

Making Economic Development Work:

Local Leadership

A Discussion Paper

Local Government Association of SA

June 2002

MAKING ECONOMIC DEVELOPMENT WORK

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This project has received support from the Local Government
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1 Executive Summary

This discussion paper is designed to focus debate at the State level on the role of Local Government in economic development in the wake of the Local Government Act 1999. It highlights the significant role currently played by Local Government in the achievement of economic development as a partner with other stakeholders, particularly local business and the State Government. It also identifies ways in which that role can be facilitated, strengthened and expanded.

The document forms an essential part of an interactive process with key stakeholders, initiated by the Local Government Association of South Australia (LGA), which will:

- Promote a clear and shared understanding of the value of and relevant roles for individual Councils, the LGA and Local Government as a whole in this area;
- Provide an Economic Development Framework in which Local Government can effectively operate;
- Assist Councils to review LGA policy in this area;
- Identify a series of inter-related strategies for State Government, Councils and the LGA to empower and provide leadership to Local Government to this end;
- Demonstrate how State Government can work more effectively with Local Government to achieve State Economic Development objectives.

The LGA is a voluntary association of Councils supported by the SA Parliament (refer Schedule 1 of the Local Government Act 1999) established to provide leadership and representation for Councils. It has been increasingly active on leadership issues over the past 5 years, particularly with the advent of the Local Government Research & Development Scheme which it manages and which part-funded this project. The LGA is federated nationally in the Australian Local Government Association (ALGA) which has also been active on regional and economic development issues.

It is important that Councils engage in the discussion process with the LGA (as in other topical areas) and equally important that the State engages with the LGA to understand better how to work with Local Government. The paper makes the point that Councils cannot avoid influencing economic development given their traditional roles. They do not have the option of not influencing economic development - the only question is how effective that influence is to be.

Local Government is, by its nature, closest to individual economic development ventures across the State. SA has a relatively strong Local Government sector with comparatively (against world standards) narrow service areas. It has robust administrative systems, underwent comprehensive amalgamations in 1996-1998, undertakes a high level of activity on a collaborative

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basis via the LGA and associated bodies (finance, superannuation, workers compensation, insurance etc), low debt to asset ratios, has varied but generally high technology uptake, and operates within a well structured and recently reviewed legislative framework (1999 Local Government Acts).

Local Government has an objective of promoting the well-being of its communities and this is reflected in the objects, roles and functions of Councils under the Local Government Act 1999. Local Government expenditure and management of local infrastructure assets across the State is often vital to the development of the SA economy and to business in the State. Its importance as a crucial information provider and networker and in providing leadership at the local and regional level is often underestimated.

While it is relatively independent, appropriate recognition by the State Government of the Local Government sector as a significant player - and effective utilisation of its particular skills and expertise - will greatly accelerate SA's capacity to develop our economic success. It should be remembered however that Councils and their communities differ and their purpose is to exercise judgment locally about what strategies they adopt and what outcomes they take. Responses will continue to differ between Councils but should, if this project is successful, be better informed, more in harmony with community needs and with State priorities, and better supported by networking, LGA and State activities.

Current Local Government activity in economic development can probably be thought of in the following categories:

- Leadership, strategic planning and intergovernmental co-ordination;
- Provision of infrastructure and services which support economic activity;
- Information Provision and Marketing;
- Regulation of business and related activities; and
- Facilitation of business development and business attraction.

A series of issues and questions can be found (boxed) below for the consideration of Councils and stakeholders. They are extracted from later areas in the discussion paper.

This Paper has been prepared by Enterprising Partnerships Pty Ltd and the LGA, with contributions from Jennifer Richardson and Associates and is supported by a more detailed paper "*Local Government Economic Development Framework: Research Report*" prepared for the LGA by the SA Centre for Economic Studies (SACES).

The SACES research report summarises Local Government's current and potential involvement (both from its own perspective and through the eyes of its major stakeholders) and provides comprehensive secondary research into this topic. The findings of the SACES research underpin the statements and recommendations of this document. The paper can be found on LGA.net or provided on request to: lgasa@lga.sa.gov.au.

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This project is also being supported by a steering committee comprising representation from:

- Metropolitan and Country Councils;
- State Departments of Industry and Trade and the Office of Local Government;
- Regional Development SA; and
- the LGA.

It should be noted that where the term Local Government is used in general it refers to the 68 Councils established under the Local Government Act 1999. However the LGA recognizes Anangu Pitjantjatjara¹, Maralinga Tjarutja, Gerard², Nepabunna³, Yalata and the Outback Areas Community Development Trust⁴ as providing a form of Local Government in the remainder of the State.

The following comprise the issues and questions posed in this paper for stakeholders to consider.

