2017</i>) 	Marketing and Community (Business Services and Tourism Unit)
Port Phillip	<i>Economic development strategy 2012–2016</i>	2011	'Port Phillip will be a vibrant, inclusive, prosperous and sustainable local economy that meets the needs and aspirations of our community.' (p. 10, <i>Economic development strategy 2012–2016</i>)	Environment and Planning
Pyrenees	<i>Pyrenees Shire growth and development strategy 2010–2014</i>	2010	'The focus of our Economic Development Strategy will be to support the sustainability and growth of existing industries and businesses, and to provide opportunities for people to live, work and invest in Pyrenees Shire, as we continue to build on the foundations already established, and help achieve Council's Growth and Development objective of " <i>developing the local economy and increasing the population</i> ' of the Shire.'" (p. 11, <i>Pyrenees Shire growth and development strategy 2010–2014</i> , italics in original)	Economic Development and Tourism Unit (under Chief Executive)

Council name	Economic development strategy title	Publication date	Vision/key priorities	Economic development unit lead division/directorate
Queenscliffe	No specific strategy. Economic development is covered under 'Strategic objective 2: A vibrant local economy' of Council plan.	2013	The objective's strategies include: <ul style="list-style-type: none"> • Manage and operate an accredited and vibrant Visitor Information Centre service • Increase tourism visitation to the Borough • Support local businesses and new business investment • Work with local, regional and state tourism organisations to promote Queenscliffe as a holiday, events and festivals destination • Advocate for improved public transport • Increase access to and occupancy of Council managed holiday accommodation. (p. 4 <i>Council Plan 2013–2017</i>) 	No specific lead directorate
South Gippsland	Draft economic development and tourism strategy 2012–2017	No data	'The main goal of economic development is improving the economic well being of the community. There is no single strategy, policy, or program for achieving this. As communities differ in their strengths and weaknesses, each has a unique set of challenges and opportunities.' (p. 14, Draft economic development and tourism strategy 2012–2017)	Development Services
Southern Grampians	<i>Southern Grampians Shire economic development strategy 2011–2021</i>	2011	'A municipality known for its economic diversity, supporting amenities, welcoming investment environment, employment and growth opportunities.' (p. 4, <i>Southern Grampians Shire economic development strategy 2011–2021</i>)	Shire Futures
Stonnington	<i>Building prosperity — Economic development strategy 2012–2016</i>	2012	'Council's vision is to embrace Stonnington's mature economy and support a diverse and resilient business community which is intrinsically linked to the sustainability, prosperity and wellbeing of the wider community.' (p. 1, <i>Building prosperity — Economic development strategy 2012–2016</i>)	Sustainable Future
Strathbogie	Draft Strathbogie Shire economic development master plan 2013–2017	2013 (expected)	'A local economy delivering growth in population, investment, jobs and prosperity.' (p. 25, Draft Strathbogie Shire economic development master plan)	Sustainable Development
Surf Coast	Draft economic development strategy (2011)	N/A	N/A — Council is waiting for G21 economic development strategy to be finalised.	Sustainable Communities

Council name	Economic development strategy title	Publication date	Vision/key priorities	Economic development unit lead division/directorate
Swan Hill	<i>Swan Hill Rural City Council economic development strategy 2011–2016</i>	2011	The strategy identifies five strategic themes for the direction and growth of the region, setting out a number of actions to achieve each of these strategic areas. These themes are: <ul style="list-style-type: none"> • attracting new business investment • supporting existing businesses to grow • marketing the region • addressing infrastructure needs • education and skills development. 	Development and Planning
Towong	No data	No data	No data	Development Services
Wangaratta	<i>Tourism and economic development strategy 2012–2015</i>	2012	'To position the Rural City of Wangaratta as the ultimate prosperous, resilient and liveable regional centre.' (p. 4, <i>Tourism and economic development strategy 2012–2015</i>)	Wangaratta Unlimited
Warrnambool	<i>Warrnambool and Moyne economic development and investment strategy</i> (in partnership with Moyne Shire Council)	2010	'Our region is supported by a fertile and productive hinterland and a sophisticated regional coastal city that provides all services and facilities to live, work, play, learn and do business. Our seaside and rural townships also support a way of living that is both relaxed and invigorating. Our environment permeates the way we think and relate to the world around us. Beautiful and tempestuous coastlines, marine life, windswept beaches and picturesque rural landscapes both nurture and provide livelihoods. They also attract and motivate others to visit and stay. Within this context our communities and economy is differentiated by four key things — a vibrant regional centre, education, energy and exports.' (p. 61, <i>Warrnambool and Moyne economic development and investment strategy</i>)	City Growth

Council name	Economic development strategy title	Publication date	Vision/key priorities	Economic development unit lead division/directorate
Wellington	<i>Economic development and tourism strategy 2011–15</i>	2011	<p>'The [strategy] has the following key aims and objectives:</p> <ul style="list-style-type: none"> Identify and enhance the economic drivers for which Wellington Shire has a proven or potentially deliverable comparative advantage. Attract investment, both inbound and from existing industries. Identify gaps in infrastructure or service provision that need improvement. Increase the number of high income jobs and people with higher education qualifications. Assist existing businesses to maximize their potential. Support Wellington Shire Council's strategic policy direction and relevant areas of Australian and Victorian Government activity.' <p>(p. 7, <i>Economic development and tourism strategy 2011–15</i>)</p>	Development
West Wimmera	No current strategy. Strategy development is included as an action item in the councils' draft Council plan 2013–17	2014 (expected)	N/A	Corporate and Community Services
Whitehorse	<i>Whitehorse economic development strategy 2008–2013</i>	2008	<p>'The Economic Development Strategy is dynamically aligned to the Whitehorse City Council Plan (and annual budget) which supports our Vision to 2016. Council's Vision is that Whitehorse will continue to:</p> <ul style="list-style-type: none"> be a vibrant, active community boast a regionally significant economy be recognised as the most liveable city in metropolitan Melbourne become a leader in sustainable practices.' <p>(p. 17 <i>Whitehorse economic development strategy 2008–2013</i>)</p>	City Development

Council name	Economic development strategy title	Publication date	Vision/key priorities	Economic development unit lead division/directorate
Whittlesea	No specific strategy. Economic growth is covered by Community plan (<i>Shaping our future: Whittlesea 2025 — Strategic community plan</i>).	N/A	A diverse economy offers varied career opportunities so people can live and work in Whittlesea. Business attraction requires infrastructure and transport planning, affordable housing, skill development and a supportive regulatory environment. We need to work on supporting and developing opportunities for local business like growing the food we need locally. Education facilities offer everyone career and skill development options. (p. 8, <i>Shaping our future: Whittlesea 2025 — Strategic community plan</i>)	Governance and Economic Development
Wodonga	<i>Economic development strategy 2011–2013</i>	2011	<p>Wodonga is envisaged to be a city:</p> <ul style="list-style-type: none"> • where growth occurs in harmony with the community and environment, and delivers a dynamic and creative place to live, work and visit • known for its caring, respectful, safe and supportive community • that builds on its overall economic stability by diversifying industry and employment opportunities • with infrastructure upgrades that enable and encourage access to services and resources for people of all abilities and ages • focused on a CBD that is seen as the meeting place and heart of the city, and which contributes to social, cultural and artistic values • where energy and water use is reduced by per cent per capita from 2008 baseline levels • that acts as a national leader with new technology and communications • where excellence in education is provided across all tiers to promote lifelong learning. (p. 2, <i>Economic development strategy 2011–2013</i>) 	Investment Attraction

Council name	Economic development strategy title	Publication date	Vision/key priorities	Economic development unit lead division/directorate
Wyndham	<i>Economic development strategy 2012–2016</i>	2012	<p>'Our Vision is that Wyndham will be largely self sufficient in employment due to its thriving environmentally responsible retail, commercial and industrial sectors</p> <p>...</p> <p>'Wyndham City's Economic Development Strategy will aim to create an environment which is conducive to encouraging responsible investment at a rate beyond that which would occur normally.'</p> <p>(p. 10, <i>Economic development strategy 2012–2016</i>)</p>	Sustainable Development
Yarra	<i>Economic development strategy 2009–14</i>	2009	<p>'In 2014, Yarra will be a prosperous and unique economy that is characterised by:</p> <ul style="list-style-type: none"> • Diversity — both in population and business profiles • Sophistication and edginess — where innovation, creativity, cultural development and continuous improvement thrive • Connectedness — through a strong sense of place and belonging • Accessibility and inclusiveness — to opportunities, goods and services, and the physical environment • Sustainability — in terms of business viability, business practices, systems and process, and the built environment • Proud and trusting — where there is a shared sense of worth and a relationship of reliance.' (p. 6, <i>Economic development strategy 2009–14</i>) 	City Development

Council name	Economic development strategy title	Publication date	Vision/key priorities	Economic development unit lead division/directorate
Yarra Ranges	<i>Economic development strategy 2012–2022</i>	2012	<p>‘By 2022, Yarra Ranges will confirm its place as a leading region in Australia for sustainable economic development. Yarra Ranges will have cemented its position as being one of the most desired places to raise a family, study, work and retire.</p> <p>‘Yarra Ranges will promote an economic environment where business can thrive and compete on a global scale. Access to high speed broadband and other information communication technologies will provide the essential infrastructure of the future.</p> <p>‘As an innovation-focussed economy, sustained investment in our skills base, local businesses and communities will ensure Yarra Ranges has a rich mix of professions in growth sectors that underpin a vibrant economy and unique lifestyle.’ (p. 3, <i>Economic development strategy 2012–2022</i>)</p>	Social and economic development
Yarriambiack	Strategy in development	N/A	N/A	Economic and Community Development

APPENDIX 5: RESPONSES TO EMAIL QUESTIONNAIRE

On 10 July 2013, the Committee emailed all Victorian local councils asking for supplementary information relating to the inquiry. The specific questions asked were:

- (1) Does the council's economic development strategy have defined KPIs?
- (2) How is the economic development strategy's success measured?
- (3) Which stakeholders were engaged in formulating the strategy?
- (4) Which other local governments does the council engage with for economic development?

The tables below list responses received by the Committee.

Does the council's economic development strategy have defined KPIs?

