

Collaboration Integration Alignment Advantage

Economic Development Framework

May 2019

A strategic framework to assist
WA Local Governments to create
their own sustainable futures.



WALGA

WORKING FOR LOCAL GOVERNMENT

Acknowledgements





WALGA would like to acknowledge the following people whose contribution was critical to the success of this project:

Project Leaders

Anne Banks-McAllister,
Regional Capacity Building Manager,
WALGA

Dana Mason,
Economics Policy Manager, WALGA

WALGA Project Control Group

Tony Brown,
Executive Manager, Governance
and Organisational Services (Chair)

Wayne Scheggia,
Deputy Chief Executive Officer

Jo Burges,
Executive Manager, People and Place

John Filippone,
Executive Manager, Business Solutions

Ian Duncan,
Executive Manager Infrastructure

Zac Donovan,
Executive Manager, Finance
and Marketing

Alison Maggs,
Strategic Sourcing Manager

Vanessa Jackson,
Policy Manager, Planning
and Improvement

Tim Lane,
Manager Strategy and
Association Governance

Industry Reference Group

Wayne Scheggia
Deputy Chief Executive Officer (Chair)

Chris Adams,
City of Karratha

William Barry,
Town of Bassendean

Andrew Campbell,
Shire of Manjimup

Heidi Cowcher,
Shire of Williams

Kylie Cugini,
City of Swan

Stephen Gash,
Shire of Derby-West Kimberley

Jay Hardison,
City of Belmont

Scott Jarvis,
City of Armadale

Arthur Kyron,
City of Canning

Paul Martin,
Shire of York

Ian Martinus,
City of Wanneroo

Joy Mickelson,
City of Canning

John Walker,
City of Kalgoorlie-Boulder

**State Council Economic
Development Policy Forum**

Cr Lynne Craigie,
Shire of East Pilbara, WALGA
State President (Chair)

Cr Keith House,
Shire of Gnowangerup

Mayor Logan Howlett,
City of Cockburn

Mayor Grant Henley,
City of Busselton

Mayor Renee McLennan,
Town of Bassendean

Cr Chris Mitchell,
Shire of Broome

Cr Kate Driver,
Shire of Mundaring

Anthony Vuleta,
Town of Victoria Park

Andrew Campbell,
Shire of Manjimup

Consultants

Chris Berry Consulting
ACIL Allen Consulting

Table of Contents

Message from the President	6
Background	8
Introduction	10
Economic Development Aims	12
Economic Development in Western Australia	16
An Economic Development Framework for Local Government.....	18
Local Government's Role in Economic Development	20
The Economic Development Ecosystem in Western Australia	28
Economic Development in Practice.....	32
Economic Development Considerations for Local Government	34
Best Practice Principles	42
Economic Development Framework	44
Economic Development Categories and Activities.....	46
Framework Support	50





3

Platform
← 2



Way out

KEEP CLEAR



Message from the President

I'm delighted to be launching this document at a time when Local Governments are looking to kick start their local economies and deliver improvements to the quality of life for their residents. This follows a period when communities have suffered after the WA economy fell into recession for the first time. In responding to calls from the sector to expand services to Local Governments in their pursuit of economic development opportunities, this Economic Development Framework delivers on WALGA's strategic priority to 'foster economic and regional development in Local Government'.

Developed with the critical support of a sector-wide Industry Reference Group, the Framework aims to provide local governments with a conceptual understanding of its role in economic development and the delivery of sustainable outcomes. It also addresses critical issues Local Governments need to take into consideration and provides guidance on the range of opportunities available to Local Governments keen to develop their local and regional economies.

Importantly, the Framework recognises that one size does not fit all, and that Local Governments must consider their own capacity and local economic context when embarking on new initiatives.

Grounded in research, this document identifies the four key principles for best practice in economic development:

- Regional Collaboration
- Strategic Alignment
- Functional Integration
- Current and Emerging Competitive Advantage

I commend this Economic Development Framework to the sector and commit WALGA's ongoing support to Local Governments in their economic development endeavours through policy development, advocacy, research and training.



Lynne Craigie
President



Background

Introduction

In response to Local Government's growing focus on economic development, the Western Australian Local Government Association (WALGA) embarked on a project to research the role of Local Government in Economic Development and develop a conceptual framework to help Local Governments to both understand their role and have a practical resource to assist them in developing their economic development strategies.

This Framework was developed through research, including bespoke industry research, input from stakeholders and guidance from an Industry Reference Group. It is supported by a Discussion Paper that captures the research in more detail, identifies a sector advocacy agenda, and highlights future work to support the sector.

This Framework recognises that Local Governments have different approaches to their economic development activities, which are often influenced by their organisational capacity and local economic conditions.

Importantly, this Framework is not intended to be prescriptive or definitive. Local Governments are encouraged to be aspirational in the development of their economic development strategies and activities within their local constraints and opportunities.



Economic Development Aims

Although there is no consistent definition of economic development, most definitions refer to the process of building the economic capacity of an area in order to deliver better social and environmental outcomes.

There is often confusion between economic development and economic growth. Economic development is a sub-discipline of economics and while related to economic growth, is quite different. Economic development is usually transformative and focuses on job and wealth creation to improve quality of life outcomes. Economic growth however focuses on growing the size of an economy. The two are not necessarily mutually exclusive.

In simple terms, economic development focuses on quality outcomes while economic growth focuses on the quantity of outcomes.



Local Economic Development is a way to build up the economic capacity of an area in order to improve quality of life.

World Bank

Sustainable Development

Sustainable development has a greater focus on intergenerational equity and achieving a balance between economic and environmental outcomes. The United Nations defines sustainable development as 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs'. This reinforces the need to maintain economic advancement and progress while protecting the environment.

The importance of the economy to deliver better community outcomes is also reflected in the United Nation's Sustainable Development Goal, in particular Goal 8 which focuses on 'Decent Work and Economic Growth'. The goal aims to develop the economy in a way that will create quality jobs without environmental harm, and while eliminating poverty and inequality. WALGA is providing leadership in sustainable development for the sector through the release of the:

- Policy Statement on Climate Change
- Guide to Sustainable Procurement



Sustainable Development meets the needs of the present without compromising the ability of future generations to meet their own needs.

United Nations



Geographical Area

Economic development usually occurs within a defined geographical area with a similar economy, not necessarily restricted to a Local Government boundary. This affects how a Local Government acts, whether in isolation or with others. A defined geographical area usually includes a range of markets and economic interaction, from local to global. It is interesting to note that increasingly economic development is being planned between economies with economic synergies, rather than economies that simply share geographical borders.

For example, the New South Wales Government has established the Centre for Regional Development (CERD) located in regional NSW and tasked with developing Regional Economic Development Strategies (REDS). REDS are based on Functional Economic Regions (FERs) which instead of grouping Local Governments on a geographic regional basis, group Local Government areas together on the basis of their economic linkages, such as the forestry and timber products industry.



Local Assets and Resources

Economic Development usually focuses on:

- The comparative advantages of an area and its economy
- The competitive advantages of local businesses and industries
- Its relationship to the national and global economy

Collaboration

Local Governments usually align and collaborate with other local governments and other key stakeholders within a geographical area, including other levels of government. In regional Western Australia, Local Governments frequently collaborate as part of formal and informal regional groups of Local Governments and work closely with Development Commissions (State) and Regional Development Australia (RDA) Committees (Commonwealth).