Definitions:

In this context, economic development is broadly understood to be "about achieving community benefit, improving quality of life, through the realisation of business and other investment that creates and retains sustainable business activity and jobs"

This LGA project will facilitate discussions across Local Government to examine:

- *How best to articulate to State Government the LGA's and Councils' support for economic development (what it does, what it can do, what it does best, and how if we collaborate we can do it better!);*
- *What the LGA itself might do to assist Councils to better support greater economic development; and*
- *What the State needs to do to better understand Local Government and to work effectively with it on economic development in partnership as a team.*
- *What relationship between the State and the LGA would best support effective actions at the local level?*

Questions:

- a) *Is it useful to consider Local Government's roles in the following categories?*
- *Leadership, strategic planning and intergovernmental co-ordination;*
 - *Provision of Infrastructure and services which support economic activity;*
 - *Information provision and marketing;*
 - *Regulation of business and related activities; and*

¹ Anangu Pitjantjatjara is a full member of the LGA

² Associate member of the LGA

³ Associate member of the LGA

⁴ Associate member of the LGA

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- Facilitation of business development and business attraction.

- b) What can Councils do better to respond to the indicators of 'what matters' in driving economic development?
- c) Does more need to be done to understand the impact of social capital in fostering resilient and entrepreneurial communities?
- d) What relationships with other stakeholders and other Councils (RDBs, BECs, ACCs, other community organizations, regional LGAs/SAROC/LGA Metropolitan Group) would best support Council action?

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- e) What initiatives would enhance Local Government's reputation and gain financial or other leverage?
- f) How do Councils stimulate and energise both the local community and State Government to build impetus locally/regionally?
- g) What initiatives would add to the whole - talent & skills, competencies & resources? What else do local communities need - systems, strategies, structures - processes, people, and planned implementation?

- h) 'Who makes the decisions, who determines what will happen, and who pays, especially where local actions have greater than local impacts?'

- i) To drive the organisational development, who should be searching for patterns of best practice and providing the leadership and the exemplars in these intergovernmental processes?

- j) How can the key players in economic development better integrate and coordinate their planning and implementation?
- k) Can Councils better use the expertise of RDBs/BECs in preparing their own strategic plans and managing their own business?
- l) Can RDBs/BECs work more closely with Councils to achieve better outcomes?
- m) How should professional staff network between Councils and what role can the LGA and other stakeholders play in supporting such networking?
- n) What relevant examples and knowledge exist and how can these be better used to assist further collaborative effort?

- o) It has been argued that community action with public sector support can boost sustainable economic outcomes. If that is so, what should be the priority for re-distributing and devolving resources to support community action?
- p) Can other governments assist Councils given the limitations on Councils' revenue raising capacity?
- q) What examples and knowledge exists which may influence how future programs and processes are developed?

- r) What will make a difference that needs to be further developed in the roles the LGA has already played?
- s) What should be used more fully?
- t) What has been less useful and might be left out of any future LGA strategy?
- u) What strategies will gain leverage in economic development that the LGA can facilitate in addition to those it is already pursuing?
- v) How can Councils coordinate their resources through the LGA better to achieve enhanced outcomes?
- w) What relationships with wider "non-government" stakeholders would support better outcomes (academia, Business SA, Business Vision 2020, SACOSS, SAFF, State or national industry sectors etc)

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- x) *What will make a difference that needs to be further developed in the role the State plays in economic development?*
- y) *Should Local Government be used more fully? Under what circumstances, initiated by the State, would Councils be willing to expand their role in economic development?*
- z) *What has been less useful and might be left out of any future State strategy?*
- aa) *What strategies will gain leverage in economic development that the State can facilitate in addition to those it is already pursuing?*
- bb) *How can State coordinate their resources through the LGA better to achieve enhanced economic development outcomes?*

2 Overview: Local Government & Economic Development

Economic development is by its nature an interdependent process involving business entrepreneurship underpinned by good governance policies, infrastructure, services and frameworks established by State and Local Governments.

In this context, economic development is broadly understood to be "about achieving community benefit, improving quality of life, through the realisation of business and other investment, that creates and retains sustainable business activity and jobs"⁵

A partnership framework is required between State and Local Government presenting a common basis for understanding of issues, because economic activities stretch across administrative boundaries, geographic regions and require some degree of consistency in strategy and shared decision-making, implementation and funding responsibility. There are important functions shared between the State and Local Government requiring a differentiation of roles.

The Commonwealth Government also provides important support in a variety of ways, but its role is less confused with those of State and Local Government. In most circumstances the Commonwealth provides either grant funding (such as that provided through Area Consultative Committees) or international support/linkages via agencies such as Austrade. Commonwealth involvement will be strengthened if State and Local government better understand how they work together.

During the past decade SA Councils have moved from a narrowly focused services role to now possessing a greater capacity and willingness to engage in economic development, supporting regional and local communities to take greater responsibility for their own future success.

Whilst there is no explicit statement regarding the differentiation of the role of local government or councils in state economic development strategies, there is a growing acknowledgment of the shared functionality and the need to find more effective ways of brokering economic development.

Under the Local Government Act (1999) greater responsibility for economic development is devolved to Local Government, and Councils must demonstrate that they are willing and capable in addressing economic development issues as part of their strategic intent. It is not clear, however, how councils, State agencies and the regional agencies should coordinate or integrate their strategic plans.