Council	Response
Ballarat City Council	The City of Ballarat Economic Strategy does not contain defined KPIs. The Economic Development Strategy is measured through the overall achievement of strategic actions identified through the City of Ballarat Council Plan as outlined in our response to the subsequent question below.
Bass Coast Shire Council	The Economic Development Plan has Performance Measures (as opposed to KPIs) associated with all activities specified under each strategy. The person responsible and the timeframe to achieve each activity is also listed in the Plan.
Baw Baw Shire Council	The draft Strategy does not currently have KPIs built into it ... Individual work plans that sit under the do have KPIs on operational issues such as number of newsletters produced, number of workshops held etc. and we can always have generic ones such as 'unemployment rate to be below state average', however the problem there is that most of the factors affecting local unemployment levels are out of Council's control.
Bayside City Council	The Bayside Economic Development Strategy (BEDS) contains a five year action plan of projects that the Economic Development Unit delivers. Each project has a defined, measurable KPI that complies with SMART (Specific, Measurable, Attainable, Realistic, Targeted) project goal principles.
Cardinia Shire Council	Yes via 'Monitoring and Evaluation'. Economic development activities should be regularly monitored and assessed in order to check the ongoing relevance and validity of the Casey-Cardinia Economic Development Strategy. The actual implementation of the strategy should be measured through the Councils' performance of each economic development target as outlined in Table 7.1 [see Casey City Council's response to question 2]. The Councils' performance should be compared to these targets on a quarterly basis. As specific activities become less relevant, the implementation plan should be adjusted accordingly.

Council	Response
Corangamite Shire Council	The Corangamite Shire Economic Development Strategy 2011–2016 does have KPIs associated with each of the 64 actions, however most are general in their approach. For example, an ‘increase in population.’ Some KPIs are more defined such as ‘Number of business networking events completed’.
Gannawarra Shire Council	Yes it does and we report against these.
Greater Bendigo City Council	The endorsed Economic Development Strategy, prepared by SGS on behalf of the City, has 112 actions. The Economic Development Unit has specific responsibility for 67 with a further 25 external actions primarily the responsibility of Federal/State Government departments and/or Statutory Authorities.
Greater Dandenong City Council	<p>The Greater Dandenong Local Economic and Employment Development (LEED) Strategy includes the Strategic Objectives of Council within each of the 4 key Goal areas of:</p> <ul style="list-style-type: none"> • Education, training and skills development • Business, industry and employment • Economic and social wellbeing • Local government leadership in building a sustainable region. <p>As this is a cross-Council strategy, activities falling out of those goals and objectives, as well as relevant KPIs are included within annual business plans for individual business units of Council. Business Plan KPIs are reported on quarterly, half-yearly and annually as required.</p>
Greater Shepparton City Council	The strategy has defined objectives that feed into the Council Plan and the Investment Attraction departmental plan.
Hepburn Shire Council	At the highest level, Council’s strategy is measured on a project by project basis. Some of these projects have clear and defined KPIs, but others are either completed successfully or not. This is often dependent on obtaining external funding for studies or resources. In addition, some strategic projects require lobbying and facilitating of outcomes with other organisations and measuring is considerably more difficult except over the long term. An example of this would be Council's desire for better road infrastructure, particularly for large freight vehicles. Having this aspiration included in the Draft Central Highlands Regional Growth Plan is a major step forward, but it would be unlikely to have been considered a KPI during development of the initial strategy.
Hume City Council	Yes. These are detailed in <i>The Hume Economic Development Strategy 2030</i> (pp. 34 and 35).

Council	Response
Latrobe City Council	<p>Latrobe City Council's Economic Sustainability Division is directed from the <i>Economic Sustainability Strategy June 2011</i>, a four-year document which provides a framework to direct Latrobe City Council's economic development activities. It guides the work of Council so that the work the Economic Development Unit undertakes can be prioritised to focus on those activities that best position Latrobe City to prosper in a changing economic environment; and identifies emerging challenges and opportunities and corresponding actions to assist business to grow and invest. The Economic Sustainability Strategy is a blueprint for how Council will work with community, industry, small business and government partners to drive economic growth and achieve outcomes including:</p> <ul style="list-style-type: none"> • Consolidating and expanding our position as a major regional city within Victoria and the centre point of Gippsland's economy • Continued job creation and reduced unemployment rate • Growth in gross regional product • Smooth transition to a low carbon economy. <p>The Economic Sustainability Strategy does not have any identified KPIs, however outlines the key economic sustainability strategies and actions planned for the 2011–2015 period. These particular strategies and actions form the divisional KPIs business plan.</p>
Maribyrnong City Council	Yes Maribyrnong Councils Economic Development Strategy has a number of KPIs that measure the performance of the economic development unit against the recommended outcomes in the ED strategy.
Maroondah City Council	The Maroondah Business Development Strategy has clearly defined KPIs which are reviewed annually as part of our Annual Council Plan and Service Delivery Planning process. Projects, programs and new initiatives all have measurement criteria and targets which, wherever possible, relate to the effectiveness and impact of an activity on local businesses involved.
Mildura Rural City Council	Mildura Rural City Council's Economic Development Strategy was developed by Mildura Development Corporation, a separate entity funded primarily by Council to undertake economic development of the region.
Moira Shire Council	We are in the process of developing a new four-year strategy (to align with Council Plan and Councillor appointment timeframe) which should be completed by December this year. We will have very defined KPIs for each strategy and for the economic development unit (known as the Business and Innovation Unit) itself.
Mornington Peninsula Shire Council	The 2009–2014 Economic Sustainability Strategy has 63 key focus areas of which 16 are High Priority Actions.
Monash City Council	The 2013–2017 Economic Development Strategy and Action Plan contains 'Priorities' and 'Timeframes' listed against each 'Action' stated. The 'Priorities' range from low- high and 'Timeframes' are either ongoing, subject to funding or have a proposed completion year. These effectively are KPIs.
Moyne Shire Council	At Moyne resources have been spread quite thinly in recent times. Within the last 12 months a small task force has been assembled to deal with the issue of economic development. The Moyne Shire has had to direct resources from this important task to the activities associated with the accommodation of major renewable energy projects within our Shire. This has mainly involved the management of the integration of large multi-national companies into our local communities. Therefore in terms of having a defined economic development strategy with KPIs, at present we could not claim to have completed this work.

Council	Response
Murrindindi Shire Council	The strategy document itself does not have defined KPIs, however there is an annual implementation plan which is subordinate to the strategy and it contains annual actions to be achieved and these are reported via monthly management reports and ultimately via the Council Plan quarterly report to Council.
Nillumbik Shire Council	<p>Yes. Each of the actions in the Implementation Program has its own performance indicators. However, there are some more general indicators that are used to assess how the Nillumbik economy is performing. Regular reports to the Economic Development Advisory Committee and Council, the high-level indicators include:</p> <ul style="list-style-type: none"> • Unemployment rates • Value of building construction • Visitor accommodation figures • Estimated resident population and population growth rate • Estimated change in the number and type of businesses • Value of property sales and median prices • Industry and occupation of the labour force • Journey to work and the extent of commuting outside the Shire • Population forecasts
Port Phillip City Council	Yes. The <i>Port Phillip Economic Development Strategy 2012–2016</i> (The Strategy) outlines six strategic directions and within these 56 actions that are aimed at delivering on these strategies. Each action is expected to deliver a specific or several specific outcomes. A number of the actions are ongoing and long term with evaluation of outcomes difficult in the short term: however the majority of the actions are measureable and are linked to council reporting structures. Larger projects have evaluation frameworks that increase the opportunity to measure effectiveness, short term and over time.
South Gippsland Shire Council	The nature of the strategy is to include broad objectives and strategies and then produce an annual implementation plan that includes KPIs. This allows the flexibility in response to changing economic circumstances, government policy and funding opportunities.
Southern Grampians Shire Council	We do have defined KPI for each of our actions.

Council	Response
Stonnington City Council	<p>Council's <i>Economic Development Strategy 2012–2016</i> is supported by an Action Plan that details key actions and measurements across the Strategy's strategic themes: Business Support, Thriving Precincts, Destination Marketing and Development and Business Development for the Creative City. As well, Council Plan strategic indicators will be used to measure and monitor the progress and success of the Plan's key strategic objectives: Liveability and Prosperity. Council will measure its performance through having:</p> <ul style="list-style-type: none"> • Achieved improved standards in liveability • Supported the business community to develop Stonnington as a Creative City • Prepared and reviewed strategic planning strategies to ensure the sustainable growth of the City • Developed and monitored indicators of economic health within the shopping strips, entertainment precincts and the wider business community • Demonstrated community benefit resulting from collaborative partnerships. <p>Specific budget activities based on strategic indicators have been developed and are reported on a quarterly basis.</p>
Wellington Shire Council	Wellington Shire Council's Economic Development and Tourism Strategy 2011–2015 includes action oriented key performing measures that link to priority actions.
Wyndham City Council	Yes.
Yarra City Council	<p>The Vision of the <i>Economic Strategy 2009–2014</i> is that in 2014 Yarra will be a prosperous and unique economy that is characterised by its diversity, sophistication and edginess, connectedness, accessibility and inclusiveness, sustainability and pride and trust. The strategy outlines 11 objectives with 56 actions for implementation over its five year term. Each objective is matched to a defined outcome ... The defined key performance indicator in <i>Council's Plan 2009–2013</i> is that the economic development unit maintain business participation in Council's business and development program.</p>

How is the economic development strategy's success measured?