Local Governments often help local businesses achieve a collaborative advantage through sharing resources, capabilities and capacity to manage or respond to shared opportunities or constraints – this is called ‘coopetition’.



Coopetition:

Achieving collaboration advantage through sharing resources, capabilities and capacity to manage or respond to shared opportunities or constraints.



Economic Development in Western Australia

An Economic Development Framework for Local Government

Building safe, sustainable and thriving communities is at the heart of what Local Governments do. While each community is unique and will have its own needs and priorities, common features of sustainable communities include a healthy environment, strong social fabric, and a robust economy.

After experiencing a decade of growth, many Western Australian communities have experienced the effects of the State's economic downturn with business closures and increasing unemployment. Attention has turned to ways to diversify the economy and position Western Australia as a vibrant and innovative place to live, invest and do business. While the downturn has hit communities hard, there are signs the State's economy is starting to improve and there are many opportunities on the horizon. While this is typically seen as the responsibility of the State and Federal Government, the role that Local Governments can and do play in creating economic opportunities is often overlooked.

In response to the impact of Western Australia's changing economy, WALGA's research tells us that Local Governments in WA believe economic development is a growing focus and they have an important role in driving economic development outcomes. However, it is clear approaches and capacity differ across the sector, and there is scope for the sector to do more to support positive economic outcomes.

The research also shows that a key barrier for Local Governments is a lack of understanding about their role in economic development, identifying training as important. Learning about best practice economic development activities in other Local Governments was also highlighted.

This document provides a conceptual framework that will assist Local Governments understand their role in economic development while also providing some practical suggestions about activities that might be relevant to their local communities and economies.



Local Government's Role in Economic Development

Business is the driver of economic development through the creation of wealth, jobs and other opportunities and Western Australia is home to 228,500 businesses that actively contribute to the State's economic wellbeing. While Local Government recognises the role of the private sector and other levels of government in driving economic development, increasingly the sector understands that Local Government's normal activities, together with other proactive interventions, can contribute significantly to economic outcomes.

Although economic development is not a mandated activity through the Local Government Act 1995, the sector plays an active role in driving economic development outcomes in their local communities. Local Government is a significant player in the economy, employing more than 22,000 workers and spending more than \$4 billion on services to the community each year. Local Governments also manage assets worth more than \$48 billion, including responsibility for more than 88% of the public road network. Particularly through the planning, infrastructure and service delivery functions, Local Governments have a direct impact on economic activity, but can also influence the economic environment through the creation of vibrant and liveable communities.

WALGA's research identified the following key themes with regard to Local Government's role in economic development:

- **Enabling and facilitating** – Local Governments should focus on addressing areas of market failure, not competing against businesses
- Economic development activities should form part of a **larger, integrated strategy** which is aligned to the broader regional context and is linked to a community's unique competitive advantages
- **Collaboration** between different levels of Government, business and the community is critical to the success of local economic development initiatives
- Economic development should **not be undertaken in isolation** – it is a lens for all Local Government activities
- Local Governments should foster a **Business friendly environment – encouraging competition and productivity**

While Local Governments often take a deliberate and proactive role in driving economic outcomes in their community, it is also important to recognise that decisions made by Local Governments influence the local economy and business environment – even if they do not intend to. Some examples of the activities and functions that can indirectly affect the local economy are:

- Finance, fees and ratings
- Planning and zoning regulations and procedures
- Environmental regulations
- Health regulations
- Signage
- Parking
- Public facilities

In this regard, it is important that Local Governments are mindful of their impact and look to understand and assess the costs and benefits of all of its decisions on the local economy and business community. They must ensure these are well understood and do not have adverse or unintended consequences. Central to local economic development activities should be a focus on creating a positive and enabling local business environment. While all Local Governments have a strong planning and collaborative role focusing on creating a business friendly environment, broadly a Local Government's impact over

a local economy changes in line with its geographical location and the size of its business community and local population.

Generally, smaller Local Governments in regional areas tend to have greater influence on their local economy due to their geographic isolation and smaller markets. As these areas are often more isolated, there is a greater role for Local Governments as a driver of economic activity. Local Governments in these areas are often focussed on filling gaps in the market and ensuring the sustainability of their local economy.

The greater size of the business community in larger regional Local Governments and in the more populous metropolitan areas mean that Local Governments in these areas have less direct impact on the economy through service provision and are better placed to be catalysts and enablers for growth and diversification. While Local Governments in larger regional areas still play an important role in addressing the market failures that are brought about as a result of their geographic location, metropolitan Local Governments, irrespective of their size and capacity, essentially see their role as 'getting out of the way' of business, and through its planning and activities allow the local economy to flourish.



Local Government's Role in Economic Development

This model attempts to demonstrate the level of influence a Local Government has over its economy depending on its capacity, the size of the market and its location.



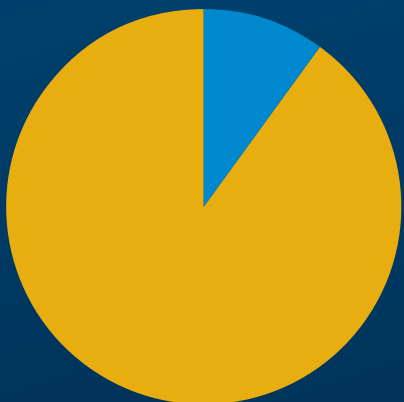
Small Regional Local Government

Intensive Involvement
Major Player
Investor



Large Regional Local Government

Guided Involvement
Enabler
Catalyst Investor



Metropolitan Local Government

Enabler
Get Out of the
Way of Business

 Local Economy

 Local Government

WALGA's research shows that business generally understands the role of Local Government in economic development with feedback highlighting that:

- Local Government is considered to be a leader in local economic development, with a role to create a favourable business environment
- Most businesses were not aware whether or not their Local Government had an economic development strategy
- The types of support preferred were a dedicated officer for businesses, local procurement, new investment attraction and business friendly policies.

Strategic Community Planning

Local Governments in Western Australia have a legislative responsibility to plan for the future of their communities using the Integrated Planning and Reporting Framework as their guide. They do this through the development of a long-term Strategic Community Plan where their community's future wellbeing expectations are expressed in a Vision statement.

Strong local and regional economies are critical for delivering these Visions and economic development is usually embedded in Strategic Community Plans. Many Local Governments use a sustainability approach (triple/quadruple bottom line) for aligning their resources and activities across social, environment, economic and governance outcomes.

Increasingly, local governments are articulating how they will support the local economy through an Economic Development Strategy, developed as an important informing document in the business planning process. Critical to this process is economic analysis and forecasting, and the development of metrics to measure the impact of activities on the economy.



Brookton is a well-recognised business and agricultural hub, a flourishing stop-over destination, and a celebrated place to live.