SA has a relatively strong Local Government sector. It has robust administrative systems, underwent comprehensive amalgamations in 1996-1998, undertakes a high level of activity on a collaborative

⁵ Ian Dixon, former CEO, Department of Industry and Trade, Newsletter of the Office of Local Government, Issue No. 1, November 1998.

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basis via the LGA and associated bodies (finance, superannuation, workers compensation, insurance etc), low debt to asset ratios, has varied but generally high technology uptake, and operates on a well structured and recently reviewed legislative framework (1999 Local Government Acts).

The point should be acknowledged here that it is not possible for Local Government to avoid having an impact on economic development - the question is how effective its impact is to be. Local Government spends more than \$1 billion per annum, employs about 9000 people and manages more than \$8 billion of infrastructure assets across the State. The assets it manages and the services it provides are often vital to the development of the SA economy and to business in the State. Its importance as a crucial information provider and networker and in providing leadership at the local and regional level is often underestimated.

Economic activity within the State must be based in a local area and be helped or hindered by local strategies and actions. Local Government, responsible as it is for local leadership, collaboration, town planning, facilitation and strategic planning, needs to be given a voice in State policy and planning contexts - (now required by the Local Government Act). For example, it will take political will to ensure that State processes incorporate the views of Councils, directly and regionally, into State decision making processes.

One of the drivers for the establishment of this project was the State support for the Local Government small business charters project. The LGA gave this project strong support, but observed that neither State Government nor the LGA had any framework to assess whether this was a priority over other potential work with Councils in this area. This Discussion Paper is intended to build upon the achievements of Councils and the LGA and of State initiatives by providing a strategic framework for guiding such support work. Councils, through the LGA want to work on priorities for local communities but also for South Australia - the State needs the same confidence.

This LGA project will facilitate discussions across Local Government to examine:

- *How best to articulate to State Government the LGA's and Councils' support for economic development (what it does, what it can do, what it does best, and how if we collaborate we can do it better!);*
- *What the LGA itself might do to assist Councils to better support greater economic development;*
- *What the State needs to do to better understand Local Government and to work effectively with it on economic development in partnership as a team; and,*
- *What relationship between the State and the LGA would best support effective actions at the local level?*

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This Discussion Paper will be used to facilitate discussions with regards to the differentiation of the roles of the two spheres of government and shared strategic implementation plans. It will also assist with the formalisation of a State-level framework for economic development issues relevant to Local Government.

The Local Government Act (1999) outlines explicit roles, functions or objectives of Councils in:

- Strategic planning at the local and regional level;
- Support for business and economic development;
- Participating in setting public policy with other Councils, the State and Commonwealth governments; and
- Ensuring a balance between economic, social, environmental and cultural considerations.

From a practical point of view however Councils' key roles in economic development are probably better categorised as:

- Leadership, strategic planning and intergovernmental co-ordination;
- Provision of infrastructure and services which support economic activity;
- Information Provision and Marketing;
- Regulation of business and related activities; and
- Facilitation of business development and business attraction.

These roles are explored further in the remainder of the paper and Councils and other stakeholders should consider whether these categories are useful.

- a) *Is it useful to consider Local Government's roles in the following categories?*
- *Leadership, strategic planning and intergovernmental co-ordination;*
 - *Provision of Infrastructure and services which support economic activity;*
 - *Information Provision and Marketing;*
 - *Regulation of business and related activities; and*
 - *Facilitation of business development and business attraction*

3 What Local Government Has Been Doing

3.1 Local Councils

Councils play a range of roles in support of economic development by their own actions and through policy planning, financial support and in-kind supports to their local and regional infrastructure. They also provide support through the Regional Development Boards (RDBs) and Business Enterprise Centres (BECs) - structures which are jointly resourced by State and Local governments.

These roles have been usefully acknowledged in the new State Government's policy statements. The policy paper "*A Path to Prosperity*" envisages government and community partnerships whilst its Local Government policy explicitly recognises the role "*Local Government plays in facilitating economic development in South Australia. A strong, active alliance between State and Local Governments will maximise growth potential and build on South Australia's economic and social strengths.*"

Local Government is the key to more responsive local policy planning and development through its

- Strategic planning and development approval processes;
- Promotion of locality characteristics and amenity development;
- Involvement in trade delegations, export associations and business networking;
- Provision of transport, traffic management and community infrastructure;
- Development of quality of life; and
- Support for community leadership and participation in processes such as tourism infrastructure development, land care, river and water quality and education and training services.

In practice, whilst variations exist, it is likely that in three major policy areas - infrastructure, regional development and structural change - Councils play a significant role. They are also active in the information economy, education and training, and to a lesser degree in investment and trade promotion and technology and innovation.

Many Council activities are less recognisable as support for economic development but are no less important. The provision and maintenance of local roads is vital to almost every transaction. The regulation of parking is essentially a service to business - rationing public car-parking spaces close to businesses in high demand. Because activities such as these are general in nature, no attempt is made to cost the proportion of expenditure which can be related to supporting business or economic activity.

