

## **ECONOMIC DEVELOPMENT STRATEGY RENEWAL – DRAFT FOR COMMUNITY CONSULTATION**

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Report Author:           Manager, Economic Development and Investment

Responsible Officer:   Director, Planning Design and Development

Ward(s) affected:       All Wards

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*The author(s) of this report and the Responsible Officer consider that the report complies with the overarching governance principles and supporting principles set out in the Local Government Act 2020.*

### **CONFIDENTIALITY**

This item is to be considered at a Council meeting that is open to the public.

### **SUMMARY**

The 10-year Economic Development Strategy (Strategy) that has guided Council's role and resources in the development of the local economy concludes at the end of 2022. Consequently, a renewal is in progress to develop the Strategy 2022–2032 to position Yarra Ranges (YR) as a desirable place to live, work, invest and visit.

The development of the draft Strategy has been informed by a comprehensive review, a background report and extensive community and stakeholder consultation and analysis.

Collectively this work has produced the draft Strategy 2022-32 for public exhibition which delivers:

- A strong vision, grounded in the aspirations of the local community;
- Contemporary approach to economic development steeped in regenerative values, focussed on future-proofing the economy beyond the global pandemic and extreme climate events; and
- Globally competitive ideas that differentiate the YR from other local government areas.

The draft Strategy has incorporated feedback from Councillors, community and key stakeholders and now seeks endorsement to be placed out for community consultation.

Following community consultation, officers will produce an engagement report analysing feedback received and how the feedback has shaped any changes to the Strategy. This will be presented at a future Council meeting.

## **RECOMMENDATION**

***That Council place the Draft Economic Development Strategy 2022-32 on community consultation for a period of four weeks, commencing 11 August 2022.***

## **RELATED COUNCIL DECISIONS**

Council meeting 28 August 2012 – Council endorsed the Economic Development Strategy 2012-2022.

Council meeting 14 September 2021 – Council approved draft Community Vision 2036 and Council Plan 2021-2025 for the purpose of undertaking consultation with the community.

Forum meeting 4 October 2021 - Councillor feedback on hopes and aspirations for the YR Economy in the next 10 years.

Forum meeting 6 December 2021 - Councillor feedback on Review of Economic Development Strategy 2012-2022 and the YR Economic Background Report.

Forum meeting 21 June 2021 – Councillor feedback on Draft Economic Development Strategy 2022-32.

## **DISCUSSION**

### ***Purpose and Background***

The purpose of this report is to provide Council with an overview of the work undertaken to date to develop the Economic Development Strategy 2022-32 (Strategy), to summarise the integration of the feedback from Councillors and key stakeholders and to seek endorsement for Public Exhibition of the draft.

The Economic Development Strategy 2012-2022 provided a strategic framework for how Council supports economic prosperity and improves liveability across Yarra Ranges. The Strategy guided Council's role and resources in the development of the local economy and concludes this year.

The Strategy set out to:

- improve the economic health and vitality of our communities through sustainable business practices and local job creation;
- increase accessibility to economic opportunities through improved transport; and
- encourage investment, training, and skill generation to attract new businesses to the region.

In 2021 officers undertook a review of performance against the current Strategy demonstrated that 36 of the 41 priorities have been completed, with five priorities commenced. This was presented to Forum on 6 December 2021.

During the last two years the delivery of the 41 strategic priorities was adapted or paused as a result of the adverse impacts on the local economy from the COVID-19 pandemic and the June 2021 storm event.

The findings of the review demonstrate Council's ability to deliver an ambitious Strategy through a dynamic and dedicated approach, and in collaboration with existing and new stakeholders. This approach delivered better support for businesses and investment in the municipality.