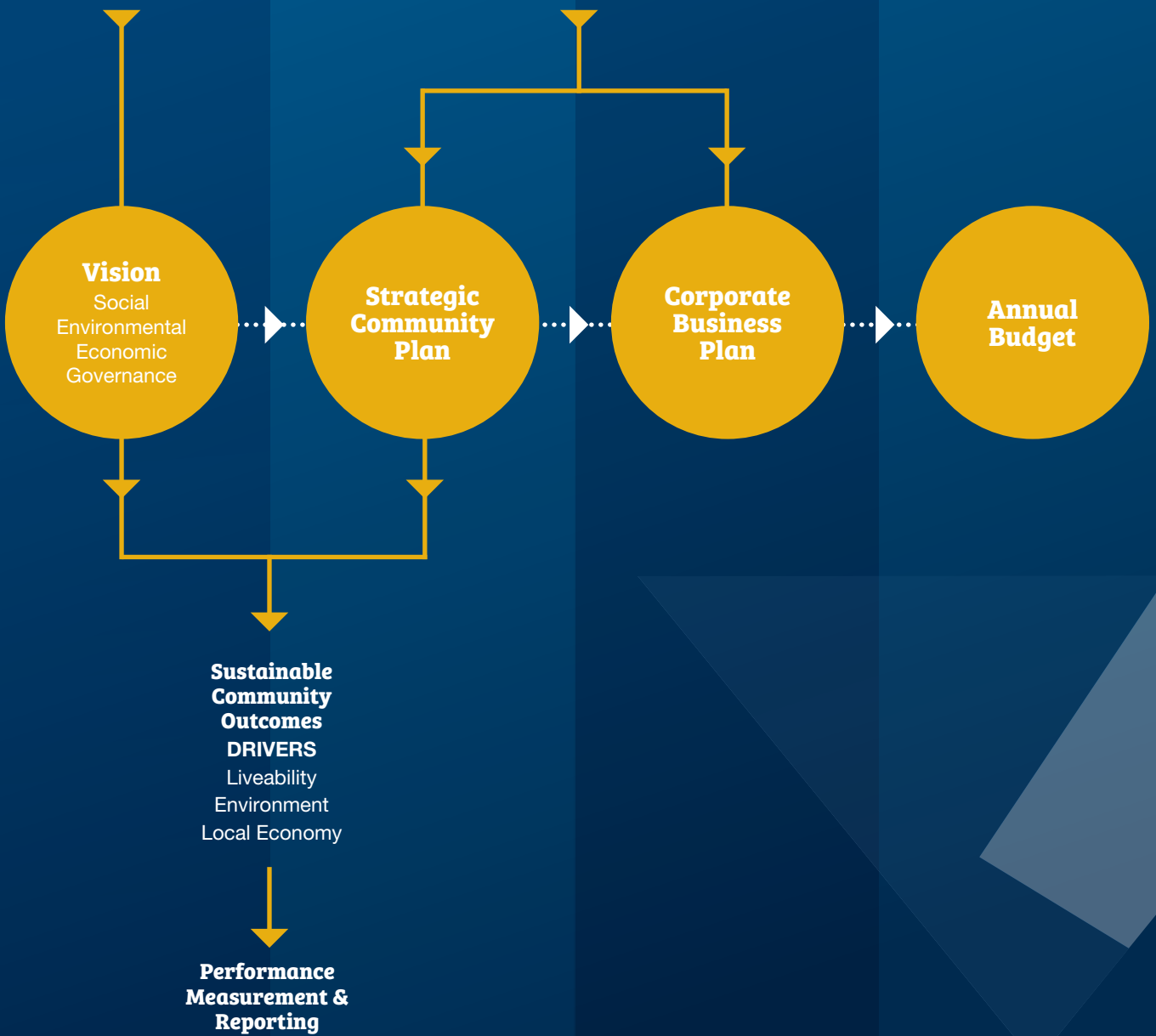
Shire of Brookton Vision by 2027



Integrated Planning & Reporting

**Economic Analysis
& Forecasting
Demographic
Analysis
State & Regional
Context**

Informing Strategies
Long Term Financial Plan
Asset Management Plan
Town Planning Strategy
Workforce Plan
**Economic Development
Strategy**



Some Local Governments instead choose to apply an economic development 'lens' over all its activities rather than developing a specific economic development strategy.

As part of its planning, it is important Local Governments discuss the focus of their economic development activities, and the role they wish to perform. Some of the issues that should be taken into consideration are:

The capacity and capability of the Local Government – consideration of what resources are available to undertake economic development activities, including financial capacity as well as the skills and availability of suitably trained staff and opportunities to collaborate or partner in order to build scale and capacity.

External Factors – a range of factors can impact local economies and can include global economic trends, technology, changing consumer preferences, policy and legislative changes, and demographic trends.

Local Assets and Resources – the strengths of the local area and the opportunity to leverage these, as well as the competitiveness of the local business community will be important drivers of local economic development.

Community Preferences – the extent to which economic development is a priority for the community and the willingness for Local Governments to participate in these activities including consideration of the trade-offs and the Council's and community's appetite for risk.

Business Friendly Culture

For Local Governments it is important to remember that economic and community development are not conflicting objectives but are in fact closely aligned. A strong and thriving business sector creates significant benefits for the local community through job creation, place activation and the creation of vibrant places.

Central to local economic development activities should be a focus on creating a positive and enabling local business environment.

No matter what approach is taken, at the centre of local economic development must be a positive mindset and willingness to facilitate and enable activities that will support the region's economy.

This means economic development must be integrated into a Local Government's 'business as usual' activities and have support from the whole organisation – including Elected Members. Economic development should not be seen as a new activity, but rather as a key outcome of the normal business of a Local Government and integrated across planning and service delivery.

“ Central to local economic development activities should be a focus on creating a positive and enabling local business environment. ”





Collaboration

Critical to the success of economic strategies is working in genuine partnership with the community – including businesses – to support grass roots and ‘bottom up’ approaches.

Communities should be empowered to take a leadership role in driving economic development initiatives in their communities. Local Government has an important role to support these initiatives and can look to innovative ways to encourage development by creating a favourable operating environment, establishing partnerships and setting a clear direction for the future.

It is also important to note that economic development is not limited by a Local Government’s boundaries but can benefit from a regional approach. Rather than compete against neighbouring areas,

the increasingly interconnected nature of the economy means considerable benefits can be achieved by working in a collaborative way with surrounding areas and other regional players. Such an approach will also allow communities to share resources and work together to deliver initiatives which may not otherwise occur.

Local Government in Western Australia has several regional cooperative vehicles for resource sharing, regional planning and the delivery of regional projects. These include Regional Local Governments, Voluntary Regional Organisations of Councils (VROCs) and a range of alliances and associations. New legislation for the establishment of Regional Subsidiaries is providing groups of Local Governments with a more effective regional governance structure

for regional cooperation and service delivery. Under consideration is the introduction of legislation to enable the establishment of Beneficial Enterprises for one or more Local Governments keen to conduct arm's length commercial activities where market failure exists.

These regional governance mechanisms all provide useful vehicles for Local Government to plan regionally, align with other regional stakeholders including Commonwealth and State agencies, secure funding and deliver on regional economic development projects.

Economic Development Activities

While there is no standard Local Government approach to local economic development, WALGA's research shows that overall the sector enables and facilitates economic outcomes aiming to:

- Attract new business
- Retain existing business
- Encourage the growth of existing business
- Attract investment
- Diversify the economy
- Improve community outcomes through job creation, training and education
- Enhance infrastructure
- Grow the population
- Attract visitors
- Reduce impediments to commercial activity

They do this by focusing their attention on a range of activities that include both

traditional local government functions and more targeted interventions that can be broadly categorised as:

- Strategic Planning
- Policy and Regulation
- Supporting Local Business to Succeed
- Cooperation and Partnerships
- Promotion and Attraction
- Customer Service
- Direct Service Delivery
- Infrastructure Provision
- Advocacy

Local Governments are often very proactive in the way they undertake their economic development activities, seeing themselves as important catalysts for the economy. They do this in a variety of ways including through partnerships and cooperation, public-private joint partnerships, leveraging existing assets owned by the Local Government, undertaking borrowings for intergenerational infrastructure investment, undertaking land development, providing non-traditional Local Government services, providing seed funding to businesses, providing housing, and providing services where there is market failure.