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3.2 Individual Councils Are Active In Economic Development

Councils in effect assist their communities and their region to create measurable 'comparative advantage' for prospective new business enterprises, providing practical assistance by:

- Managing (jointly with the State) land use policy planning, zoning and development approvals;
- Advocating and marketing to external organisations;
- Supporting the formation and development of industry clusters and regional specialisation;
- Acting as a catalyst (or advocate) for new business development;
- Ensuring appropriate infrastructure is available to facilitate the development of business and industry;
- Supporting tourism, indigenous, cultural and information economy initiatives with economic outcomes;
- Supporting the development of State initiatives; and
- Working with local businesses and industry to translate their education and training needs.

The last few years have seen significant growth in the employment by Councils of specialist economic development officers. Strong and structured arrangements between Councils and Regional Development Boards (RDBs) underpin the resource agreements of the Boards in their role in the development of policy, business and job development. The arrangements supporting RDBs could be further strengthened through partnership agreements between the State and the LGA. Similarly the relationships between Councils and metropolitan-based Business Enterprise Centres (BECs) provide important support for business. Both RDBs and BECs also receive State Government support.

Councils acknowledge the differences between each RDB/BEC in performance level and organisational capability and understand that economic development will differ for each local area.

Council interest and commitment to economic development is leading to new models enhancing regional approaches including provision of specific additional funding for activity in the particular Council area. In practical terms, economic development is undertaken in collaboration with other agencies, the policy frameworks of other levels of government, and within the constraints of available resources - human and financial - and what is achievable within locally defined strategies.

3.3 Councils Act Jointly To Facilitate Economic Development

Groupings of Councils, either informally or formally, have worked towards creative strategies to broker economic development.

Through, for example, the Association of Provincial Cities or the Upper Spencer Gulf Common Purpose Group or collaborating in development planning at a regional level (South-East Councils

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jointly undertaking their "Section 30" reviews) Councils are active on economic issues.

In country SA, State and Local Government jointly fund Regional Development Boards (RDBs). In a resource agreement, the State and relevant Councils agree to fund the Boards to achieve common objectives of enhanced investment and jobs.

The report of the Regional Development Task Force supported a greater role for Local Government in economic development in understanding that regional development strategies must be representative of local needs and interests. It's report also emphasizes the need for all economic development initiatives at the local/regional level to be coordinated and complementary.⁶

The Regional Development Boards act as regional economic development facilitators rather than through direct commercial development. They play a leadership role in their local communities, actively lobbying for the region, delivering a range of government and other economic development services, and in some cases are developers of key projects resulting in employment and economic benefit to their communities.

In practice this means that:

- The RDBs have an operational partnership with Invest SA which has provided much of the drive and "leg work" in developing support cases for strategic business development;
- Most regions have experienced growth and the RDBs played a significant part in this;
- Recognition of the RDBs is growing both internally and externally;
- Regional products are going into world markets which demonstrates that regions are increasingly competitive;
- The commercial acumen of RDBs is high;
- They are recognised as being independent and credible;
- The RDBs are involved in strategic planning processes providing policy and regional advice to the State Government;
- Infrastructure development is a key focus of the RDBs
- The Commonwealth recognises the RDBs e.g. Austrade placements.

While Councils face considerable pressure to address local issues, every country Council has recognised the importance of working together regionally on economic development, in addition to local efforts. Aspects of Councils' support for Regional Development Boards could in fact, be seen as sub-contracting/collaborating at a regional level to undertake/enhance a Local Government role in this area.

In the metropolitan area, collaborative effort between councils is expanding. For example, two Councils (the Cities of Onkaparinga and of Port Adelaide Enfield) act on behalf of others within their regional area to manage the implementation of the State Regional Training and Employment Programs. In the northern suburbs the Northern Adelaide Development Board performs the same function on behalf of the Councils. Each of the Councils in these areas also has a dedicated officer assigned to economic development.

⁶ SA Regional Development Task Force Report, p.20

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The LGA is, of course, simply the State-level mechanism by which Councils act jointly.

3.4 The LGA Is Active In the Support of Economic Development

The role of the LGA in economic development has been to:

- Inform Councils of key initiatives and activities;
- Advance the case for, and support of, service delivery at the local level, actively supporting local capacity building and the transfer of skills;
- Support business services and advice at the local and regional level (particularly via advocacy to State and Commonwealth agencies);
- Support the redistribution of funding and resources as critical to local development;
- Strengthen policy dialogue between State and Local Government directly and through such mechanisms as the former Partnership Program and the former Regional Development Council; and
- Encourage the State Government to agree to partnership agreements to pilot the devolution of programs to reduce the proliferation of narrowly based programs and / or one-off projects (e.g. Regional Training Program and the Regional Employment Scheme).

The LGA has been particularly active in joint purchasing strategies which have produced cost savings for Councils, high quality services and in this context have ensured a significant decision-making and investment focus is retained in South Australia. This includes the Local Government Finance Authority (LGFA); Local Super; the LGA Workers Compensation Scheme; and the LGA Mutual Liability Scheme.

Representing all Councils, the LGA provides leadership and representation in a variety of ways. Perhaps its most important role is information provision. Its extranet, circulars, regional and Council visits, and State-level meetings of Councils, provide a vital and trusted communication link across the State.