Council	Response
Ballarat City Council	<p>The City of Ballarat economic development strategy is measured through two distinct frameworks, Council Plan and Risk Management.</p> <p>City of Ballarat Council Plan</p> <p>The Council Plan is a high-level aspirational document that sets the strategic direction for the elected Council. It outlines the projects and priorities that Council has identified as crucial for its four year term in office, how those projects and priorities will be delivered and how progress will be measured. The Council Plan includes the following, as required by the Local Government Act:</p> <ul style="list-style-type: none"> • The strategic objectives of council • Strategies for achieving the objectives for the next four years • Strategic indicators for monitoring the achievement of the objectives. <p>The Council Plan has four identified themes:</p> <ol style="list-style-type: none"> 1. Growth and Development 2. People and Communities 3. Destinations and Economy 4. Managing our Business. <p>Economic Development and the resultant Economic Development Strategy sits within the Destination and Economy Theme. Within this theme are five identified strategic objectives, one of which is to ‘Promote sustainable economic development’. Under this objective, a range of strategies and actions are identified which are prioritised through the Economic Development Strategy. The Council Plan identifies a range of strategic indicators which are used to measure the success of economic development activity. Internal data is collected through a range of channels which is then assessed against each indicator to produce a result against the economic development strategy or action.</p> <p>City of Ballarat Risk Management Policy Statement</p> <p>The City of Ballarat is committed to creating an environment where workers assume responsibility for risk management, through standardised risk management processes and practices. The Policy is based on the international standard AS/NZS ISO 31000:2009 Risk management — Principles and Guidelines which describes the essential principles, processes and guidelines of risk management. The supporting Risk Management Guidelines have specifically adapted ISO 31000:2009 to the City of Ballarat business planning environment. A Risk Management Policy such as this and its supporting documents must keep pace with continuous improvement in risk management and continue to identify and promote best practice. It must be monitored on an ongoing basis to ensure it remains useful in the field. Therefore it is expected that improvements will be made when necessary. All staff can contribute to this process by sending suggested improvements to the policy sponsor. Communication of risk management activities is integrated within the Business Planning Process (risk events where possible are scheduled and monitored accordingly), in accordance with the strategies outlined in the Risk Management Policy & Guidelines. Stakeholders are invited to participate in regular reviews of Enterprise risks throughout and in risk review workshops. The Risk Manager will formally notify stakeholders of where and when these events take place through the PCG.</p> <p>Risk Identification</p> <p>Economic Development has been identified as an enterprise risk through the Organisations annual risk review. Economic Development utilises a</p>

Council	Response
	<p>combination of the following techniques to identify and manage its risks:</p> <ul style="list-style-type: none"> • Annual Risk Review Workshops — Risk review workshops are conducted to: <ul style="list-style-type: none"> ○ Identify the full set of enterprise and operational risks ○ Analyse and evaluate these risks ○ Determine new or modified risk treatments that need to be incorporated into the plans. • Lessons Learned — Past experiences of similar municipalities are reviewed to capture related risks from lessons learned. In addition, economic Development liaised with counterparts in similar and interrelated areas to assist in identifying any other potential risks. • Individual Reviews — Each team member identified and captured details of risks as and when they arise during their daily work tasks. <p>Risk Management Plan Updates</p> <p>The Risk Management Plan is reviewed and updated on a monthly basis and changes the risk profile reported on through a quarterly report. Internal and external triggers may also prompt the need for additional reviews and updates as determined by the Manager — Economic Development and/or CEO.</p>
Bass Coast Shire Council	<p>The success of the Plan will be measured by the achievement of the performance measures specified for each strategy. It is [the economic development unit's] intention to do a progress review of Council's performance annually for the life of this Plan.</p>
Baw Baw Shire Council	<p>The Economic Development Strategy will have timelines for achievement of certain actions and so a delivery measurement can be made, however at times these will be contingent on Council allocating funds towards those activities.</p>
Bayside City Council	<p>The BEDS is based on a firm understanding about the role Council plays in the local economy, and cognisance of the broad range of macro and microeconomic factors which ultimately determine the performance of Bayside's economy. Given the limitations to Council's ability to guarantee local economic performance in reality, the BEDS sets a framework for strategic interventions, policy reform and industry connectedness which seek to guide and build local economic capacity. The 5 strategic objectives of the BEDS are therefore for Council to:</p> <ol style="list-style-type: none"> 1. To deliver physical and social infrastructure to maximise the climate for targeted and sustainable investment in the City 2. To streamline and improve policies, local laws, planning policy and joint activities with the community to ensure desirable, sensitive and conforming economic development 3. To facilitate local business initiatives and collaboration 4. To support Bayside's business community as an important local employer, investor and contractor of services 5. To provide local access to, State and Commonwealth industry and economic development programs for businesses and community organisations. <p>Upon the completion of its five-year implementation period, the BEDS will be reviewed with stakeholders to determine how successful the initiatives of the BEDS were in achieving these 5 objectives.</p>

Council	Response																
Cardinia Shire Council	<p>All activities outlined in Table 7.1 are directly influenced by Council’s staff. However, whilst staff are unable to directly influence formal economic outcomes, the implementation of the Casey–Cardinia Economic Development Strategy would tend to contribute to these outcomes. It is understood that the local governments track economic outcomes as outlined in Table 7.1 to determine the performance of the Casey–Cardinia Economic Development Strategy, in addition to the delivery of the Implementation Plan.</p> <p>Table 7.1: Economic Indicators</p> <table border="1"> <thead> <tr> <th>Data</th> <th>What it Measures</th> </tr> </thead> <tbody> <tr> <td>Employment (number)</td> <td>The number of persons employed</td> </tr> <tr> <td>Unemployment Rate</td> <td>The percentage of persons in the labour market who are unemployed</td> </tr> <tr> <td>Employment by Occupation</td> <td>The number of workers in specific occupational groupings</td> </tr> <tr> <td>Gross Regional Product</td> <td>The value of economic activity</td> </tr> <tr> <td>Non-Commercial Building Approvals</td> <td>The number and value of building approvals</td> </tr> <tr> <td>Business Counts by Industry</td> <td>The number of businesses in each industry</td> </tr> <tr> <td>Employment (number)</td> <td>The number of persons employed</td> </tr> </tbody> </table>	Data	What it Measures	Employment (number)	The number of persons employed	Unemployment Rate	The percentage of persons in the labour market who are unemployed	Employment by Occupation	The number of workers in specific occupational groupings	Gross Regional Product	The value of economic activity	Non-Commercial Building Approvals	The number and value of building approvals	Business Counts by Industry	The number of businesses in each industry	Employment (number)	The number of persons employed
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Corangamite Shire Council	Success is measured by completion of actions listed within the Economic Development Strategy and reported in Council’s Annual Report.																
Gannawarra Shire Council	We measure success against the strategy implementation — and also by the impacts of the specific projects.																
Greater Bendigo City Council	The strategy uses a ‘three priority measurements’ method to identify projects that are of a low-, medium- or long-term nature. The Economic Development Unit reports on a quarterly basis against each and every one of the 112 actions identified in the Strategy document. The reporting system used by Council is the Corporate Information Database.																
Greater Dandenong City Council	Reporting on KPIs is undertaken annually as a minimum. Economic profile data for Greater Dandenong LGA is produced as new data is available, with trends analysed and reported on annually within the published Economic Profile documents.																
Greater Shepparton City Council	The departmental plan is reported on and progress, outcomes and achievement or missed targets noted and addressed.																
Hepburn Shire Council	The overall strategy is measured on the successful outcome of the component parts. For example, the current Economic Development business plan identifies 21 discrete projects. Each of these projects have clear aims and objectives and it is the successful achievement of these that help determine the overall success of the strategy. Bearing in mind that not all actions are implemented for a range of reasons, such as unsuccessful grant applications or feasibility studies that identify lack of demand. The collective aim of the Economic Development Strategy is to help our businesses to thrive, and while one measure of success is the health of each business and all businesses together, there are too many other factors that contribute to success to use that as a single indicator of the success of the strategy.																
Hume City Council	An annual report is prepared on the <i>Hume Economic Development Strategy 2030</i> to provide a more complete picture of progress towards our economic aspirations. The report also describes the progress of the implementation of this Strategy and the accompanying Action Plan. Analysis of the key indicators and performance against targets illustrates and measures Hume’s economic development performance.																

Council	Response														
Latrobe City Council	In terms of measuring the success of the Economic Sustainability Strategy each year, the Strategy requires progress on its implementation to be monitored and reported to Council on an annual basis. A review of the Strategy is completed each year and a report of key statistics and activities undertaken is prepared. Furthermore Latrobe City Council also develops, collates and publishes economic development indicators, measuring Latrobe City's economic progress for the 2011–15 period. These indicators are not directly used to assess the success of implementation of this Strategy, as there are many factors outside the control of Latrobe City Council that impact on economic development. However, the data enables Latrobe City Council to identify opportunities and issues and to adapt the Strategy accordingly.														
Maribyrnong City Council	Success is measured against both qualitative and quantitative measures.														
Maroondah City Council	<p>The Maroondah Business Development Strategy is monitored at meetings with responsible officers held each month. The success of an overall project, program or initiative is measured against the indicators prescribed each financial year (as described in the question above). The following is a summary of the key mechanisms utilised to measure the success of individual initiatives within the Strategy:</p> <ul style="list-style-type: none"> • Level of business engagement: the Business and Development team measure the number of businesses involved in each initiative, the increasing number of those businesses that register on the BizMaroondah website, the level of local sponsorship gained for key events and the number and effectiveness of communications sent to local businesses. • BizMaroondah engagement: the team measures the level of interaction of businesses with the BizMaroondah portal via google analytics and key measurement indicators that are provided within the portal. • On-line surveying at each event or training session. Key questions are asked of attendees to measure how their attendance impacted on their business, their level of understanding of services offered by the Business & Development team and the future services they would like provided. • Project measurement: On line surveys are sent or a follow up by phone for all initiatives (if surveying cannot be accommodated in person). • Projects delivered 'on time and on budget': Where it is not possible measure the effectiveness of an initiative, this indicator is utilised. 														
Mildura Rural City Council	<table border="1"> <thead> <tr> <th>KPI</th> <th>Measure</th> </tr> </thead> <tbody> <tr> <td>Progress of Strategic Plan</td> <td>Nominated actions achieved for financial year</td> </tr> <tr> <td>External Funding Success</td> <td>Dollars of external funding sourced</td> </tr> <tr> <td>Building activity</td> <td>Dollar value</td> </tr> <tr> <td>Level of investment attraction</td> <td>Jobs created Dollars invested</td> </tr> <tr> <td>Industry Satisfaction with Services Provided</td> <td>Level of satisfaction</td> </tr> <tr> <td>Community Satisfaction with Encouragement and Growth of Business/Industry</td> <td>Level of satisfaction</td> </tr> </tbody> </table>	KPI	Measure	Progress of Strategic Plan	Nominated actions achieved for financial year	External Funding Success	Dollars of external funding sourced	Building activity	Dollar value	Level of investment attraction	Jobs created Dollars invested	Industry Satisfaction with Services Provided	Level of satisfaction	Community Satisfaction with Encouragement and Growth of Business/Industry	Level of satisfaction
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Moira Shire Council	The strategy is being developed using three key inputs: (1) Extensive consultation with the business community, government agencies, authorities and statutory bodies and other departments within Council. There is a mix of forums and one on one interviews being conducted, (2) Specialist research in three key areas that have been identified as very important to our Shire. These are value adding to agriculture, education (Including pathways) and health/aged care. A consulting team has been appointed to investigate best options for the Shire then undertake economic														