Except for the pandemic and storm impacts, key highlights for Council and wins for the community include:

- Moderate growth in Gross Regional Product from \$4.7 billion in 2012 to \$6.8 billion in 2020;
- Annual average growth in visitation to Yarra Ranges municipality of seven per cent over the preceding five years to 3.7 million visitors annually year ending March 2020;
- Establishment of the Rural Advisory Group in 2016 to provide informed and constructive advice, input and support on issues and initiatives relevant to the management and development of the rural sector within the municipality making a submission and representation to the State Government Panel on the Green Wedge –C148;
- Implementation of a concierge service to the facilitate investment in Yarra Ranges for priority investment projects and small business owners;
- Introduction of place management planning to help guide decisions about the location and how it may change over time resulting in endorsed Place Plans for Lilydale and Warburton;
- Funding through the Federal Government's Mobile Blackspot Program resulting in nine locations for additional mobile towers;
- Establishment of Box Hill Institute (BHI) – Lilydale campus including Eastern Regional Libraries, Yarra Ranges Tech School and the Innovation and Incubation Hub providing a career learning environment for the community; and
- Agility to adapt economic development services to directly support business in Yarra Ranges in response to the COVID-19 Pandemic and recent Storm event.

Leveraging on the success of the previous Strategy and the renewed Council Plan and Community Vision, the objectives of the draft Strategy renewal for 2022-32 are to:

- Provide a clear vision which can be articulated to government, industry stakeholders, businesses, and community;

- Align with local, regional, state, and national economic development objectives;
- Identify resourcing and budgets including external funding and partnerships required to deliver the outcomes over the life of the strategy;
- Ensure the broad range of stakeholders are engaged and provided with an opportunity to actively participate in the implementation of the Strategy; and
- Competitively position Yarra Ranges as a desirable place to live, invest and visit through identifying economic development opportunities, and balancing the needs of community and tourism businesses.

Following on from the review of the previous strategy Council, in partnership with Alpha Crane and Lucid Economics, a detailed background report was prepared. This was underpinned by comprehensive economic research. Key themes were developed which collectively informed extensive community, business and stakeholder consultation and engagement activities. Below provides a high-level summary of the steps undertaken and issues raised to inform the development of the draft Strategy (refer to Attachment 1 for a project timeline):

#### *Development of Background Report and Summary of Key Themes*

The Yarra Ranges Economic Background Report and Summary of Key Themes provides a detailed analysis of the Yarra Ranges economy and context of the existing influences and trends, including local, national, and international drivers. The key challenges are interrelated and themed across nine broad categories:

1. Population, Lifestyle, Jobs & Services;
2. Industry, Commerce & Trade;
3. Housing;
4. Workforce Capability;
5. Development & Urban Form;
6. Investment Attraction;
7. Identity;
8. Targets and Growth Indicators; and
9. Collaboration & Partnerships

Examples of the key challenges for consideration in the renewal of the Strategy include:

#### **Population**

- Growth considerably slower than Greater Melbourne – currently 0.3 per cent. Population growth of 2.0 per cent is one indicator of a healthy economy;

- Aging population; and
- Yarra Ranges has a very heavy reliance on Melbourne for jobs, customers, visitation

### **Gross Regional Product (GRP)**

- Healthy economy, but volatile. 5-year growth: 3.4 per cent compared with 5.2 per cent (Greater Melbourne); and
- Balanced economy - Which other value-add industries can we attract?

### **Employment**

- Journey to work: Very high level of residents working outside of the area, and associated leakage of discretionary spend

### **Visitors**

- Steady growth in visitor arrivals, however visitor arrivals are not a good indicator of economic value;
- Tourism is not a large contributor to GRP, relative to other value-add industries, but important to the broader Yarra Ranges economy; and
- Yarra Ranges attracts predominantly day-trippers

### **Housing**

- Severe shortage of housing stock for existing and future workforce and lifecycle of residents

### **Digital Infrastructure**

- Poor digital connectivity outside of urban centres

### *Community and Stakeholder Engagement and Analysis*

To ensure the draft Strategy captured the vision, attitudes, and aspirations of the community, extensive community, industry, and business consultation was undertaken by Council together with Alphacrane Consultants including:

- Over 100 business leaders, stakeholders, and community representatives providing input and insights during our Community and Stakeholder Engagement Workshops:
  - 23 x 45-minute key business and industry consultations;
  - Three (3) x two (2) hour broader community workshops; and

- Two (2) surveys on Council's Shaping Yarra Ranges platform, receiving over 780 unique visitors and 98 contributors.
- Consults with relevant and varied industry and business groups (including the inaugural meeting of the Business Leaders Roundtable), various advisory committees and close engagement with Council's elected representatives.