However to date, the LGA's activity in the economic development area has not been driven by a clearly endorsed framework from Councils. This project seeks to redress that gap, along with other issues.

The LGA helps to enhance the performance of all Councils by:

- Identifying the connections between, and implications of, policies, actions and initiatives;
- Formulating collective policy and responses for Local Government;
- Exploring ways to better utilise Local Government's human, technological, financial and property and asset resources;
- Advocating to State and Federal governments;
- Facilitating capacity building and training development; and,
- Researching and promoting best practice models and exemplars.

In practice this has meant that the LGA has:

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- Resourced the "Future Directions - Smarter Governments Working Together" strategy to facilitate more effective State-Local government co-ordination;
- Continued to play a leadership role in facilitating support for the Business License Information Service (BLIS);
- Promoted access to Bizgate to provide payment gateway services for Councils;
- Supported the consultancy to prepare the model Small Business Charter Guidelines for Councils;
- Worked positively with the Office of the Small Business Advocate to ensure enquiries about Local Government and planning matters are addressed effectively;
- Jointly with the Local Government Finance Authority, established and resourced a company "eCouncils.com" to facilitate online purchasing by Councils;
- Worked with Regional Development SA and the Department of Industry and Trade to support Regional Development Boards;
- Participated in the Business Enterprise Centres SA (BECSA) Board to support involvement of Local Government in BECs in the metropolitan area;
- Supported and jointly funded the (Planning) System Improvement Program (SIP) with Planning SA;
- Supported the Electronic Development Application Lodgment and Assessment (EDALA) project with Planning SA;
- Invested heavily in a review of Local Government infrastructure assets in SA and agreed to actioning key recommendations of the study;
- Through SA Local Government Consulting, supported government services export development in SA;
- Undertaken to manage almost \$9m of Commonwealth Networking the Nation funding aimed at helping country Councils establish online services;
- Participated in the Regional Development Issues Group and Regional Development Council activities;
- Supported the development of the Regional Development Infrastructure Fund; and
- Supported State initiatives in projects such as the Wine Industry Infrastructure Task Force, Industry Cluster program and the like.

It should also be noted that reference is made to Economic Development and Employment within the:

"Local Councils Belong to Aboriginal People 2" - LGA indigenous strategy

"LGA Urban Regeneration Project - Stage 1 Report"

"Local Government Information Economy Strategy"

"Creative State Policy Project" - Currently reviewing Local Government's role in the arts and cultural development area.

"Local Government's Role in Tourism" - project currently being established.

Councils play a strong integrating role and it is therefore important that those working on economic development understand the above approaches and equally that those working in areas such as those above understand the economic impact of their work.

4 What Could Local Government Do To Further Support Economic Development?

4.1 What Councils Could Do

Most of the Councils surveyed by SACES⁷ stated that they were already doing what they are likely to be doing in economic development that is self-evident; no new roles were expected to emerge.

That is not to say that the Councils have stopped innovating and generating new ideas, nor that they are not willing to consider new approaches, just that they believe most of the roles anticipated are being addressed to some degree. It should also be noted that the study was undertaken prior to the change in State Government and policy shifts may see Councils re-examine their own roles.

In trying to define the future role of Councils in economic development the following statements describe the 'how' and 'what' identified in priority order by Councils:

- Facilitate (promote and assist) existing businesses and new enterprises as required, with information, land use matters, training, etc.;
- Act as a catalyst (or advocate) for new business development;
- Ensure appropriate infrastructure is available to facilitate the development of business and industry;
- Establish, coordinate forums or business networks with the direct goal of improving communication links, sharing ideas and the long-term goal of wealth creation, export growth and employment creation; and
- Provide exemplary levels of customer service to assist business expansion (and attract business investment).

Overall, SACES found a strong emphasis on promoting existing businesses within the strategies as set out by councils and the specific activities undertaken by councils.⁸

" Council acknowledges the importance of existing business as a key part of the local economy in creating economic wealth and providing employment opportunities. Significant resources should be facilitated and provided to local business, to assist in creating and maintaining a sustainable economic community" .⁹

⁷ South Australian Centre of Economic Studies (SACES) 'Local Government Economic Development Framework: A Discussion Paper, Final Report', February 2001

⁸ SACES 'ibid' p.31

⁹ City of Salisbury, (1999), Economic Development Plan, p. 8.

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Some of the various initiatives identified by SACES¹⁰ referred more directly to the findings of other studies regarding the key drivers of successful economic development, namely that:

- Where strong structural arrangements exist between RDBs and Councils a "higher level of output and broader level of regional development occurs"¹¹;
- Decisions of firms and individuals "are at the core of successful regions, supported by an enabling environment that nurtures and sustains innovation and competitiveness"¹²;
- "The drivers of development are increasingly social capital, human capital and technology (including telecommunications infrastructure)."¹³.