Council	Response
	modelling to determine the economic impact, and (3) examining 'farmland in transition'. This component of the strategy development has a specialist consultant examining opportunities (in a global context) for de-irrigated farmland. This is being done in consultation with farmers and food companies. There will be very specific, measurable KPIs developed for each activity and strategy. We also have an economic development 'reference group' that will discuss progress as part of Business Roundtables that are conducted quarterly. The audience at these roundtables are business champions, Councillors and senior Council staff.
Monash City Council	Reports are prepared annually to monitor progress and completion of priorities and actions.
Mornington Peninsula Shire Council	Each year the Shire's Strategic Plan and the Economic Development Unit's business plans have aspects/parts of the 2009–2014 ESS incorporated into them; then staff have those tasks inserted into their Personal Development Reports (PDRs) for actioning. At the end of each year the PDRs are reviewed and assessed by Team Leaders and their Manager.
Moyne Shire Council	... it is not possible to measure the performance of the strategy at this stage.
Murrindindi Shire Council	Success is measured via the progress and outcomes achieved from the implementation plan. It tends to be based on quantitative operational outputs/deliverables (e.g. attendance levels at business development functions), rather than final outcomes (e.g. number of new business established, number of local jobs created etc.). Qualitatively, the Council's Economic Development Sub-Committee (including Councillor representation) reviews the progress and success of the strategy. The Council Plan has outcome-based KPIs under the Economic Development theme including unemployment rate, [dollar] value of new commercial developments, and tourism visitation levels.
Nillumbik Shire Council	<p>The Economic Development and Tourism Unit reports to both the Nillumbik Economic Development Advisory Committee and Council on the implementation program through its yearly Action Plans including the number of actions completed and/or commenced in the current financial year. In addition to this reporting mechanism, the Unit reports quarterly through Council Interplan (reporting and performance tool) on the current progress of the actions (including projects) in the yearly Action Plan. This reporting also includes regular updates on service provision and delivery of business development programs. Some of the measures include:</p> <ul style="list-style-type: none"> • Number of Mentoring sessions delivered • Number of businesses going through comprehensive development and growth programs (including their performance over time i.e. if they achieved the planned outcomes in employment and turnover growth) • Number of business enquiries serviced • Number of business visits per year • Attendance at business breakfast and other business events • Online participation and uptake • Projects delivered on budget and on time etc.

Council	Response
Port Phillip City Council	<p>The success of The Strategy is measured progressively and will be measured long term. Outcomes are measured against key economic indicators, historical data, and other quantitative and qualitative measures. These measures include:</p> <ul style="list-style-type: none"> • The level of engagement with local businesses and business associations • Industry growth and Gross Regional Product • Changes in the number of business establishments in the municipality • Changes in the level of employment • The retention/turnover of businesses in Activity Centres • The level of satisfaction and achievements within the business associations • The levels of retention of large existing businesses in the municipality • Increases in the level of visitation and visitation expenditure in the municipality • Participation in the biennial City of Port Phillip Business Excellence Awards • Attendance levels and satisfaction of Port Phillip events, networking sessions and workshops. <p>Council reports quarterly against the actions in the Council Plan. KPIs are reported in this document and a number of The Strategy projects are considered during this reporting process.</p>
South Gippsland Shire Council	<p>This will be part of the review process but essentially it is tied to an annual review of the implementation plan but also to the extent to which the broad objectives of the strategy are realised. The strategy includes some things that Council is directly responsible for such as program delivery and these can be directly evaluated. There are other elements that Council does not have direct control of, but seeks to influence the private sector and or other levels of Government on such things as new investment or infrastructure development. These elements are included in strategies as they have been identified by the community as important but are usually more complex and expensive and not within Council's ambit to deliver. However their inclusion in strategies is often the first key step to seeing them realised. A key aspect of evaluating the strategy is also the extent to which bodies and businesses other than Council can use the strategy to achieve their aims. This would most often be through using the strategy to support grant applications.</p>
Southern Grampians Shire Council	<p>Population growth (ABS) and Economic Growth (Gross Regional Product) — both are drivers of the strategy and the ultimate measures of success however council's role is only one component of success or failure as discussed in the strategy</p>
Stonnington City Council	<p>Council recognises that the implementation of its Economic Development Strategy needs to be regularly monitored and evaluated. An implementation plan has been developed and will be monitored by Council's Economic Development Unit. Actions to be undertaken at the completion of year one of the Strategy to measure its success will include:</p> <ul style="list-style-type: none"> • New census data will be noted as baseline data. Primary consumer research will be undertaken to assess levels of expenditure in retail precincts and perceptions about amenity and safety. • The Stonnington Survey Group will be used to understand residents' views of economic development programs, local businesses and retail precincts. • Satisfaction surveys will continue to monitor the effectiveness of business events and the economic impact of key events including the L'Oreal Melbourne Fashion Festival and Stonnington Jazz. Data will be collected on vacancy rates in economic precincts and the value of tourism.

Council	Response
	<ul style="list-style-type: none"> The Economic Development Unit will conduct an annual survey to seek feedback from businesses about the effectiveness of the programs and actions undertaken as part of the Strategy, monitor business activity and confidence and identify issues and emerging trends. An annual update will be provided to Council on the Strategy's implementation.
Wellington Shire Council	<p>Success is measured by delivery of defined strategic actions and achievement of outcomes. It is recognised that delivery of some economic development outcomes are very dependent on the funding, actions and policies of State and Federal Governments and on other government authorities.</p>
Wyndham City Council	<p>Measurements are in two groupings:</p> <ul style="list-style-type: none"> Activity undertaken by Council (e.g. Number of funding programs promoted to industry) Output delivered (e.g. Number of businesses successfully applying for funding). <p>(Please note that the KPI section of the Strategy is not part of the public available document).</p>
Yarra City Council	<p>The Economic Development Strategy is monitored by Council's Economic Team that is responsible for providing annual progress reports to Council on the Strategy's implementation. As part of the reporting process these outcomes will be evaluated to ensure they are delivered on time and to a high standard. Furthermore, any road blocks to achieving actions are identified and ways forward recommended.</p> <p>Surveys</p> <p>Surveys are conducted regularly seeking feedback from the local business community specifically in relation to programs and projects delivered such as:</p> <ul style="list-style-type: none"> Business events Training and networking forums Business e bulletin Tourism campaigns. <p>State of the Economy Audit and review</p> <p>In 2011 Council conducted its first business survey. Local businesses were invited to tell Council how it can improve its services to business. The survey enabled business operators to rate their level of satisfaction with a range of Council services including street cleaning, planning, traffic management, and the promotion of Yarra as a tourism destination. There were general questions about what business operators feel are the biggest challenges to their success, and how they think their business, the local economy and the broader economy will perform in the next 12 months. 196 respondents completed the Survey — 62% online and 38% in hard copy.</p> <p>...</p> <p>Over the next twelve months the Economic Development Unit will be developing an evaluation framework in consultation with Yarra's Business Advisory Group that will help Council review the ongoing relevancy and priorities of objectives and actions to assist in the formation of its next strategy.</p>

Which stakeholders were engaged in formulating the strategy?

Council	Response
Ballarat City Council	<p>The development of the <i>City of Ballarat Economic Strategy 2010–2014</i> was underpinned by a detailed consultation process designed to ensure that all sectors of the Ballarat community were involved in the formulation of the strategy. Prior to commencing the ES 2010–2014 process, Council had already given significant consideration to the development of the future ES 2010–2014 through a series of facilitated Economic Development Workshops, including:</p> <ol style="list-style-type: none"> 1. City of Ballarat, Internal Leadership Team Economic Development Workshop, 14 April 2009. 2. City of Ballarat, Internal Economic Policy Planning Workshop, 5 May 2009. 3. City of Ballarat, Economic Development Workshop - External Stakeholder Roundtable Discussion, 17 June 2009. <p>The outputs of these Workshops were endorsed by Council on the 12th August 2009 and provided the framework for the development of the ES 2010–2014. In seeking to progress the development of the ES 2010–2014, an Expert Reference Group was established which was Chaired by the Mayor. The Group provided input into the projects focus and direction and acted as the project steering committee. The Expert Reference Group had participants from the various sectors of the Ballarat economy including:</p> <ul style="list-style-type: none"> • Committee for Ballarat • Commerce Ballarat • Australian Industry Group • Victorian Employers Chamber of Commerce • Manufacturing Industry • Tourism Industry • ICT Sector • Retail Sector • Property and Business Services Sector • Education Sector • Health Sector • State Government <p>The process to develop the Economic Strategy included the following consultations:</p> <ul style="list-style-type: none"> • Four Expert Reference Group meetings • Individual consultations by the consulting firm SGS with key stakeholders • Stakeholder consultations by the Director Growth and Economy • Stakeholder consultations by the Manager Economic Development <p>In addition, the ES 2010–2014 utilised the following strategic documents to inform its development that had undergone their own extensive community consultation:</p> <ol style="list-style-type: none"> 1. Ballarat Industry Workforce Development Strategy

Council	Response
	<p>2. Draft CBD Strategy</p> <p>3. Ballarat ICT 2030 Strategy</p> <p>4. Tourism Towards 2020</p> <p>The Expert Reference Group received an exposure draft which was comprehensively reviewed and changed to reflect the individual feedback before development of the final Economic Strategy 2010–2014. On the 12th May 2010 the Expert Advisory Group unanimously endorsed the ES 2010–2014.</p> <p>The following Terms of Reference were developed for the Expert Advisory Group:</p> <p>In August 2009, Council approved the development of the new City of Ballarat Economic Strategy 2010–2014 (ES 2010–2014). A Project Advisory Committee has been established to provide assistance and advice in the development of the Strategy.</p> <p>Project Objective</p> <p>The City of Ballarat wishes to develop and implement an updated Economic Strategy to provide a framework that articulates Council’s vision and objectives for Ballarat’s current and future economy, and proposes a range of practical measures designed to achieve the vision and objectives set out within the document.</p> <p>Background</p> <p>Since the adoption of the ES2006 detailed planning has been undertaken around future population growth for Melbourne and more broadly across Victoria. The outcome of that process has been an upwards revision of population projections for Ballarat and surrounding areas. Current population projections indicate that Ballarat is about to experience significant growth between now and 2036. In the next 17 years the most conservative projection shows Ballarat’s population growing from the current 88 400 (2006) to a conservative target of 118 133 by 2026, or a net increase in the order of almost 30 000 representing a 33% overall increase.</p> <p>Recent events in the Ballarat economy have indicated that local industry is currently undergoing a transition process as a result of the current economic climate. There is a significant restructure underway within sectors of the Ballarat economy, including in the manufacturing and mining sectors over the last twelve months which impacted on the employment rates for the Ballarat region.</p> <p>Development of ES 2010–2014 Activities to date</p> <p>Council has already given significant consideration to the development of the future ES through a series of facilitated Economic Development Workshops, including:</p> <ol style="list-style-type: none"> 1. City of Ballarat, Economic Development Workshop – External Stakeholder Roundtable Discussion, 17 June 2009 2. City of Ballarat, Internal Economic Policy Planning Workshop, 5 May 2009 3. City of Ballarat, Internal Leadership Team Economic Development Workshop, 14 April 2009 <p>The outputs of these Workshops have been endorsed by Council, and provide the framework for the development of the final ES 2010–2014.</p> <p>Expert Reference Group</p> <p>In seeking to create the economic vision for Ballarat it is proposed that a consultation process is required to ensure that the ES reflects not only the aspirations of the Ballarat community, but also more specifically the aspirations of the economic players within our community. To that end, an Expert Reference Group will be established to support the formulation and delivery of the ES 2010–2014. This reference group will form part of the broader extensive community engagement model supporting the process. The reference group will provide input into the project focus and</p>