Detailed analysis of this engagement was documented by AlphaCrane consultants in the Stakeholder Engagement Findings Report – Refer Attachment 2.

Key findings of this engagement identified the following key community sentiments:

- *Driving economic growth:*
  - Through attracting value-add industries, jobs, and investment with a strong desire for purpose-driven growth rather than “growth for the sake of growth.”; and
  - Along with an expectation that to achieve overall economic success for the region, Council needs take a leadership role in the economic development of the Yarra Ranges.
- *Capitalising on our strengths:*
  - Our sense of identity and pride, our products and brands and quality innovation;
  - A strong belief that Yarra Ranges has the potential to attract "appropriate levels of investment", through a professional and collaborative approach to investment attraction; and
  - Strong aspirations around maintaining and enhancing the unique environment, character and lifestyle of the Yarra Ranges whilst also leveraging these and our proximity to Melbourne in coordinated and purposeful attraction activities.
- *Addressing our weaknesses:*
  - With a differentiated identity, more responsive Council, better collaboration among business networks, building successful partnerships to deliver initiatives and improved workforce capability; and
  - Perception of being difficult to deal with when businesses are trying to seek approvals for expansions through Council. For example, too much red tape.
- *Leveraging opportunities:*
  - Including future societal and technological trends, investment, innovation and start-ups and entrepreneurs' attraction.
- *Managing challenges:*

- Such as regulatory controls in planning schemes that impact business expansion, intensification, or adaptive re-use and time taken to work through the planning processes were identified as barriers.

An overview of this engagement and how it was used to inform the direction, development of the priority areas and key initiatives of the draft Strategy was prepared by officers – refer to Stakeholder Engagement Overview, Attachment 3.

These documents will all be made available to public during public exhibition period.

### **Development into the Draft Strategy**

This process highlighted above produced the draft Strategy 2022-32 – refer Attachment 4 which:

- Sets a 10-year plan to achieve overall goals of balanced economic growth, more local jobs for our residents and improved community wellbeing for all in our region.
- Draws from regenerative economic development theory and sets guiding regenerative principles that will underpin all key decision-making, balancing environment, social wellbeing, and economic prosperity for the benefit of current and future residents and businesses. These regenerative principles are:
  - Leaving the planet in better shape than the status quo; looking beyond net-zero emissions to a net-positive impact on the planet and on our community;
  - Respecting and reflecting community values;
  - Supporting local efforts that enable the environment, communities, businesses, and culture to thrive; and
  - Drawing on the knowledge of Indigenous Australians and their connection to Country
  - Embracing systemic change aligned with principles of a circular economy.
- Identifies four priority areas that respond to evidence-based research and community feedback in:
  - Identity, leadership, and collaboration;
  - Trade, commerce, and workforce capability;
  - Investment attraction; and
  - Innovation and entrepreneurship.
- Identifies five opportunity industry sectors that are included based on their concentration of high value-add industries, their ability to be catalysts for the

growth of other industries, such as construction and social enterprises and that create a net-positive impact on the environment and across our local community. These are:

- Food, wine, and tourism;
  - Health and wellness;
  - Agribusiness;
  - Advanced manufacturing; and
  - Knowledge, innovation, and entrepreneurship.
- Building on the principals of regenerative practices, the circular economy and community led economic development the strategy defines a suite of actions that collectively, will:
    - Guide Council's programs and activities as the region emerges from the impacts of the global pandemic (COVID-19) and the 2021 storm and flood events;
    - Build on the existing work of Council and other organisations aimed at supporting an inclusive and connected approach towards access and engagement in work and education for all members of our community;
    - Support the economic transition to sustainability, zero carbon and circular models;
    - Foster dynamic connected and collaborative networks of businesses, industry, education and government harnessing creativity and innovation to address rising social, environmental, and economic challenges;
    - Develop a coordinated, professional, proactive, and competitive approach to identity and brand awareness along with investment, business attraction and expansion;
    - Highlight a unified and collaborative approach demonstrating leadership in economic development, industry engagement, and business responsiveness; and
    - Support the communities of Powelltown, Yarra Junction and Warburton as they transition away from native timber harvesting on Crown land.

### ***Options considered***

Option 1 – Not renewing the strategy.

The future 10-year strategy will guide Council's priority areas and programs to deliver a positive economic future for the community. The independent assurance report to



Parliament by the Victorian Auditor-General's Office, Local Government and Economic Development dated March 2018 notes that:

*“Economic prosperity is important to a community’s wellbeing. The World Bank describes local economic development as building the economic capacity of a locality to improve its economic future and the quality of life of its citizens. In this process, public, business and community sector partners work collectively to create better conditions for economic growth and job creation. Every community has unique conditions that affect its development and should shape the design and implementation of a local economic development Strategy.”*

Not renewing the Strategy would likely undermine the long-term wellbeing of the Yarra Ranges community because of no clear vision for facilitating for economic development within the municipality.

Option 2 – Review existing and develop new 10-year Strategy.

### ***Recommended option and justification***

The draft Strategy 2022-32 presents a forward-thinking framework that will ensure sustainable, purpose-driven economic growth, balancing environment, social wellbeing and economic needs. The draft Strategy has been built on the core concepts and direction of Council's previous work, a culmination of evidence-based data and qualitative feedback.

Council has identified the Economic Development Strategy as a Tier 1- leading Strategy, therefore its renewal is essential.

## **FINANCIAL ANALYSIS**

The cost to develop the draft Strategy is \$82,000 and has been funded within Council's Economic Development and Investment Department's operating budget.

To understand the cost to Council to deliver the strategy a costed action plan was developed. The draft Strategy proposes a suite of recommended actions for implementation for which the financial implications are summarised, including resources and budget – refer Attachment 6.

The development of the budget has made several assumptions which include that the current operating budget of the Economic Development and Investment Team of \$1,475,146 will remain relatively stable, that many actions will be delivered through the existing resources, and that there will be opportunity for funding of actions through grants. It is also assumed that some actions are unfunded and will required future budget bids, business cases and advocacy efforts to support unfunded items.

The estimated cost to deliver 22 actions for the ten-year lifespan of the Strategy is \$14,875,160. Below provides a high-level summary of the funded and unfunded costs, Attachment 6 goes into more detail on the actions and indicative costings.

Unfunded	\$2,629,000	Project/Initiatives \$1,227,000 Salaries short and long term \$1,100,042
Funding within existing budget	\$12,246,160	Projects/Initiatives \$5,740,160 Salaries \$6,506,000 over ten years
<b>Total estimated cost for implementation over lifespan</b>	<b>\$14,875,160</b>	

Over the lifetime of the strategy 36 per cent of actions at a cost of \$12,246,160 are funded, including \$500,000 in Government grants (Native Timber Harvesting) and \$4,940,161 in tourism partnerships (Yarra Ranges Tourism which is currently under review) and 64 per cent of actions at a cost of \$2,629,000 is currently unfunded. The unfunded actions are predominantly medium to long term actions and will be subject to further review. Additional funding will be sourced through project specific budget bids, funding opportunities and partnership arrangements. These actions cannot be guaranteed until appropriate funding is allocated.

### **APPLICABLE PLANS AND POLICIES**

This report contributes to the following strategic objective in the Council Plan:

- Vibrant Economy, Agriculture and Tourism.