- b) *What can Councils do better to respond to the indicators of 'what matters' in driving economic development?*
- c) *Does more need to be done to understand the impact of social capital in fostering resilient and entrepreneurial communities?*
- d) *What relationships with other stateholders and other Councils (RDBs, BECs, ACCs, other community organizations, regional LGAs/SAROC/LGA metropolitan Group) would best support Council action?*

SACES, points to a range of reports which invariably build on the theme of building 'information rich communities', extending from basic economic data to:

- Business indicators, program performance indicators and monitoring aspects of quality of life¹⁴;
- A better understanding of the skill base of the community;
- A sharing of information, ideas, models of assistance;
- Knowledge of grants and sources of program funds; and
- A clearer articulation of how State and federal Government policies and programs are going to be implemented at the local and enterprise level¹⁵.

- e) *What initiatives would enhance Local Government's reputation and gain financial or other leverage?*
- f) *How do Councils stimulate and energise both the local community and State Government to build impetus locally/regionally?*
- g) *What initiatives would add to the whole - talent & skills, competencies & resources? What else do local communities need - systems, strategies, structures - processes, people, and planned implementation?*

4.2 What Groups of Councils Could Do

The challenge for groups of Councils working collaboratively and with State Government is creating the framework to determine:

¹⁰ 'ibid'

¹¹ LGA's Submission to the Regional Development Task Force, p.14

¹² NIEIR (1998) 'State of Regions', p.36

¹³ NIEIR (1998), p. 41

¹⁴ SACES 'ibid' p. 27

¹⁵ SACES 'ibid' p. 33

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h) *'Who makes the decisions, who determines what will happen, and who pays, especially where local actions have greater than local impacts?'*

A prevailing theme that emerged in the SACES review was the need for new models to be brokered whereby Local Councils integrate their strategic planning with regional strategic plans.

i) *To drive the organisational development, who should be searching for patterns of best practice and providing the leadership and the exemplars in these intergovernmental processes?*

SACES stated that it "do(es) not believe that existing structures needed any formal review"¹⁶, but rather that there is still opportunity for particularly non metropolitan Councils and the RDBs to explore further their complementary roles to strengthen the existing partnership arrangements and to assist Councils in developing strategic management plans.

- j) *How can the key players in economic development better integrate and coordinate their planning and implementation?*
k) *Can Councils better use the expertise of RDBs/BECs in preparing their own strategic plans and managing their own business?*
l) *Can RDBs/BECs work more closely with Councils to achieve better outcomes?*
m) *How should professional staff network between Councils and what role can the LGA and other stakeholders play in supporting such networking?*
n) *What relevant examples and knowledge exist and how can these be better used to assist further collaborative effort?*

The main impediments to assuming a greater role in economic development were stated by Councils as:

- funding, including the 'one-off', 'short term program funding', 'red tape attached to grants' and the often excessive time and resources devoted to submission based funding, especially in regard to Commonwealth programs; and
- resources, particularly human resources.¹⁷

These also imply that competing demands on Council budgets and resources are impediments.

- o) *It has been argued that community action with public sector support can boost sustainable economic outcomes. If that is so, what should be the priority for re-distributing and devolving resources to support community action?*
p) *Can other governments assist Councils given the limitations on Councils' revenue raising capacity?*
q) *What examples and knowledge exists which may influence how future programs and processes are developed?*

¹⁶ SACES 'ibid' p.13

¹⁷ SACES 'ibid' p.53

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4.3 What the LGA Could Do

Following the ground-breaking Memorandum of Understanding of 1990 (between the Premier and the LGA President), amalgamations (particularly from 1996-1998), increased voter turnout with postal ballots and the passage of the new Local Government Act (1999), Local Government is both better co-coordinated, more strategic and better supported than ever before. Its development has brought a greater understanding of how it works with other governments.

Accordingly, the LGA is ready to work with the new State Government to advance an economic development policy framework, and its implementation, within the context of the partnership proposed within the Local Government Policy.

SACES concluded, "Local Government is committing considerable resources to economic development activities over and above their traditional roles, and that when the support for the RDBs is added it is obvious that Local Government is significantly involved in the local development process"¹⁸.

The LGA will continue to provide leadership and represent this effort to State (and Commonwealth) Government. The LGA has sought to forge stronger relationships with business representative bodies and has a positive relationship with bodies such as the Property Council of Australia, the SA Farmers' Federation, the State Retailers Association and the Civil Contractors Association to address issues of common interest as they arise.

The role of the LGA in providing leadership and as a facilitator for Councils (possibly with support and involvement of State Government) includes:

Best Practice

- Helping to improve the performance of all councils by sharing knowledge;
- Examining which business services and programs could most effectively be delivered at local council/regional levels in negotiation with the State Government;
- Continue to work with the RDSA to enhance its capacity and governance and that of the RDBs.

Regional Planning

- Supporting all councils to engage in regional planning; and
- Assisting councils to formalise how they and the RDBs will coordinate and integrate their strategic plans, and link these to the State Strategic Plan, whilst further strengthening the partnership arrangements between the parties.