Council	Response
	<p>direction, and act as the project steering committee. The committee will comprise representative participants from the various sectors of our economy including:</p> <ul style="list-style-type: none"> • The Committee for Ballarat • Commerce Ballarat • Australian Industry Group • Victorian Employers Chamber of Commerce • Manufacturing industry • Tourism industry • ICT sector • Retail sector • Property and Business Services Sector • Education Sector • Health sector <p>The project reference group will be chaired by the Mayor.</p> <p>The role of the ES 2010–2014 Advisory Committee</p> <ul style="list-style-type: none"> • The role of the Project Reference Group will be to: • Provide appropriate sectorial input supporting the development of the ES. • Contribute to identifying relevant issues and opportunities; and • Contribute to identifying and prioritising a range of strategies and initiatives to address issues and opportunities to participate and support the process to develop an ES. <p>Timeframe:</p> <p>The ES 2010 -2014 will be finalised by Dec 2009.</p> <p>Practices and procedures:</p> <p>The Project Reference group will meet for two hours during business hours, four times during the life of the Project, likely to be in:</p> <ul style="list-style-type: none"> • September 2009 • October 2009 • November 2009 • December 2009. <p>Meetings will be chaired by Mayor Cr Judy Verlin, with secretariat support from the Economic Development Unit of Council. An agenda for each meeting will be forwarded to all members with any pre-reading requirements at least one week prior to the scheduled meeting. Minutes from meetings will be distributed to all members.</p>

Council	Response
Bass Coast Shire Council	<p>There have been a number of consultations over a number of years with various stakeholders to assist with the formulation of the Plan. There have been workshops with Councillors and Council staff to ensure broad organisational support for the Plan. Several reports were commissioned over the past two years to provide data and information to inform the Plan. Examples of these include:</p> <ul style="list-style-type: none"> • The Social and Economic Value of Events in Bass Coast 2011 • Bass Coast Shire Economic Outlook — 2012–2017 • Bass Coast Shire Tourism Profile 2011. • A range of local business operators and community groups were consulted in the preparation of these reports as well as the inclusion of significant amounts of data relating to the local economy. Reports are available on Council's website: <http://www.basscoast.vic.gov.au> <p>In early 2013 a series of community feedback sessions were held by Councillors to assist with the formulation of the new Council Plan. More than 150 people attended these sessions and another 82 provided online feedback. Data from these consultations was also used in the formulation of the Economic Development Plan.</p>
Baw Baw Shire Council	<p>The EDS has been developed based on local and regional activities. The Eco Dev Unit spends a lot of time talking to our businesses in an informal form of communication and some of the activities within the strategy come from those informal discussions. In 2011–2012 Council undertook its biennial Employment Industry Survey which provided Council with a platform to seek input from the business community regarding issues and growth plans and desired programmes. Council also undertook a similar exercise in early 2010 with the agribusiness sector. Both these surveys are due to be repeated over the next twelve months and will feed into future plan development. Other consultation has been undertaken indirectly through development of the Baw Baw visioning plans, Gippsland Integrated Land Use Planning the Gippsland Regional Growth Plan and a number of other documents. As mentioned above the Economic Development strategy will be presented to the Business Advisory Board for comment and input.</p>
Bayside City Council	<p>Council established the Economic Development Strategy Steering Group (EDSSG) to guide all stages of the Strategy development. The EDSSG comprised a cross section of local business and community stakeholders that was appointed following an extensive expression of interest process. The draft Strategy was released for a one-month period of consultation and engagement activities with a range of industry stakeholders for further feedback and ensure the suitability of Council's approach prior to adoption in November 2010.</p>
Cardinia Shire Council	<p>A broad range of businesses within the region were consulted on a regular basis in formulation of this strategy, we also are developing a continuous improvement model with a Casey Cardinia Business leaders group that will meet regularly to discuss strategy and advise both councils Economic development units on action items and activities.</p>
Corangamite Shire Council	<p>Two workshops were held with representatives from businesses and government agencies. Individual stakeholders were met in person and/or over the phone. A list of all stakeholders is listed on pages 73–76 of the <i>Corangamite Shire Economic Development Strategy 2011–2016</i>.</p>
Gannawarra Shire Council	<p>The community had the opportunity to provide input.</p>
Greater Bendigo City Council	<p>A combination of consultation with representatives of local businesses, wider community and a major workshop together with various stakeholder interviews was the basis for the development of the endorsed strategy. Council at its meeting on 19 December 2012 endorsed a review of the Economic Development Strategy during 2013. A series of business workshops have been completed with the eleventh event to be conducted in late July 2013. It is expected that the Economic Strategy Review will be present to Council in September or October with final adoption in late 2013.</p>

Council	Response
Greater Dandenong City Council	<p>The strategy was formulated with input from:</p> <p>A cross section of the community via the inclusion of specific questions within the extensive community consultation for the development of the Community Plan "Imagine 2030" (see notes below).</p> <p>Over 3000 comments were recorded from around 1700 participants and respondents during research, consultation, focus groups, workshops, discussion circles, surveys, and so on, reaching most sectors in the community, in particular the hard to reach ones — young people, migrants from non-English speaking backgrounds and businesses. The final stages of the Imagine 2030 project included participant feedback on a discussion paper. This discussion paper was updated and published as the evidential part of the community plan. Individual interviews with a cross sector of representatives from the Social, Commercial and Public economies were undertaken as part of the Resilience baseline project, and the input from these were utilised in informing the LEED strategy development. Comments and feedback from several consultants in the field of Economic Development, as well as representatives of local industry were gained on the Draft document and changes included in the finalised version, endorsed by Council in June 2011.</p>
Greater Shepparton City Council	Internal departments previously. The next strategy is planned to be developed in consultation with internal departments, neighbouring councils and key stakeholder groups such as the Shepparton Chamber of Commerce, key business and industry leaders, developers and retail representatives.
Hepburn Shire Council	A broad range of stakeholders were engaged in development of the strategy including Councillors, representatives of the major local business associations, many business operators, employees and relevant Council Officers. In addition, a general invitation was circulated to interested people to participate in a public Think-Tank to identify specific issues that needed attention. Finally, the major documents have all been made available to the public through Council's web site. The Manager Economic Development and Tourism meets regularly with the local business associations to ensure Council remains alert to their issues and to provide assistance as required. Further, Council remains well networked with the various state government departments and agencies to seek support and advice for individual businesses and for the region.
Hume City Council	In developing this Strategy, Council engaged widely with DSDBI, Northern RDA, NORTH Link and local business leaders. In addition the Strategy was made available for public comment prior to adoption by Council.
Latrobe City Council	<p>In formulating the Economic Sustainability Strategy, a range of key stakeholders such as major employers, long term businesses, industry bodies and government departments were engaged. These key stakeholders included representatives from industry sectors including:</p> <ul style="list-style-type: none"> • tourism • food and agribusiness • business associations • energy and brown coal • health • manufacturing and technology • forestry and paper • transport

Council	Response
Maribyrnong City Council	<ul style="list-style-type: none"> • union, skills, research and education. <p>A number of local businesses were interviewed during the consultation phase of the strategy this included large, medium and small manufacturers, Victoria University, retailers, business groups, owners of commercial properties, leasing and real estate agents.</p>
Maroondah City Council	<p>Key stakeholders involved in the development of the Strategy included:</p> <ul style="list-style-type: none"> • local businesses; • the Maroondah community; • State Government departments and agencies; • local and regional business groups; and • those internal Council Units that will partner in the delivery of elements of the Action Plan. <p>The Strategy has been and will continue to be driven by strategic engagement and communication with our local businesses. This has included:</p> <p>Maroondah Business Analysis</p> <p>The Maroondah Business Analysis (MBA), completed in November 2012, was a first for Local Government throughout Australia. The MBA targeted 300 local businesses, representative of the current Maroondah business base. This vital local research will assist Council to determine those industries or businesses that have identified skills shortages or other significant issues which are hindering their ability to employ additional employees or otherwise grow their business. The level of detail gained from the analysis, and the concentration of data within the Maroondah area, has provided strong statistical evidence for the pursuit of future local projects and funding applications.</p> <p>2010 Business Survey</p> <p>An external consultancy was commissioned to conduct a survey to examine local business awareness and level of engagement and satisfaction with Council’s Business Unit and the range of services provided. This survey was conducted in October 2010 and consisted of 250 business interviews/surveys.</p> <p>Business Issues Survey</p> <p>The Business Issues Survey was conducted in 2009 to provide Council with an overview of the issues currently facing businesses within the municipality and to determine opinions and feedback about future proposed initiatives. The survey was completed in October 2009 and a total of 312 businesses responded. A total of 312 respondents completed the survey via direct mail or on-line. Additional consultation with local businesses took place at the ‘Business Issues Forum’ (involving over 70 businesses) and provided greater insight into how Council and business can further work together to address identified issues.</p> <p>Local Business Leader Forums</p> <p>The forums are utilized to shape proposed projects and provide feedback about the current strategic direction of Council in its support of local businesses. This approach ensures that the Business Unit remains receptive to business needs and current priorities. Marketed as a ‘solutions think-tank’, small-targeted forums focus on issues either within or across key sectors and encourage a partnership approach between Council, the local business community and other identified key stakeholders to:</p> <ul style="list-style-type: none"> • proactively address local issues which are impeding local business success • provide a focus for unique sector issues • ensure that any newly proposed programs are appropriate for the local marketplace