These Local Governments should always undertake a cost benefit and risk assessment analysis as part of their business planning for what might be considered non-traditional Local Government activities to ensure ratepayer dollars are used wisely and that any activities will deliver genuine benefits for the community.



The Economic Development Ecosystem in Western Australia

The Western Australian economic development ecosystem is complex with many stakeholders impacting Local Government. Local Governments need to be aware of their stakeholders and work to develop positive and cooperative relationships that support shared outcomes through aligned projects and leveraged funding.

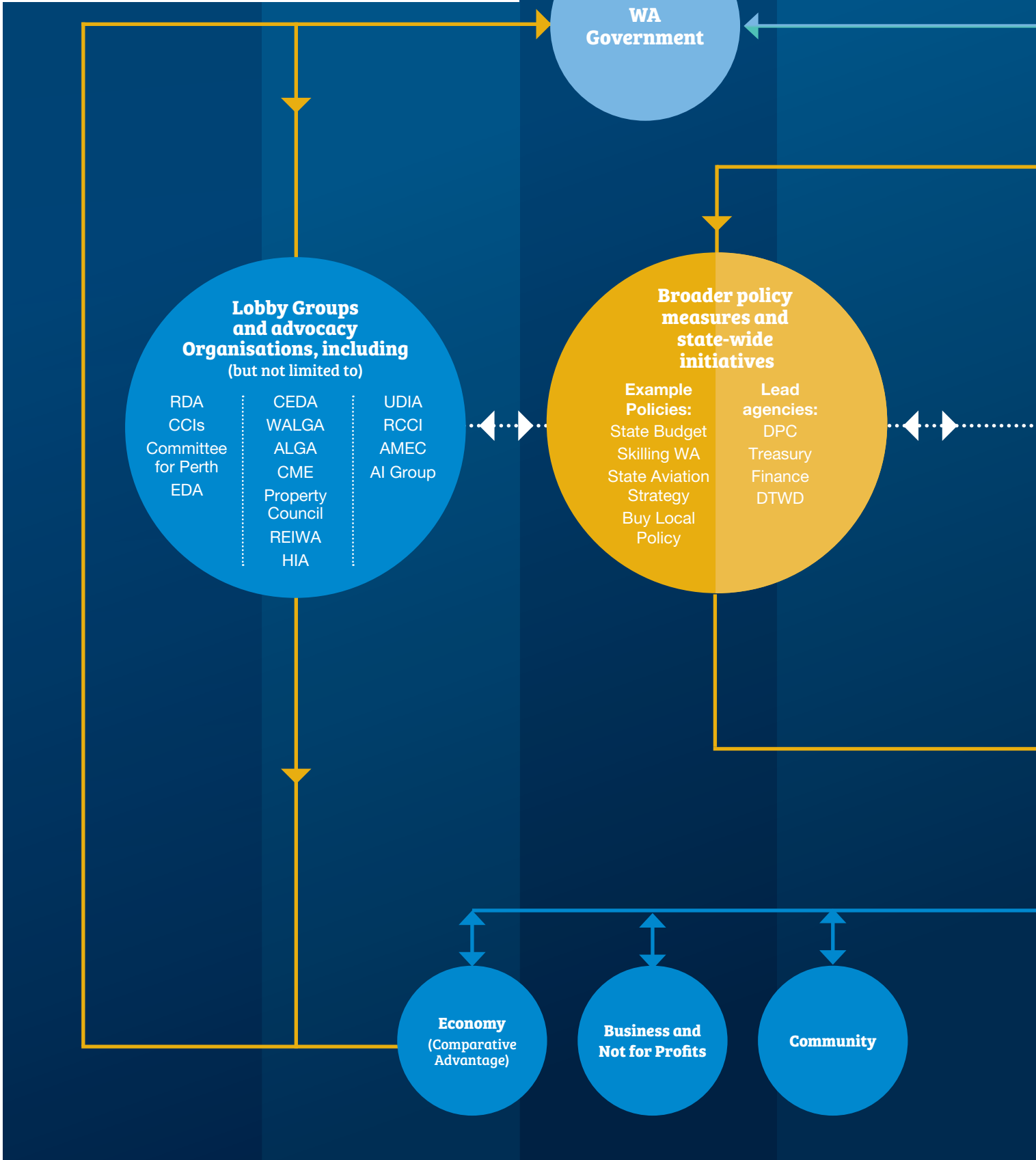
The diagram below provides an overview of the policy and funding relationships between the State Government, Commonwealth Government, Local Government and key stakeholders.