Public Policy Development

- The principal role envisaged is assisting Councils to participate with State (and Commonwealth) Government in the development and setting of public policy to achieve local and regional economic development outcomes;

¹⁸ SACES 'ibid' p. 30-31

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- Assisting councils with capacity strengthening and assisting them to understand the broad scope of economic development;
- Pro-actively raising and negotiating more effective decision-making and management processes at a local/regional level; and
- Exploring further opportunities under the Partnership Program.

Strategic Planning

- Assisting councils clarify with RDBs their respective roles and functions (in the light of the requirements of Sections 6-8 and 122 of the Local Government Act (1999));
- Under Section 122 (1) (iii) of the Local Government Act 1999, it is envisaged that the LGA could assist an individual council to explore opportunities for 'pilot devolution' whereby under functional reform, opportunities for pilot devolution (i.e. 'horses for courses') could be trialed;
- Assisting non-metropolitan councils to work together to develop joint priorities in economic development and to reflect these in individual strategic management plans; and
- Providing leadership for 'best practice in strategic management planning.

Corporate role

- Advancing the case for, and supporting service delivery at the local level, thereby actively supporting local capacity building, transfer skills, involvement of local people (in service/program design, implementation monitoring and evaluation) and maximising the benefit of local knowledge;
- Supporting business services and advice at the local and regional level;
- Supporting the redistribution of funding and resources as critical to local development;
- Information provision;
- Strengthening policy dialogue between state and local government, initially under the Partnership Program and through the former RDC; and
- Encouraging the State Government to agree, in principle, to partnership agreements whereby 'pilot devolution / exercises / programs' are trialed, and to reduce the proliferation of one-off projects.

In practice, the LGA has already identified a number of key economic development initiatives needed for the future:

- An infrastructure strategy for SA is fundamental to effective regional development - both State and Local government have recognised the importance of ensuring strategic management plans drive infrastructure strategies - not the other way around. (Hence the importance of a collaborative approach to planning for economic development);
- Facilitation of Councils' involvement with, and support of, key industry infrastructure plans (e.g. industry clustering);
- Supporting the State Government's Social Inclusion Initiative, particularly if it links economic initiatives with the social inclusion agenda;
- Development of a more strategic focus on how State and Local Governments plan joint use of their respective resources;
- Promoting a more strategic relationship with Local Government in identifying and responding to issues such as the accommodation shortage in regional areas;

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- Continuation of Local Government's involvement in the State Government's traineeship program with a three to five year financial agreement;
- Continued participation with the State Government in the support of small business, including participation on the proposed Small Business Development Council;
- Further exploring the potential for State and Local Government to work together, in particular through joint support for Regional Development Boards and Business Enterprise Centres;
- More fully exploring the potential for Councils and their libraries to act as local business information providers for State and other information services;
- Further promoting the coordinated planning of road and transport issues to achieve economic (and social) potential. For example, the Regional Roads Program has delivered excellent results and with further strategic expansion of the program, longer term agreements and cooperation between the State and the LGA this infrastructure can be further strengthened;
- Keenly supporting and leading the development of the Regional Development Board network in supporting the economic policy issues of country SA. It is time to move towards a joint State Local Government funding agreement to strengthen this system;
- Identifying with ways of providing input from Local Government to State-level co-ordination mechanism on Regional Development (which might replace the former Regional Development Council/Regional Development Issues Group).

Each of these requires agreed implementation plans between State and Local Government and the LGA is ready to provide the leadership to enable this to occur.

- r) What will make a difference that needs to be further developed in the roles the LGA has already played?*
- s) What should be used more fully?*
- t) What has been less useful and might be left out of any future LGA strategy?*
- u) What strategies will gain leverage in economic development that the LGA can facilitate in addition to those it is already pursuing?*
- v) How can Councils coordinate their resources through the LGA better to achieve enhanced outcomes?*
- w) What relationships with wider "non-government" stakeholders would support better outcomes (academia, Business SA, Business Vision 2020, SACOSS, SAFF, State or national industry sectors etc)*

5 Relationship with State Government

The SACES report found that the majority of councils (80 per cent) indicate that they are aware of the State Government's economic development strategy, although a general comment was that "it would be fair to say that we don't necessarily understand how we can either add to or take advantage of this strategy". Councils generally report that no direct/no formal mechanisms exist to engage local government in implementation, but there is very considerable informal networking.¹⁹

Councils are willing to explore what role they could play and whether there are functions and activities which could be more effectively delivered through or by Councils and the RDB/BEC-type structures.

The point has been made that SA has a relatively robust and independent Local Government system. It is sometimes not clearly understood that State Government has no general powers to "direct" or "control" Local Government. However, through the LGA, Councils have made it clear they understand the need for governments to work together and in part, Councils investment in and commitment to the LGA is evidence of this. This commitment is formalised in LGA Policy and more recently in the LGA's "Future Directions - Smarter Governments Working Together" strategy (adopted in November, 2001) which explicitly looks for better co-operation in economic development, employment generation, regional development and infrastructure planning.

The overarching outcomes identified in the strategy include: "A strong, dynamic and responsive Local government Sector that adds value to South Australia and reflects the differing needs of communities including businesses," and "Inclusive and economically sustainable communities committed to building their social capacity and improving their quality of life."²⁰ It is also important to recognise that this document identifies some key intergovernmental relations reforms required to underpin improved relationships in all priority areas ("The Keys to Building Better Relationships").