Council	Response
Mildura Rural City Council	<ul style="list-style-type: none"> • identify key projects which require additional resources or external funding. <p>Stakeholder engagement was widespread and included Mildura Development Corporation members, Council, Government, a wide range of Industry sector representatives etc. and sought community input by way of advertising and workshops.</p>
Moira Shire Council	<ul style="list-style-type: none"> • Local business people • Government agencies • Authorities (e.g. water authorities) • Industry Associations (e.g. VFF, Murray Dairy) • External investment companies (e.g. superannuation funds) • Potential business relocations • Other departments within Council.
Monash City Council	<p>Both internal & external stakeholders associated with Economic Development in Monash were interviewed. Comprehensive consultation was sought from the business community who were given the opportunity to provide valuable feedback and comments on what business services were being utilised, their level of satisfaction with the current services offered and what services they would like to see. A business survey was conducted in late 2012 with approximately 7000 surveys sent out to businesses in Monash. The business community were able to respond online, via post and were given the option to send in further comments outside the scope of the survey. The general community were also consulted in Council's <i>Monash in Four — Community Survey</i>, of which Economic Development participated in by providing a discussion paper and questions regarding the local economy. External stakeholders consulted included representatives from the educational, retail, food manufacturing, commercial real estate, financial, development, not for profit and government sectors. Internal stakeholders consulted included Town Planning, Property Development, Waste Services, Health, Organisation Development and Planning, Arts and Cultural Development and Community Planning and Development. The draft strategy was then formulated and made available online on the Council website for further consultation with both the business and broader communities.</p>
Mornington Peninsula Shire Council	<p>A comprehensive and inclusive business and community consultation process was undertaken in the development of the 2009–2014 ESS. Initially a desk top review of all relevant publications was undertaken, then business leaders from across all local industry sectors were invited to workshops to discuss the relative SWOTs of our economy and then to identify areas of opportunity to maximise sustainable, compatible economic development activities. Community groups and businesses were invited to comment on the findings of the research and workshops through various feedback forums and finally Council adopted the revised strategy.</p>
Moyne Shire Council	<p>Our strategy is not that far advanced.</p>
Murrindindi Shire Council	<p>A wide range of stakeholders across all parts of the Shire including Local Tourism Associations, Chambers of Commerce and Local Industry sector groups (e.g. food/wine group, trout sector, wine growers association, houseboat builders sector etc.) Other government departments and agencies including Parks Victoria, DSE, Regional Development Victoria, Goulburn Murray Water and VicForests. Individual businesses including the ten largest employers, hospitals and aged care facilities and agriculture/horticulture businesses. Also the general business and residential community was invited to participate in broad consultation.</p>

Council	Response
Nillumbik Shire Council	The development of the Economic Development Strategy involved broad consultation with all local businesses and wider community stakeholders, business groups, traders associations, regional partners and State Government departments. Ongoing input was also provided by a Council-appointed Economic Development Advisory Committee that was instrumental in identifying actions and priorities for the implementation plan. The Nillumbik Economic Development Advisory Committee meets quarterly and provides continuing support and advice to Council on the implementation program. Most of the Nillumbik business groups and traders associations are represented on the committee.
Port Phillip City Council	The City of Port Phillip engaged peak bodies, key industries, state and other local governments, representatives from business associations as well as the local community in the development of The Strategy. A draft of The Strategy was also considered at an Ordinary Meeting of Council following a period of the document being publically available for comment.
South Gippsland Shire Council	Councillors, Council Officers, Local bodies such as Chambers of Commerce, Local Tourism Association, Regional Tourism Association, State Government Officers, Key individual businesses, and it was placed on public exhibition for comment.
Southern Grampians Shire Council	<p>Page 37 of the Economic Development Strategy highlights those stakeholders involved in the process. It involved a cross section of representatives from the Agricultural, Retail, Tourism, Manufacturing, Forestry, Finance, Construction, Education and Health. The following agencies were also engaged:</p> <ul style="list-style-type: none"> • Catchment Management Authority • Regional Development Victoria • Department of Planning and Community Development • Department of Primary Industries • Hamilton and Alexandra College • Monivae College • Regional Development Victoria • RMIT (Hamilton Campus) • VicUrban • Wannon Water • Western District Health Service.
Stonnington City Council	<p>In formulating the Strategy, Council has been guided by a number of key policy documents and initiatives including the Council Plan, Inner Melbourne Action Plan, Municipal Strategic Statement, Chapel Vision Structure Plan, Arts and Cultural Strategy, Public realm Strategy and Southern Melbourne Plan – Regional Development Australia. Phase one of the Economic Development Strategy’s formulation was the development of a draft which involved face-to-face interviews with key individuals and groups:</p> <ul style="list-style-type: none"> • Business Associations • Prahran Market • Cabrini Hospital • Individual business owners • Professional membership organisations

Council	Response
	<ul style="list-style-type: none"> • Swinburne University • Holmesglen TAFE • Destination Melbourne • IMAP Tourism Working Group. <p>A business survey was also undertaken with the Stonnington Survey group. Council has also undertaken consumer research in the major economic precincts of Chapel Street, High Street, Toorak Road, Toorak Village and Glenferrie Road. Phase two of the Strategy's formulation was external consultation conducted over a period of four weeks. An advertisement was placed in local print media and invitations to comment on the draft Strategy were posted on Council's website. Hard copies of draft Strategy were placed in all libraries and service centres. A link to the draft Strategy as well as the link to comment online was emailed to over 3000 businesses and provided to several peak bodies, including but not limited to, Economic Development Australia, Department of Business and Innovations, Mainstreet Australia, Destination Melbourne and other Victorian Councils. All organised business associations were informed of the draft Strategy and requested to comment. Presentations were given to two executive committees, High Street Armadale Business Association and Toorak Road South Yarra Business Association, by Council's Economic Development Officer. 12 submissions were received from individuals and organisations. The feedback was overall positive with only minor changes to the draft Strategy suggested.</p>
Wellington Shire Council	<p>The strategy was formulated in consultation with a range of stakeholders both internal and external and mechanisms of engagement. These included:</p> <ul style="list-style-type: none"> • Industry Focus Groups with businesses • Business Round Tables (with a cross section of businesses and Council Units) • Meetings with other units within Council such as Planning, Health and Building, • Built and Natural Environment. • Engagement with Business and Tourism Associations and the Committee for • Wellington • Regional Development Victoria.
Wyndham City Council	<ul style="list-style-type: none"> • Local business community • Businesses external to Wyndham • Local Peak Industry Bodies • Regional Industry Bodies • Department of State Development, Business and Innovation • Internal departments.

Council	Response
Yarra City Council	<p>With respect to planning for the economic environment, Yarra City Council has actively implemented a number of economic development strategies over the past ten years. A five-year <i>Economic Development Strategy 2009–2014</i> builds on this work and takes into account the economic structure identified in a separate Background Report which included:</p> <ul style="list-style-type: none"> • A comprehensive review of the current Yarra economic structure, taking into account the current state, national and international economic environment. • A literature review of existing local and state policies • An economic analysis of the Yarra economy • Consultation with the business community and within Council involving surveys, one-on-one interviews and workshops. <p>The key stakeholders engaged in the formation of the current strategy include the following:</p> <ul style="list-style-type: none"> • Council's Business Advisory Group • Business Associations • Representatives from the business community • Industry associations • Education providers • Council officers across the organisation. <p>Yarra's Business Advisory Group</p> <p>Advice and guidance in providing Council's economic development service and programs is sought from the local business community using the resources of the Yarra's Business Advisory Group (BAG). The objectives of the BAG include providing advice to Council on:</p> <ul style="list-style-type: none"> • Capitalising on the knowledge, experience and skill available in Yarra's local business community to assist Council with the implementation of the objectives in the Yarra Economic Development Strategy • Raising the profile of the business community in Council activities and planning to support the significant contribution made to the local economy • Ensuring that a key sector of the community is provided with an appropriate communication mechanism with Council • Providing strategic advice to Council on issues that affect the business community. <p>The Business Advisory Group plays a key role in shaping and reviewing the annual implementation plan of the Strategy.</p>

Which other local governments does the council engage with for economic development?

Council	Response
Ballarat City Council	<p>City of Ballarat lies within the Victorian Grampians Region as defined by Regional Development Victoria. The Grampians Region is a large area of Western Victoria that covers almost 48,000 square kilometres. It spans the southern Central Highlands to the broad expanse of the Wimmera Mallee to the South Australian border in the west. The region covers the municipal areas of Moorabool, Golden Plains, Hepburn, Ballarat, Pyrenees, Ararat, Northern Grampians, Yarriambiack, Horsham, Hindmarsh and West Wimmera and is distinguished by two distinct economic, geographic and social areas - Central Highlands and the Wimmera Southern Mallee.</p> <p>Located within the Central Highlands Region City of Ballarat is the largest of eight municipalities including Ararat Rural City, Golden Plains Shire Council, Central Goldfields Shire Council, Hepburn Shire Council, Moorabool Shire Council, Pyrenees Shire Council and Northern Grampians Shire Council. The Central Highlands region is built upon the foundation of Ballarat being the regional service hub for its neighbouring municipalities.</p> <p>As a regional leader, City of Ballarat works collaboratively with its' neighbouring Central Highlands Councils to develop the Central Highlands Regional Strategic Plan (CHRSP) and the Central Highlands Regional Growth Plan (CHRG). While the Central Highlands Regional Strategic Plan sets out a vision designed to best position the Central Highlands to 2030 and beyond, the Growth Plan provides a means to implement the strategic directions set out in the Strategic Plan. Within each of these plans, economic development is identified as a key regional driver and is further facilitated via the Central Highlands Mayors and CEOs Forum and the Grampians Economic Development Network Forum.</p> <p>The Grampians Economic Development Forum is a collection of progressive, innovative local government representatives who understand the value of working together on important issues that cross municipality boundaries. The Forum convenes quarterly and provides for an open exchange and consolidation of information, issues and economic initiatives across the Central Highlands region. Each Council brings to the table an intricate knowledge of their individual municipality and together, the Forum has developed a collective understanding of the wider economic issues facing the Central Highlands and regional priorities for future development.</p>
Bass Coast Shire Council	<p>Bass Coast Shire Council is an active member of the Gippsland Local Government Network — a collaboration between all six Gippsland Councils. Economic Development staff from all the Councils meet regularly to:</p> <ul style="list-style-type: none"> • identify opportunities for joint advocacy or lobbying • consider cross municipality projects • identify possible funding sources to support projects • provide input into key strategic documents such as the Gippsland Regional Plan <p>A good example of this collaboration is the Broadband Connectivity Strategy Group which has been actively working right across Gippsland for the last three years to increase business and community engagement with high speed broadband. The group has representation from all Gippsland Councils (Economic Development staff), Regional Development Victoria and Regional Development Australia, Gippsland.</p>
Baw Baw Shire Council	<p>Baw Baw is a member of the Gippsland Local Government Network (GLGN) which encompasses all six local government areas in Gippsland. GLGN develop and run common economic development projects across the whole of Gippsland where a regional approach is seen as beneficial. These</p>