This report contributes to the following strategic objective(s) in the Council Plan Action (2021-25):

- Review and develop a new Economic Development Strategy and Investment Attraction Plan, to create local jobs, business, and investment to deliver positive and sustainable economic community outcomes.

This report aligns with and leverages the following Council Plans and Strategies including but not limited to:

- Health and Wellbeing Plan 2021 – 2025;
- Environment Strategy 2015-2025;
- Integrated Transport Strategy 2020-2040;
- Recreation and Open Space Strategy 2013-2023;
- Liveable Climate Plan 2020-2030;
- Creative Communities Strategy 2018;
- Housing Strategy 2009 (under review);
- YR Planning Scheme;
- Storm and Flood Recovery Framework; and
- Structure and Place Plans.

## **RELEVANT LAW**

Not applicable

There is no specific legislative provision for Council to have an economic development strategy however it is considered best practice to develop, review and renew a Strategy for the region.

## **SUSTAINABILITY IMPLICATIONS**

Further strengthening links between Council's Key Strategic Objectives, this Strategy enables delivery of outcomes that support our collective future-focussed goals. This strategy underpins Connected and Healthy Communities so that communities are resilient and connected, drives a Protected and Enhanced Natural Environment through its principles of ensuring the environment is considered in all decisions relative to economic development and ensures Quality Infrastructure and Liveable Places through its approach to investment opportunity. The strategy takes a regenerative approach which is fundamental on addressing the social, community, environmental and sustainability impacts.

### ***Social***

Economic prosperity is important to the social wellbeing of the community. It serves to strengthen liveability by driving economic stimulus providing access to local goods, services, and employment. Access to local education and skills development through local education institution and social enterprises play a valuable role in the social wellbeing of the community, contributes to a more socially and economically inclusive YR.

### ***Environmental***

Natural resources are essential inputs for agriculture production, tourism, and arts and recreation services. Poor environmental quality in turn affects economic growth and wellbeing by lowering the quantity and quality of resources or health impacts.

The *Climate Change Act 2017* recognises that Victoria's climate is changing and requires certain decision-makers to have regard to climate change and to consider its potential impacts and contributions to greenhouse gas emissions. The commitment by the Federal (bipartisan support) and State Governments in reaching zero net emissions by 2050 will require businesses to adapt and change practices to reach these targets which will need support from Council. Included in the action plan is the need to assist businesses transition to a low or zero carbon economy.

### ***Economic***

The Strategy is a framework to facilitate economic growth, build regional competitiveness and strengthen business resilience, create jobs and diverse business environment, attract investment, and improve liveability of the YR community and townships.

## COMMUNITY ENGAGEMENT

A communications and engagement plan was developed along with the project brief in the initial stages of the renewal project and has been in effect for all completed stages.

Council has undertaken extensive community engagement in the development of the draft Strategy with project updates, links to survey and promotions have sent via emails, Yarra Ranges business eNews, Council and business social media, and direct outreach.

All engagement has been undertaken in line with Council's Community Engagement Policy. The feedback, expectations and aspirations of our community have guided the development of this draft Strategy including the priority areas and the proposed key initiatives. These engagement processes have included:

- Feedback from the development of Council Plan, community vision, and place and structure planning activities;
- Strategy Renewal community engagement Round 1: Background, research, and key themes, as detailed in discussion above; and
- Tailored consultations with reference and advisory committees and other relevant groups including Business Leaders Roundtable, Yarra Ranges Tourism, Youth Advisory, Rural Advisory Group, Disability Advisory, Indigenous Advisory, Sustainability Advisory, Gender Equity.