State and Local government in SA enjoy relatively positive relationships - particularly in comparison to other States, however the variable nature of those relationships (both between State agencies/portfolios and between Councils) must be of concern to those striving for better outcomes. Currently intergovernmental dialogue on economic development is not managed effectively through the LGA but rather in an *ad hoc* manner. It is rare for State agencies to see Local Government as a key player in economic activity and where it does, even rarer for an agency to seek to engage the LGA. The Food for the Future initiative is a case in point which has sought to engage some individual

¹⁹ SACES 'ibid' p.56

²⁰ LGA "Future Directions - Smarter Governments Working Together" , November, 2001

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Councils but failed to work strategically with Local Government or the LGA.

There is very considerable dialogue between Councils the Department of Industry and Trade and with PIRSA; however both represent themselves as being the peak economic development agency for the State a matter which has been addressed in both the LGA's and RDSA's submissions to the review of the Department of Industry and Trade.²¹ It is not uncommon for State agencies to fail to communicate with Regional Development Boards and Local Government - and equally common for Councils to fail to communicate with the State. The variation in performance of both Councils and RDBs/BECs is often used as an excuse to seek to engage the sectors as a whole. Equally, relationships between Boards and Councils are variable.

Overwhelmingly, Councils did not feel that their priorities were acted upon or that the State government accredited local government as a key player in economic development. It was generally felt that there was a failure to consult on major projects. The response of local government has generally been to present a "can do attitude" as a way of being invited into major projects. In practice, what occurs is on a project by project basis (e.g., wine industry, industrial estate, and business location), but there are no explicit formal mechanisms for heads of councils/heads of government.

The SACES report²² recommends four high order principles to guide LGA negotiations for the future and which reflect the capability of councils, the importance of local initiatives/local collaboration and maximises the efficient use of resources. These are:

Endorsement of a Partnerships Approach:

Incorporating arrangements where joint negotiations on policy and programs, roles and responsibilities and adequate funding are the norm. In fact an environment in which heads of Governments (Premier of SA and President of LGA) demand such approaches from Ministers/agencies on one hand, and Councils on the other;

Partnership Agreements:

Negotiated agreements to provide services or programs, with appropriate accountability, to minimise the inefficient and costly submission/application process. Such State-Local arrangements can engender greater confidence at the regional and local level, and create greater certainty, while still building in appropriate flexibility and review opportunities;

Subsidiarity:

Allocation of business and skills development funding to those institutions with the most direct interface with local businesses; and

²¹ RDSA Submission to the Review of the Department of Industry and Trade, April 2002

²² SACES 'ibid' p.58

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Support for local actions and local strategies:

Recognition that community action is the catalyst for sustainable economic outcomes supported by public resources. Building local capability is the test of relevance.

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5.1 *Other State Government Actions That Would Further Develop a Collaborative Approach*

Facilitate a Stronger Policy Dialogue/Establish Corporate Links

- The State continues to need a structural framework whereby the Regional Development Boards and Local Government can provide strategic and policy advice into the Economic Development Board. The State Government should negotiate representation on future regional development peak forums with the LGA. In addition, the Economic Development Board should make a commitment to local engagement; to an agreed processes for seeking local input and to agreed processes for communicating priorities back to the local level. The State should also commit to seeking new and better models for economic development;
- The State Government to work with the LGA to engage Councils at a strategic level and to ensure cross-agency and within-agency coordination;
- Planning SA to work with the LGA to help clarify the requirement and processes whereby councils in the development of their strategic management plans need to relate to Regional Development Strategy Plans (for an updated Country Section of the Planning Strategy).
- The State to recognise and support the LGA as a key agency to actively promote amongst local Councils a regional approach to integrated economic planning and regional coordination (e.g. SELGA) and support service delivery at the local level through RDBs and Councils.
- The State to support the LGA with short term funds to enhance strategic planning sessions with local RDBs to:
 - Enable them to review roles and functions;
 - Work through the requirements of Sections 6-8 and 122 of the Local Government Act (1999); and
 - Strengthen partnerships between existing RDBs and Local Government.

Partnerships

The State to work with the LGA to seriously explore opportunities for devolution of policy, administration and concomitant financial resources with a view to achieving more cost effective decision making and management.

The LGA has a pro-active charter, to raise ideas and negotiate for 'piloted devolution', but the three critical supportive conditions to active partnership include '*Who makes the decisions, who determines what will happen, and who pays?*'

- x) *What will make a difference that needs to be further developed in the role the State plays in economic development?*
- y) *Should Local Government be used more fully? Under what circumstances, initiated by the State, would Councils be willing to expand their role in economic development?*
- z) *What has been less useful and might be left out of any future State strategy?*

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- aa) *What strategies will gain leverage in economic development that the State can facilitate in addition to those it is already pursuing?*
- bb) *How can State coordinate their resources through the LGA better to achieve enhanced economic development outcomes?*

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