Council	Response
	<p>can vary from lobbying, research or on the ground projects. Council is also in partnership with Latrobe City and Wellington Shire Council on the Latrobe Valley Roadmap project. This project is aimed at addressing the economic impacts of working within a carbon-constrained environment. Council works with all Gippsland councils as part of the peak tourism body, Destination Gippsland, and on a number of other tourism promotional projects. Baw Baw is currently working with Cardinia and Casey shires on a regional 'buy local' programme. In addition to the above there are programmes that we partner with any relevant shire as needed at the time. Council is currently partnering with a number of other councils on development of a joint funding application under the Streetlife programme. When we have attended trade missions or expos we also work with other shires or businesses from other shires on an informal basis of cross-support.</p>
Bayside City Council	<p>Council regularly communicates with neighbouring councils (Port Phillip, Kingston and Glen Eira) on regional economic development issues and projects. Bayside's EDU officers attend quarterly meetings of metropolitan Economic Development Units.</p>
Cardinia Shire Council	<p>Cardinia Shire has an MoU with the City of Casey in respect to economic development activities, we currently run joint activities such as, business breakfast series, regional business group and regional business training program. In the future we will also bring together joint business awards and other networking forums. The MoU also focuses heavily on investment attraction and we have developed a suite of marketing materials and a strategy to attract businesses to the Casey Cardinia Region. The Cardinia Shire Council Economic Development Unit also works with the other 9 South East Metro Economic Development units and collaborates in a group called MSE (Melbourne's South East). In 2003 the MSE developed the region's first Economic Strategy, identifying the economic development direction and initiatives that would influence business and employment growth over the period 2003–2030. This strategy is further being reviewed this year and will be updated by early 2014. The MSE region covers over one-third of Melbourne's area and population and almost a quarter of Victoria's jobs.</p> <p>MSE Member Councils:</p> <ul style="list-style-type: none"> • Cardinia Shire Council • City of Casey • City of Greater Dandenong • City of Kingston • Frankston City Council • Knox City Council • Maroondah City Council • Monash City Council • Mornington Peninsula Shire • Whitehorse City Council.
Corangamite Shire Council	<p>Corangamite Shire is part of the Great South Coast Group, and works with other councils in the region for some economic development agencies. These Councils include Moyne, Colac-Otway, Warrnambool, Glenelg and Southern Grampians.</p>
Gannawarra Shire Council	<p>Swan Hill, Mildura, Campaspe, Loddon, Moira, Bendigo, Buloke.</p>

Council	Response
Greater Bendigo City Council	The City's Economic Development Unit has a history (since 1994) of working collaboratively with neighbouring municipalities on project specific activities. There has been and remains a strong commitment to regional cooperation on a variety of initiatives. Examples of the City of Greater Bendigo's collaboration include Goldfields Career Horizons (Shires of Mount Alexander and Central Goldfields); Central Victoria Export Network (Shires of Campaspe and Moira and City of Greater Shepparton); and Regional Solar Alliance (Shires of Loddon and Gannawarra). Additionally, the City works collaboratively with neighbouring municipalities in areas such as Regional Victoria Living Expo and Loddon Mallee Regional Group of Municipalities, on project and initiatives that are of regional, State or National significance.
Greater Dandenong City Council	Primarily the City of Greater Dandenong Business Units engage with the surrounding local municipalities of Casey, Frankston, Kingston, Monash and Knox to varying degrees and on varying activities. Additionally regular interactions are undertaken with the MSE (Melbourne South East) group of Council's which includes those above plus Cardinia, Mornington Peninsula, Whitehorse and Maroondah. Through the Retail network regular interactions include many of those above along with representatives from Port Phillip, Glen Eira and Yarra LGAs. From representation on the Economic Development Australia, Victorian State Practitioners Network committee, direct connections are also made with representatives from Hume, Warrnambool, Brimbank, Moira Shire, Nillumbik, Wyndham, Darebin, Moreland, Pyrenees Shire, along with Greater Geelong, Banyule and Moonee Valley. Through involvement in the Federal Government RDA, Greater Dandenong engages with representatives from those previously mentioned plus Bayside, Port Phillip and Stonnington LGAs. Specific projects, activities and interests have also triggered engagement with Yarra Ranges, Ballarat and the interstate councils of Marion, Playford and Salisbury in SA.
Greater Shepparton City Council	Neighbouring municipalities and Councils within the Hume region, as well as other Councils of relevance to a particular subject matter.
Hepburn Shire Council	With the support of RDA, Hepburn Shire established a regular get together for all councils in the Central Highlands region (Moorabool, Ballarat, Golden Plains, Pyrenees, Ararat and Northern Grampians) with the aim of sharing information and discussing shared challenges. A more informal gathering is held every second month with our neighbours, Macedon Ranges, Mt Alexander Shire and occasional invitations to Bendigo and Central Goldfields. These meetings allow Economic Development Officers to share successes and challenges and to seek advice.
Hume City Council	<p>The seven municipalities of Banyule, Darebin, Hume, Moreland, Nillumbik, Whittlesea and Yarra, together with regional organisations NORTH Link and Northern Melbourne RDA comprise Melbourne's North Region. Each of the councils has existing plans and strategies for serving the needs of their community but the councils also recognise that regional cooperation provides the most efficient way to deliver value and create employment opportunities with economic development. The seven municipalities regularly cooperate on issues of advocacy to enhance outcomes for Melbourne's North Region.</p> <p>Hume City Council is formally represented on the Board of NORTH Link, a regional partnership of industry, education and government established in 1995 as a business network and regional economic development advocacy group representing Melbourne's northern region comprising the LGAs of Banyule, Darebin, Hume, Moreland, Whittlesea and Yarra. NORTH Link was established to provide:</p> <ul style="list-style-type: none"> • Sustainable regional economic growth and employment • Regional advocacy for infrastructure and investment attraction • Regional marketing and promotional materials and activities • Regional economic and industry research • Assistance to industry to improve business productivity and exporting capability.

Council	Response																																																																																															
Latrobe City Council	Latrobe City Council works closely with the local governments located in Gippsland which include East Gippsland Shire Council, Wellington Shire Council, Baw Baw Shire Council, South Gippsland Shire Council and Bass Coast Shire Council. We all work together to achieve the same outcome, to grow and increase investment in the Gippsland region. This is achieved through the Gippsland Local Government Network (GLGN) forum made up of the CEOs and Mayors of each municipalities located in Gippsland as well as regular meetings between the executive managers of each Gippsland council's Economic Development Team.																																																																																															
Maribyrnong City Council	Western region Councils, Hobsons Bay, Moonee Valley, Brimbank, Wyndham, Melton.																																																																																															
Maroondah City Council	Maroondah City Council engages on a weekly basis with other local Council's throughout the Eastern region and beyond. The following table outlines the local government areas that Maroondah Economic Development professionals meet with on a regular basis and the event or umbrella organisation involved.																																																																																															
	<table border="1"> <thead> <tr> <th>Local Council</th> <th>Melbourne East RDA</th> <th>Melbourne South East (MSE)</th> <th>Women on the Go Regional Event</th> <th>Economic Development Officers Regional Group</th> </tr> </thead> <tbody> <tr> <td>Yarra Ranges</td> <td></td> <td></td> <td>X</td> <td>X</td> </tr> <tr> <td>Knox</td> <td>X</td> <td>X</td> <td>X</td> <td>X</td> </tr> <tr> <td>Manningham</td> <td>X</td> <td></td> <td></td> <td>X</td> </tr> <tr> <td>Whitehorse</td> <td>X</td> <td>X</td> <td></td> <td>X</td> </tr> <tr> <td>Casey</td> <td></td> <td>X</td> <td></td> <td>X</td> </tr> <tr> <td>Cardinia</td> <td></td> <td>X</td> <td></td> <td>X</td> </tr> <tr> <td>Kingston</td> <td></td> <td>X</td> <td></td> <td>X</td> </tr> <tr> <td>Mornington Peninsula</td> <td></td> <td>X</td> <td></td> <td></td> </tr> <tr> <td>Monash</td> <td>X</td> <td>X</td> <td></td> <td></td> </tr> <tr> <td>Dandenong</td> <td></td> <td>X</td> <td></td> <td></td> </tr> <tr> <td>Frankston</td> <td></td> <td>X</td> <td></td> <td></td> </tr> <tr> <td>Boroondara</td> <td>X</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Yarra</td> <td></td> <td></td> <td></td> <td>X</td> </tr> <tr> <td>Banyule</td> <td></td> <td></td> <td></td> <td>X</td> </tr> <tr> <td>Darebin</td> <td></td> <td></td> <td></td> <td>X</td> </tr> <tr> <td>Nillumbik</td> <td></td> <td></td> <td></td> <td>X</td> </tr> <tr> <td>Moreland</td> <td></td> <td></td> <td></td> <td>X</td> </tr> <tr> <td>Hume</td> <td></td> <td></td> <td></td> <td>X</td> </tr> </tbody> </table>	Local Council	Melbourne East RDA	Melbourne South East (MSE)	Women on the Go Regional Event	Economic Development Officers Regional Group	Yarra Ranges			X	X	Knox	X	X	X	X	Manningham	X			X	Whitehorse	X	X		X	Casey		X		X	Cardinia		X		X	Kingston		X		X	Mornington Peninsula		X			Monash	X	X			Dandenong		X			Frankston		X			Boroondara	X				Yarra				X	Banyule				X	Darebin				X	Nillumbik				X	Moreland				X	Hume				X
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Moira Shire Council	We participate in the Hume Economic Development Network — this encompasses Benalla, Wodonga, Indigo, Strathbogrie, Shepparton and																																																																																															

Council	Response
	Campaspe. We have informal links (at officer level) with Gannawarra, Loddon, Bendigo and across the border we have links with Berrigan and Corowa. We benchmark certain indicators with like Shires in other parts of the State. For example, we benchmark employment and unemployment with Warrnambool, East Gippsland and South Gippsland. We also benchmark other indicators with adjoining Shires. Finally, [the Manager Economic Development, Business and Innovation is] a Board Member of EDA (Victoria) and meet monthly with peers from a number of metropolitan and regional/rural Councils.
Monash City Council	Monash is a member of the Melbourne's South East Councils which has a Regional Economic Strategy and comprises of Bayside, Cardinia, Casey, Frankston, Greater Dandenong, Kingston, Knox, Maroondah, Monash, Mornington Peninsula and Whitehorse. Monash is also a member of Melbourne East - Regional Development Australia which also has a Regional Economic Development Strategy and comprises the Cities of Boroondara, Knox, Manningham, Maroondah, Monash, Whitehorse and the Yarra Ranges. Council also engages with the Cities of Glen Eira, Stonnington and Banyule on economic development issues.
Mornington Peninsula Shire Council	The Mornington Peninsula Shire's EDU works closely with Frankston City Council, Casey Council, Cardinia Shire, Dandenong City, Knox Council, Monash Council, and Kingston Council in a number of forums and projects to achieve greater regional economic development. We recognise 50% of our resident workforce commutes daily to these regions for their work and that economic development and employment opportunities in these municipalities benefits our residents.
Moyne Shire Council	Southern Grampians, Warrnambool, Corangamite, Glenelg and Colac-Otway.
Murrindindi Shire Council	Council is part of the Goulburn River Valley Tourism Board which includes the Mitchell, Strathbogie, Shepparton Councils. For investment attraction (live, work and invest) in rural areas Council works with Mansfield, Mitchell, Strathbogie and Benalla Councils. Council liaises with the Hume Region Councils on broader regional development issues (e.g. NBN rollout, major infrastructure etc.). Council also works with Yarra Ranges, Nillumbik and Whittlesea Councils on some business development and tourism initiatives.