To ensure best practice and to guide Council's engagement for the proposed Public Exhibition of the draft Strategy, a Consultation and Engagement plan has been prepared – refer Attachment 7, which encompasses multiple engagement activities and opportunities for the community to be involved including:

- Media release, newspaper advertisement, eNews articles and social media campaign;
- Shaping Yarra Ranges Economic Development Strategy renewal page with a short online survey seeking feedback and access to draft Strategy, FAQ's, glossary, Background Report and Engagement Finding Report;
- "Pop Up" stalls for the community and businesses (locations and times to be confirmed), one per region (four in total);
- Two facilitated focus group webinars with participants invited from Round One workshops and consultations;
- Reference, Advisory and Target Group presentations;
- Youth engagement linking into the Yarra Ranges Tech School and Hearing the Voices of YR Youth program and through the Youth Ambassadors;

- Flyers including promotions, FAQ's and 'Direction and Priority Area Investigations'; and
- Video 'What is Economic Development to me', featuring a variety of voices, available on Shaping Yarra Ranges and used throughout social media campaign.

At the conclusion of the public exhibition, officers will consider and analyse all feedback and produce an engagement report with any relevant suggestions for changes to be considered and incorporated into the draft Strategy where possible. This process will be documented and presented at a future Council Meeting, including how the feedback has shaped changes to the strategy.

The engagement report will be added to the Shaping Yarra Ranges page and sent to all participants with contact details. A summary of the engagement to be further linked to future communications following the launch of the Strategy.

## **COLLABORATION, INNOVATION AND CONTINUOUS IMPROVEMENT**

Councillors have been involved in the development of this Strategy through a number of activities including:

- Councillor workshop 4 October 2021 - hopes and aspirations for YR;
- Forum meeting 6 December 2021 – review Strategy 2012-2022 and Background Report;
- Forum meeting 21 June 2022 – feedback on draft Strategy;
- Individual virtual meetings; and
  - October 2021 - follow-up regarding key themes workshop; and
  - February 2022 – presentation of draft direction and framework.
- Ongoing engagement via Reflection Journals and email updates

Council and Government stakeholder collaborations have informed the development of the Strategy through:

- Strategy Project Reference Group – ongoing; and
- Consultations with various Government stakeholders including – Department Jobs Precincts and Regions, Invest Victoria, Maroondah and Knox Councils (Bayswater Business Precinct) and Eastern Regional Libraries, and Yarra Ranges Tourism.

Innovative engagement activities that have provided crucial feedback into the draft have included:

- Intensive Council directorate workshops – engagement undertaken with the preliminary draft Strategy that included an overview of the draft Strategy and proposed actions along with a poll voting system to gauge organisation support;
- Virtual Reflection Journal, an innovative and engaging tool providing participants with thought provoking videos and case studies bespoke to the YR economic development strategy journey; and
- Hearing the Voices of YR Youth, a pilot program in partnership with Yarra Ranges Tech School, in response to low levels of youth engagement in Strategy development.

## **RISK ASSESSMENT**

There is risk of a plateaued economic growth if the challenges identified in the current economic climate are not addressed and opportunities strengthened. This may negatively affect community health and wellbeing due to lack of access to local goods and services, and employment opportunities, lack of innovation in industries and low investment.

A wide range of variables influence economic development with many of these beyond the direct control or influence of Council. The Strategy provides clarification of Council's role in economic development and a well-established partnership approach with stakeholders in government, the non-government sector, education and industry to deliver local economic outcomes.

## **CONFLICTS OF INTEREST**

No officers and/or delegates acting on behalf of the Council through the Instrument of Delegation and involved in the preparation and/or authorisation of this report have any general or material conflict of interest as defined within the *Local Government Act 2020*.

## **ATTACHMENTS TO THE REPORT**

1. Strategy Renewal Project Timeline.
2. Strategy Renewal - Stakeholder Engagement Findings Report.
3. Strategy Renewal – Stakeholder Engagement Overview.
4. Draft Strategy 2022-32 - For Public Exhibition.
5. Draft Strategy 2022-32 – For Public Exhibition - Summary.
6. Draft Strategy 2022-32 Costed Action Plan.
7. Consultation and Engagement Plan – Draft for Public Exhibition.