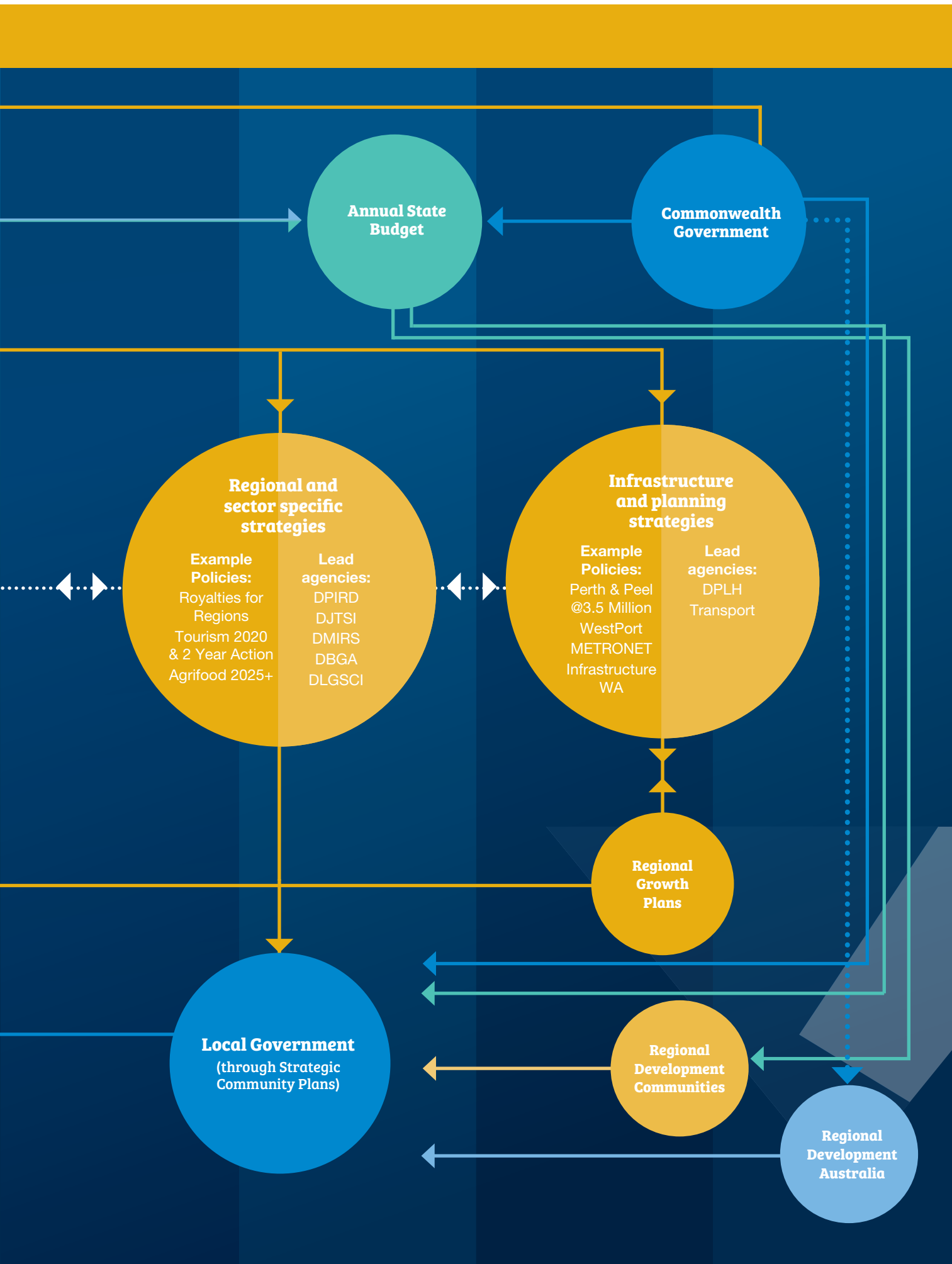




Economic Development Landscape

- annual state budget
- policy relationship
- funding relationship
- regional development Australia
- regional development communities
- agents in the system
- policy area and lead agencies





Economic Development in Practice

Economic Development Considerations for Local Government



This document provides a conceptual framework that will assist Local Governments understand their role in economic development while also providing some practical suggestions about activities that might be relevant to their local communities and economies.

Building safe, sustainable and thriving communities is at the heart of what Local Governments do. While each community is unique and will have its own needs and priorities, common features of sustainable communities include a healthy environment, strong social fabric, and a robust economy.

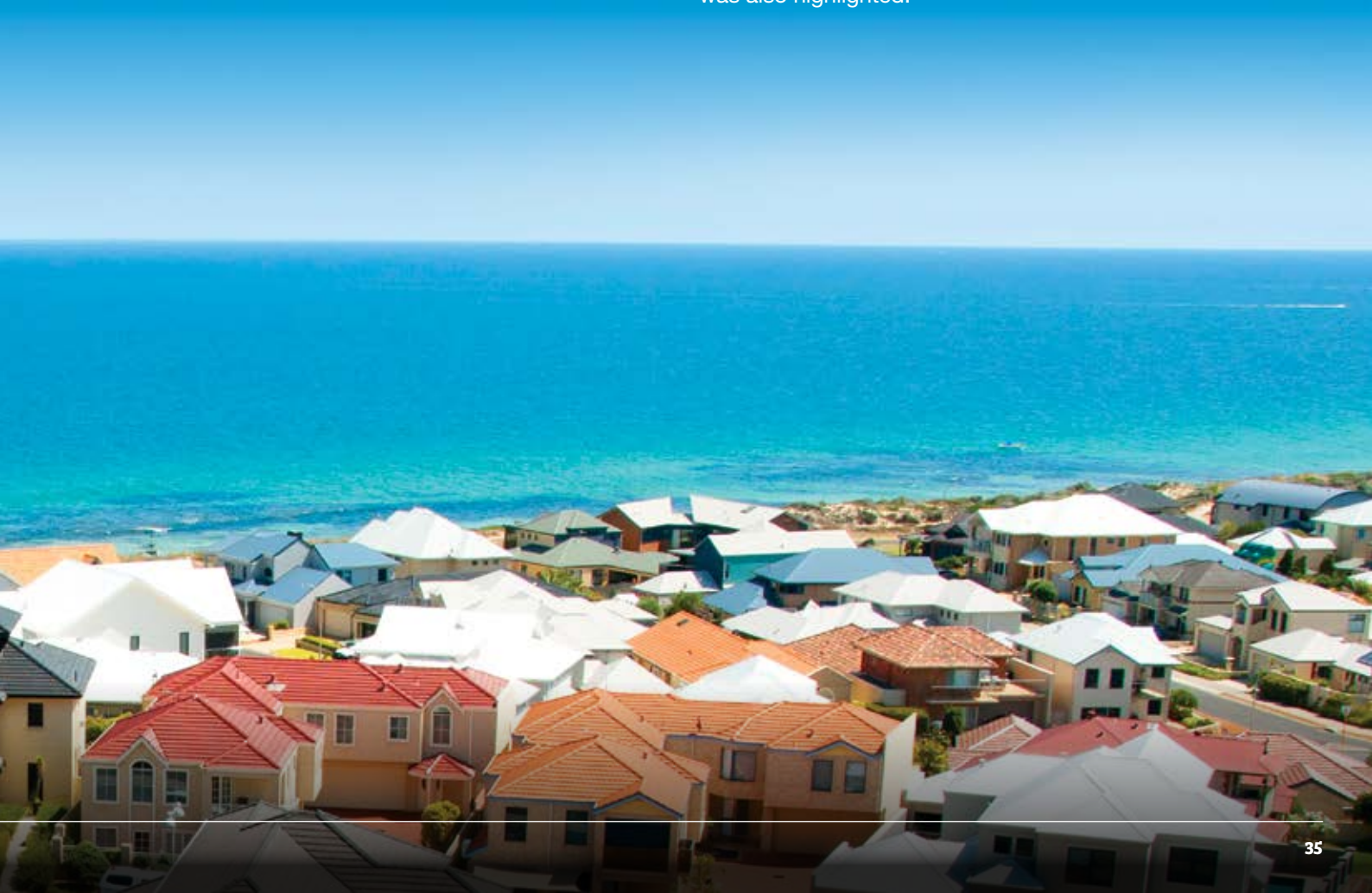
After experiencing a decade of growth, many Western Australian communities have experienced the effects of the State's economic downturn with business closures and increasing unemployment. Attention has turned to ways to diversify the economy and position Western Australia as a vibrant and innovative place to live, invest and do business.

While the downturn has hit communities hard, there are signs the State's economy is starting to improve and there are many opportunities on the horizon. While this is typically

seen as the responsibility of the State and Federal Government, the role Local Governments can and do play in creating economic opportunities is often overlooked.

In response to the impact of Western Australia's changing economy, WALGA's research tells us that Local Governments in WA believe economic development is a growing focus and that they have an important role in driving economic development outcomes. However, it is clear approaches and capacity differ across the sector, and there is scope for the sector to do more to support positive economic outcomes.

The research also shows that a key barrier for Local Governments is a lack of understanding about their role in economic development, identifying training as important. Learning about best practice economic development activities in other Local Governments was also highlighted.



Comparative Advantages

Understanding the characteristics of the local economy is a critical step for local economic development to ensure resources are targeted towards activities that will deliver the greatest benefit to the community.

Each community has its own unique advantages and disadvantages which form an important context for any economic development strategy in order to make the most of emerging opportunities and to be prepared for any challenges.