Council	Response
Nillumbik Shire Council	<p>A significant proportion of the resources within the team are dedicated to supporting local businesses and traders associations, collaboration with neighbouring Councils and regional groups. We support and work in partnership with the following local groups:</p> <ul style="list-style-type: none"> • Diamond Creek Traders Association • Eltham Chamber of Commerce and Industry • Hurstbridge Traders Association • Nillumbik Rural Business Network • Nillumbik Business Network • Nillumbik Tourism Association <p>We closely cooperate with the following neighbouring Councils:</p> <ul style="list-style-type: none"> • Banyule • Yarra Ranges • Whittlesea <p>We work in partnership with the following regional groups and government agencies:</p> <ul style="list-style-type: none"> • Heidelberg School Artist Trail Committee (cooperative — 5 Councils) • Melbourne Valley of the Arts Committee (cooperative — 4 Councils) • NORTH Link (membership — 7 Councils including Banyule, Darebin, Hume, Moreland, Whittlesea, Yarra and Nillumbik) • North Melbourne Business Achievement Awards — NBAA (membership — 7 Councils including Banyule, Darebin, Hume, Moreland, Whittlesea, Yarra and Nillumbik) • Northern Region RDA/RDV (7 Councils in the region) • Northern Alliance for Greenhouse Action — NAGA (cooperative — 9 Councils in the region) • Economic Development Australia Victoria Chapter • Destination Melbourne • Tourism Victoria • Department of State Development, Business and Innovation (Bundoora office) • Melbourne Interface Councils.
Port Phillip City Council	<p>The City of Port Phillip regularly engages with a large number of Victorian and interstate councils, but primarily Melbourne inner city councils, with regard to economic development. This council interacts with Council officers of various levels when developing plans and strategies, during policy and program development, by way of problem solving and to work towards collaborative solutions when appropriate.</p> <p>The City of Port Phillip is one of five inner city councils engaged in and committed to the Inner Melbourne Action Plan (IMAP). Broadly IMAP councils work together with other organisations and state government to address inner city issues. There are a number of economic development related issues that are addressed collaboratively through this mechanism. One of the key economic development projects that IMAP is currently engaged in is taking a coordinated approach to tourism industry promotion through the development of consistent mapping and way-finding.</p>
South Gippsland Shire Council	<p>We regularly engage with all the other Gippsland Councils i.e. Bass Coast, Baw Baw, Wellington La Trobe and East Gippsland. Because of proximity and State Government agency regions we would have a higher level of engagement with Bass Coast and Baw Baw. However because of strong</p>

Council	Response
	networks in the Economic Development profession, it is common to engage with a range of other Council's to receive/provide advice on particular projects. For us that can often include Councils in the east of Melbourne such as Kingston, Glen Eira, Greater Dandenong and Casey and rural Shires that are similar to us such as Corangamite and Moira.
Southern Grampians Shire Council	We engage with all members of the Great South Coast namely Glenelg, Moyne, Warrnambool, Corangamite, Colac-Otway. Due to our geographical location we also engage with West Wimmera and Horsham. Our Economic Development in relation to Tourism development is focused around the Grampians National Park with Northern Grampians, Ararat, Horsham and the Pyrenees. We also engage with our SA colleagues across the border namely Wattle Range, Mount Gambier, Naracoorte and Grant.
Stonnington City Council	<p>The Cities of Stonnington, Melbourne, Port Phillip, Yarra and Maribyrnong are partners of the Inner Melbourne Action Plan (IMAP). Adopted in December 2005, the vision was to strengthen the liveability, attractiveness and prosperity of the region and respond to the demands of Melbourne 2030. IMAP acknowledges the role Inner Melbourne plays as the primary business, retail, sport and entertainment hub and transport centre for the metropolitan area, as well as its role in supporting a series of thriving residential neighbourhoods. In conjunction with the State Government and agencies, IMAP implements a number of regional actions that deliver agreed regional outcomes It concentrates primarily on actions that be completed within 5–10 years All actions are led by the IMAP councils in collaboration with IMAP Partners:</p> <ul style="list-style-type: none"> • Department of Transport, Planning and Local Infrastructure • Department of State Development, Business and Innovation • Department of Environment and Primary Industries • VicRoads <p>The City of Stonnington also engages with other local governments in a range of working groups and forums, including:</p> <ul style="list-style-type: none"> • Destination Melbourne's Local Government Tourism Meetings • Inner South/East Councils Digital Enterprise Program Round 5: NBN Rollout • Mainstreet Australia
Wellington Shire Council	<p>Council engages at all levels with the Gippsland Local Government Network (GLGN) which is comprised of:</p> <ul style="list-style-type: none"> • Wellington Shire Council • East Gippsland Shire Council • Baw Baw Shire Council • Bass Coast Shire Council • South Gippsland Shire Council • Latrobe City Council <p>As part of this, GLGN Economic Development Managers formally meet quarterly and engage regularly to collaborate and look for synergies and differences, recognizing that businesses and other environments differ across Gippsland. Council also engages with Municipal Association of Victoria, National Timber Councils Association and Rural Councils Victoria.</p>

Council	Response
Wyndham City Council	<ul style="list-style-type: none"> • Western Metropolitan Region Councils • Growth Area Councils • Other Metropolitan and Regional Councils from time to time in relation to specific programs or projects.
Yarra City Council	<p>Regional collaboration is a key strategic direction within Yarra's current Economic Development Strategy. Working cooperatively with neighbouring Councils on strategic issues is critical to successful implementation of many actions within Council's Economic Development Strategy that have a regional focus. Yarra City Council has specifically identified in its current strategy the need to engage at a regional level in the following projects:</p> <p>1. Inner Melbourne Action Plan</p> <ul style="list-style-type: none"> • City of Yarra has been actively involved in the following IMAP projects: • Action 2.4 — Walking Links and Pedestrian Priority Areas (Regional Greenlight Project) • Action 3.3 — Regional Approach to Parking Management • Action 4.7 — Improvement to Public Transport Services • Action 6.3 — Managing Conflict in Activity Centres • Action 7.7 — Universities and Regional Development • Action 11 — Regional Tourism Program • Action 1.4 — Boulevards and Major roads • Action 2.5 — Bicycle Network • Action 5.2 — Affordable Housing • Action 9.4 — Green demonstration projects • Action 10.1 — Regional Open Space and Trail Network • Action 9.2 — Environmentally sustainable design — commercial buildings • Action 3.2 — Roads as places — Current — will start soon • Action 3.5 — Reduced through traffic — Current — Mizan attends • Action 5.3 — Housing — Current led by Malcolm McCall at CoY — Ross Goeman also attends • Action 5.4/5.5 — Housing — current — joint project • Action 8.1 — Freight <p>2. Inner Northern Local Learning and Employment Network (INLLEN)</p> <p>The key focus of Yarra's engagement with INLLEN has been to improve the transition of young people from school to further education, training or employment. The Cities of Moreland, Darebin and Yarra form INLLEN. Recent projects include:</p> <ul style="list-style-type: none"> • The establishment and implementation of Yarra's Education Youth Commitment • Supporting the Real Industry Job Interviews program • Hosing a business — school roundtable breakfast. <p>3. NORTH Link</p>

Council	Response
	<p>NORTH Link is a formal partnership between Cities of Banyule, Darebin, Hume, Moreland, Whittlesea and Yarra and Shire of Nillumbik and NORTH Link and the Regional Development Authority. The Forum's goals are focused on wider regional economic thinking, including the knowledge economy transition. Actions have included lobbying for Federal funding for 'regional' type capital projects, visiting Canberra for lobbying discussions with various Ministers and their key advisors. The NORTH Link Business network and regional economic development partnership of which Yarra City Council is a member, supports:</p> <p>(a) A range of initiatives including:</p> <ul style="list-style-type: none"> • Improved infrastructure for the individual municipalities and the region as a whole through representation to government in collaboration with the seven Councils of Melbourne's North • Promoting an increased regional identity to State and Commonwealth Governments • Better integration of education and industry to grow required skills and knowledge • Growing the number of business incubators, including a technology incubator • Retaining qualified local residents to work in local knowledge based industries • Diffusing knowledge intensive activities in inner regions to outer regions, particularly specialised business services • Developing an efficient and equitable NBN and fast data transmission service • Retaining employment lands in the inner and middle municipalities • Creating a culture of home based entrepreneurship <p>(b) The manufacturing industry in its transition to a knowledge economy through:</p> <ul style="list-style-type: none"> • Knowledge diffusion and assisting firms with export, hi-tech and new product development potential • Industry links to research organisations, universities and TAFE • Employment by creating individual pathways for retrenched manufacturing workers to new employment • Addressing barriers to potential growth industries in the manufacturing sector • Supporting the establishment of new business incubators <p>(c) Improving digital economy uptake in the region and advocate for early roll out of the NBN through:</p> <ul style="list-style-type: none"> • the Charter for Melbourne North's Regional Digital Economy Strategy 2012 • the Regional Digital Economy Strategy 2012–2014; • Northern Melbourne's RDAs business ICT project. <p>4. Networks</p> <p>Officers from the Economic Development Unit also participate in various regional and industry networks that facilitate local governments working collaboratively on strategic regional and state-wide issues enabling a broader range of initiatives to be pursued. These networks include:</p> <ul style="list-style-type: none"> • Eastern Regional Economic Development Network • Mainstreet Australia • Economic Development Association • Northern Alliance for Green House Action.