In creating economic development strategies, Local Governments should look to leverage their areas of strength – their comparative and competitive advantages – to ensure they are in the best position to compete for mobile investment in an increasingly competitive environment and make the most of their existing resources. These strengths are the areas where they are relatively more efficient at producing than others, or those which provide better value than its competitors.

The types of factors that can contribute to comparative and competitive advantages include endowments of natural resources, land area, infrastructure, population and skills.

Competition Principles

Within its areas of responsibility, Local Governments can at times participate in markets where there are, or there is the potential for, private sector providers. In undertaking these activities, an important consideration for Local Governments is competition policy. Competition policy is a focus area for the Commonwealth Government to ensure the Australian economy can continue to benefit from open markets. Competitive markets generally serve in the best interests of the community by providing choice and driving down prices.

Particularly relevant to Local Government operations are the competitive neutrality principles which aim to encourage competition and the best use of the community's resources. Competitive neutrality seeks to create a level playing field by ensuring Government businesses do not gain any net competitive advantage over their private sector competitors as a result of their public ownership.

This is important because an uneven playing field may actually deliver poorer outcomes for communities by preventing private businesses from entering the market, and can lead to a poorer range of services, less economic activity, and fewer job opportunities.



Competitive neutrality seeks to create a level playing field by ensuring Government businesses do not gain any net competitive advantage over their private sector competitors as a result of their public ownership.



There is no ‘one size fits all’ approach to economic development and individual Local Governments need to develop a strategy or approach that is appropriate to their own environment and community priorities.



While the Department of Local Government Sport and Cultural Industries recently advised that a National Competition Policy statement is no longer required in Local Governments’ Annual Reports, WALGA’s Local Law Making Guideline suggests that competition policy, and in particular the principles of competitive neutrality, should remain an important consideration for Local Governments in undertaking activities where this is, or there is potential for, a private sector provider.

Within this context, some Local Governments, particularly in regional Western Australia, embark on activities that address market failure where the private sector is absent, or where an intervention or incentives are required to attract the private sector.

Local Government Capacity

Approaches for supporting economic development will be different in each area and will be determined by the overall context in which the individual Local Government operates. There may be a need for a different approach in urban settings, rural areas and regional centres.

There is no ‘one size fits all’ approach to economic development and individual Local Governments need to develop a strategy or approach that is appropriate to their own environment and community priorities. While each Local Government has different capacity to focus on economic development, financial resources do not need to be a barrier. There is a range of tools and instruments that can be used by Local Governments to encourage local economic development, many at no cost.

An analysis of the capacity of Local Governments in Western Australia shows they can be broadly categorised as Small, Medium or Large based on their population, workforce and financial capacity. WALGA’s survey results show that Local Governments within these categories have the following general characteristics regarding their economic development activities shown on the next pages.

Capacity	Description	Characteristics
Small	<ul style="list-style-type: none"> • Small organisations, generally in rural and regional areas but also small metropolitan Local Governments 	<ul style="list-style-type: none"> • Generally, describe their economies as satisfactory or weak
	<ul style="list-style-type: none"> • Small population base (on average less than 4,000 residents) 	<ul style="list-style-type: none"> • Expect their economies to remain the same or grow stronger
	<ul style="list-style-type: none"> • Small Local Government workforce (less than 10 up to 60 FTEs) 	<ul style="list-style-type: none"> • Most do not have an Economic Development Strategy
	<ul style="list-style-type: none"> • Negative Operating Surplus Ratio 	<ul style="list-style-type: none"> • Most do not measure how their activities contribute to the economy
	<ul style="list-style-type: none"> • Low revenue base (average \$11 million per annum) 	<ul style="list-style-type: none"> • Some attempt to align their economic development activities to Regional Plans developed by Regional Development Commissions
	<ul style="list-style-type: none"> • Below average or declining economic growth 	<ul style="list-style-type: none"> • See Local Government as leading economic development, followed by Regional Development Commissions and voluntary groups of Local Governments
		<ul style="list-style-type: none"> • Over half allocate dedicated resources to economic development activities
		<ul style="list-style-type: none"> • Chief Executive Officer tends to undertake most economic development activities
		<ul style="list-style-type: none"> • Most Local Governments have either increased or maintained the same levels of resourcing to economic development activities over the past 5 years
		<ul style="list-style-type: none"> • The majority expect resourcing to remain the same in the next 5 years, while a significant proportion expect it to increase
		<ul style="list-style-type: none"> • Aim of economic development activities primarily: <ul style="list-style-type: none"> – Supporting new and existing businesses – Attracting new business – Diversifying the economy – Improving community outcomes – Tourism
		<ul style="list-style-type: none"> • Focus on information provision, business friendly policies, reducing red tape and business networking
		<ul style="list-style-type: none"> • Would like to do more new investment attraction and provision of business incubators
		<ul style="list-style-type: none"> • Main collaboration is with other Local Governments, VROCs and Regional Development Commissions
	<ul style="list-style-type: none"> • Greatest barriers are funding constraints and lack of qualified staff 	

Capacity	Description	Characteristics
Medium	<ul style="list-style-type: none"> Diverse range of organisations, with relatively low populations (averaging around 27,400 residents) 	<ul style="list-style-type: none"> Generally, describe their economic conditions as satisfactory or getting stronger
	<ul style="list-style-type: none"> Typically medium sized metropolitan Local Governments and Local Governments in large agricultural areas 	<ul style="list-style-type: none"> Expect their economic conditions to get stronger
	<ul style="list-style-type: none"> Local Government workforce ranges from small to large (10 to 50 FTEs) 	<ul style="list-style-type: none"> Majority have an Economic Development Strategy
	<ul style="list-style-type: none"> Neutral to slightly positive Operating Surplus Ratio 	<ul style="list-style-type: none"> Nearly half measure and report on their economic development strategy
	<ul style="list-style-type: none"> Moderate revenues (average \$44 million per annum) 	<ul style="list-style-type: none"> Most don't measure their contribution to the economy
	<ul style="list-style-type: none"> Economic growth below State average 	<ul style="list-style-type: none"> While some attempt to align their strategy to regional strategies (RDCs and RDAs) many don't
		<ul style="list-style-type: none"> Most see Local Governments leading economic development followed by local Chambers of Commerce & Industry
		<ul style="list-style-type: none"> Most allocate dedicated resources to economic development
		<ul style="list-style-type: none"> On average have a higher number of dedicated resources
		<ul style="list-style-type: none"> Most likely to have a dedicated Economic Development Officer to lead economic development activities
		<ul style="list-style-type: none"> Have the same or higher allocation of resources compared to 5 years ago
		<ul style="list-style-type: none"> Expect to increase the allocation of resources in the next 5 years
		<ul style="list-style-type: none"> Aim of economic development activities primarily: <ul style="list-style-type: none"> Retaining and encouraging growth of existing businesses Enhancing infrastructure Attracting new businesses Growing resident population Seeking investment
		<ul style="list-style-type: none"> Mainly provide information and create business friendly policies and reduce red tape
		<ul style="list-style-type: none"> Would like to focus more on investment attraction and business incentives
	<ul style="list-style-type: none"> Mostly collaborate with other local governments, local Chambers of Commerce & Industry and the Small Business Development Corporation 	
	<ul style="list-style-type: none"> Main barriers are funding constraints, lack of support from other levels of government and lack of understanding of role in economic development 	

Capacity	Description	Characteristics
Large	<ul style="list-style-type: none"> Large organisations in the inner metropolitan area, metropolitan fringe, or large regional centres 	<ul style="list-style-type: none"> Generally, describe their economic conditions as satisfactory
	<ul style="list-style-type: none"> Large population base (on average more than 100,000 residents) 	<ul style="list-style-type: none"> Expect their economic conditions to remain the same or get stronger
	<ul style="list-style-type: none"> Local Government workforce is large with 200 to 800 FTEs 	<ul style="list-style-type: none"> Most have an economic development strategy which they measure and report on
	<ul style="list-style-type: none"> Positive Operating Surplus Ratio 	<ul style="list-style-type: none"> Some report on their contribution to the local economy
	<ul style="list-style-type: none"> High revenues (average \$118 million per annum) 	<ul style="list-style-type: none"> Only some alignment to State and regional level strategy, mainly alignment to State Budget
	<ul style="list-style-type: none"> Above average economic growth 	<ul style="list-style-type: none"> See local government, local Chambers of Industry and the Small Business Development Corporation as key leaders in economic development
		<ul style="list-style-type: none"> All allocate resources dedicated to economic development activities
		<ul style="list-style-type: none"> All allocate more than 1 FTE with some allocating 4 or more FTEs dedicated to economic development activities
		<ul style="list-style-type: none"> Dedicated Economic Development positions and Chief Executive Officer have leading roles in economic development
		<ul style="list-style-type: none"> Majority are increasing resources and expect them to increase or stay the same in the next 5 years
		<ul style="list-style-type: none"> Aim of economic development activities primarily: <ul style="list-style-type: none"> Attracting new business Encouraging growth of existing business Retaining businesses Seeking investment Reducing impediments to commercial activity Improving community outcomes
		<ul style="list-style-type: none"> Focus on business networking and information provision
		<ul style="list-style-type: none"> Would like to focus more on reducing red tape, improving the regulatory environment and provide a greater range of business support services
		<ul style="list-style-type: none"> Mostly collaborate with other Local Governments and VROCs, local Chambers of Commerce and the Small Business Development Corporation
	<ul style="list-style-type: none"> Main barriers are funding constraints and lack of support from other levels of government 	



Best Practice Principles

Research has identified four best practice principles to guide economic development strategies

1



Regional Collaboration

Local areas have sought opportunities to collaborate with other local governments by lending support to regional networks and associations. Businesses are active participants in local government business development. Local stakeholders have been consulted in the development of a local economic development strategy.

2



Functional Integration

Local level government incorporates a focus on understanding their core responsibilities as part of a local level economic development strategy. Economic development is ingrained in the way a local authority conducts itself. Economic development activities are undertaken in a cost-efficient manner, and leverage external funds.

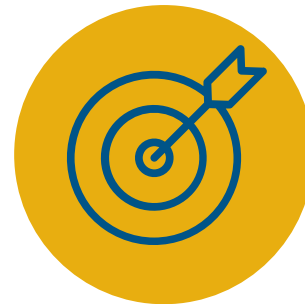
3



Strategic Alignment

Local level economic development strategy has a clearly defined role within a given local government’s overarching strategic framework. It also aligns with Federal, State and broader regional policy priorities.

4



Current and emerging competitive advantage

Local level government structures its economic development strategy in order to leverage their current and emerging competitive advantages, and the strengths of their local industries.

Source: ACIL Allen Consulting, December 2018

Economic Development Framework

The following Framework provides guidance on the economic development planning process, including categories of activities used to develop local and regional economies. Examples are provided to demonstrate the range of Local Government activities that can be used to positively impact local business and the local economy.

It is important to remember that ‘one size does not fit all’ Local Governments. This list of examples is not intended to be exhaustive or prescriptive, with each Local Government needing to consider their organisational capacity, local constraints and opportunities.

The Economic Development Strategy Planning Process

The following diagram explains the integration of the economic development strategy development process within the overarching Local Government Integrated Planning and Reporting Framework.

Critical components include:

- economic analysis and forecasting at the beginning of the Strategic Planning process
- a community vision that expresses community wellbeing outcomes

- engagement with government, business, industry and community stakeholders
- consideration of the regional context
- identification of the economy’s strengths and weaknesses
- consideration of organisational capacity
- integration into organisational business planning
- measurement and reporting against the economic strategy
- Business Friendly Policy which captures commitment to creating a business friendly culture

Economic Development Strategy Development

Operating Environment Scan
Analysis and Forecasting of Local, Regional and State Economy



Economic Development Categories and Activities

The following table provides examples of activities that impact economic development outcomes. Local Governments should apply an 'economic development lens' to identify opportunities and barriers that impact local business and the local economy across all of its activities, including identifying 'quick wins' that can have significant positive impacts on local business. These could include activities such as:

- reviewing fees and charges
- streamlining approvals processes
- providing a point of contact for business
- reviewing payment terms to local suppliers
- signing on to WA's Small Business Development Corporation's *Small Business Friendly Local Governments' Charter*



Function	Objective	Enabling Activities & Opportunities
Strategic Planning	<ul style="list-style-type: none"> • Sustainable economic development outcomes are considered and integrated into future plans and strategies • Local business is considered a key stakeholder in all planning activities • Impacts on the local economy and economic development outcomes are taken into consideration in all Council plans, strategies, policies, decisions and activities • Metrics are developed for measuring economic development outcomes 	<ul style="list-style-type: none"> • Strategic Community Plan • Economic Development Strategy • Town Planning Strategy and Scheme • Economic impact assessment on all Council agenda items • Stakeholder Engagement with business
Policy & Regulation	<ul style="list-style-type: none"> • Sustainable economic development outcomes are considered and integrated into future plans and strategies • Local business is considered a key stakeholder in all planning activities • Impacts on the local economy and economic development outcomes are taken into consideration in all Council plans, strategies, policies, decisions and activities • Metrics are developed for measuring economic development outcomes 	<ul style="list-style-type: none"> • Town Centre Strategy • Buy Local Policy • Payment Terms for Local Business Policy • Parking Local Law • Activities in Thoroughfares, Public Places and Trading Local Law • Policies for activities such as: <ul style="list-style-type: none"> • Town Planning • Signage • Bed & Breakfast Accommodation policy and regulation • Home Businesses policy and regulation • Parking • Approvals Self-assessment • Licence fees • Local Laws harmonisation • Rates incentives • Local Government regulations
Business Support	<ul style="list-style-type: none"> • Local businesses are proactively supported • New and prospective businesses are supported 	<ul style="list-style-type: none"> • Small Business Friendly Local Governments Program (SBDC) • Grants programs • Incubator/co-working spaces • Information and networking sessions • Regular business engagement • Business workshops • Events and Expos • Dedicated Economic Development Officer • Local business awards • Support for local business networks and associations • Packaged information for prospective business operators • Information on upcoming works • Seed funding to emerging or start up local businesses • Business Surveys

Function	Objective	Enabling Activities & Opportunities
Cooperation & Partnerships	<ul style="list-style-type: none"> • Partnering with neighbouring local governments for regional economic development is viewed as critical for supporting local economies • Collaborating with State Government and Federal Government is viewed as critical for delivering economic outcomes through integrated planning and funding • Partnerships and collaboration with key stakeholders including, academic institutions, industry and landholders are actively developed 	<ul style="list-style-type: none"> • Voluntary Regional Councils and Alliances • Regional Economic Development Strategies • Regional Tourism and Destination Marketing Strategies • Research Projects with Tertiary Institutions • Joint Venture land developments • Business Mentoring Programs • Regional Infrastructure Projects • Regional Subsidiaries • Beneficial Enterprises
Promotion & Attraction	<ul style="list-style-type: none"> • Comparative and competitive advantages are identified • Comparative and competitive advantages are promoted locally, regionally, nationally and internationally • New business is actively encouraged • Competition is acknowledged as important for economic growth • Amenity improvements contribute to community wellbeing and attract visitors and tourists 	<ul style="list-style-type: none"> • Investment Prospectus • Hosting investors • Regional business and industry conferences • International Investment Attraction Strategy • Business Directory • Place Activation • Support for local markets • Pop up business opportunities • Marketing Plans • Communication Plans • Social Media Campaigns • Tourist Trails
Customer Service	<ul style="list-style-type: none"> • The needs of local business are taken into account when developing customer service standards • The needs of local business are taken into account in all communications • The needs of local business are taken into account when dealing with applications and approvals 	<ul style="list-style-type: none"> • Concierge/One Stop Shop for local business • Communication – website, social media, newsletters • Customer Service Charter • Customer Service Standards and Complaints Management • Online approvals and payments • Fees and charges

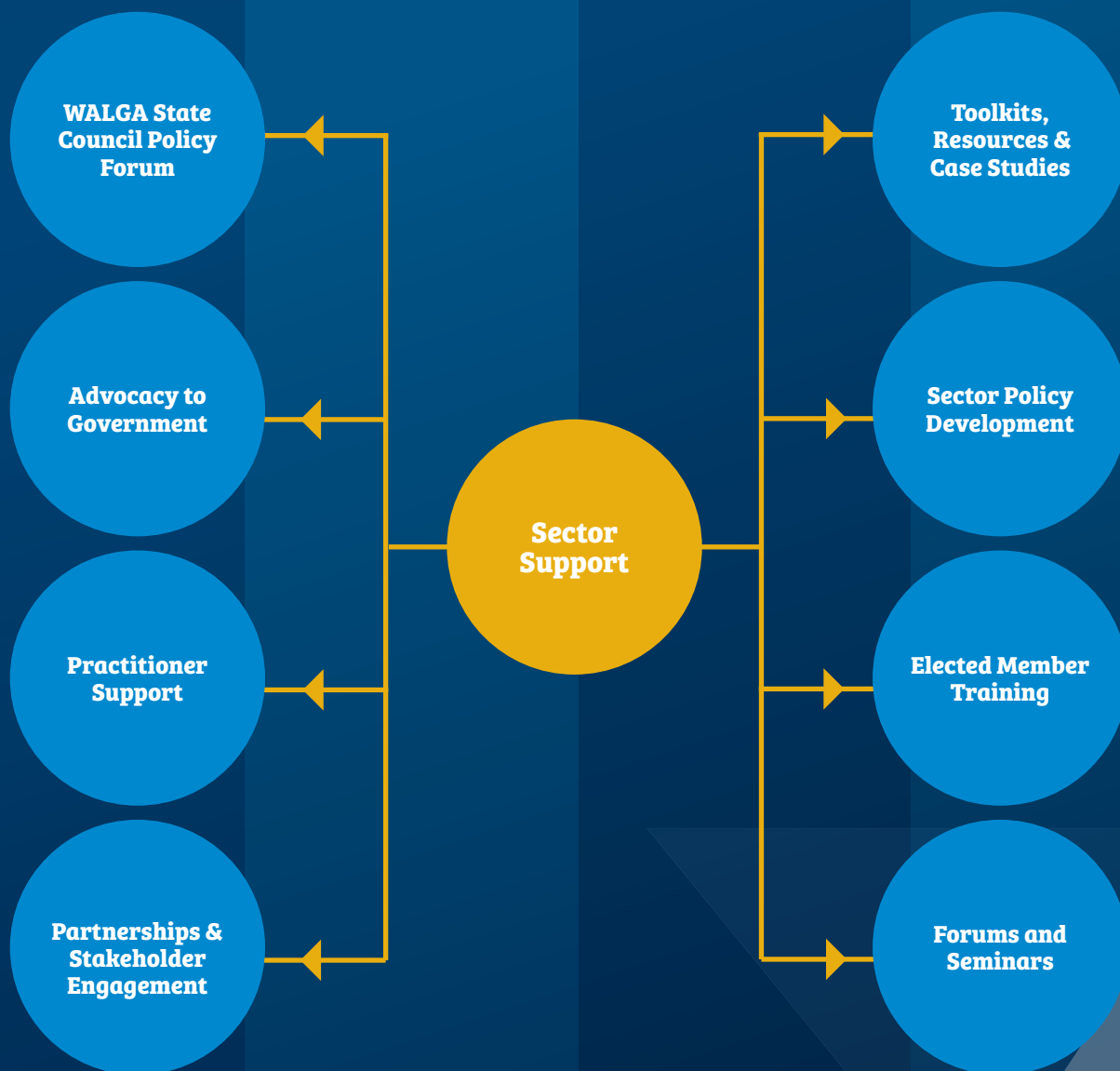
Function	Objective	Enabling Activities & Opportunities
Direct Service Delivery	<ul style="list-style-type: none"> • Essential Local Government facilities, services and programs are acknowledged as contributors to economic development outcome • Services are provided that respond to market failure 	<ul style="list-style-type: none"> • Library services • Community Resource Centres • Recreation facilities and services • Visitor Centres • Medical and allied health services • Internet services • Housing • Aged accommodation • Regional airports and ports • Caravan Parks and RV friendly program • Community partnerships to operate cafés and supermarkets
Land & Infrastructure	<ul style="list-style-type: none"> • Infrastructure contributes significantly to local and regional economies • Land is developed to facilitate industry or housing development 	<ul style="list-style-type: none"> • Asset Management Plans • Capital Works Programs • Land development public/private partnerships • Borrowing for intergenerational infrastructure provision • Leveraging existing assets
Advocacy	<ul style="list-style-type: none"> • Local Governments advocate to other levels of government for support and funding for economic development projects • Local Governments work in collaboration with other Local Governments to advocate to other levels of government for support and funding for economic development projects 	<ul style="list-style-type: none"> • Business Cases • State and Commonwealth Funding programs • Lobbying local Members of Parliament • Delegations to Parliament and Government agencies • WALGA Zones and State Council • Advocating to State Government agencies for services

Framework Support

The Economic Development Project identified the need for ongoing leadership and support to the sector in the area of economic development. This will be done in the following ways:

1. WALGA's Economic Development Policy Forum reporting to State Council
2. WALGA's ongoing advocacy to Government on behalf of the sector
3. Sector Economic Development policy
4. Database of economic development case studies available through WALGA's website
5. Development of Economic Development toolkits and resources
6. Elected member training
7. Support to economic development practitioners in partnership with Economic Development Australia (EDA)
8. Development of Strategic Partnerships

Framework Support



Western Australian Local Government Association
ONE70, LV1, 170 Railway Parade, West Leederville, WA 6007
PO Box 1544, West Perth, WA 6872
T: (08) 9213 2096 E: dmason@walga.asn.au www.walga.asn.au

