



DEFINING THE ED ROLE WITHIN COUNCILS

Councils can pursue their economic development activities according to the roles of promoter, facilitator, advocate, and entrepreneur/developer with each role requiring a different approach to the accessing and deployment of resources as **ROBERT COSTELLO** outlined.

Local councils are one of many key ‘players’ in economic development facilitation. The degree to which local councils are directly involved in economic development can vary depending on prevailing economic, social and political circumstances.

When councils seek to influence the development of their local economies (assuming a clear economic vision), it is likely to involve close collaboration with a variety of other government agencies, industry, institutional and community stakeholders; and in many cases, the local council will take the lead role in economic development facilitation and promotion in collaboration with these other stakeholders.

In this context, the diverse range of activities associated with economic development will mean that councils will require sufficient resourcing to support their economic development efforts as outlined:

Economic Development Promoter

Local Councils can undertake marketing activities to unlock investment in the local business community as a means of promoting an economic vision including:

- Promoting investment in the broader local economy. This could include approaching local, corporate and community banks and other organisations to release finance in support of local initiatives. Businesses could release capital for broader initiatives with Councils offering public acknowledgement or other incentives; and
- Promoting investment to prospective businesses outside a local or regional economy in support of an investment attraction strategy. This could include generate investment and other flow on benefits within the local business community.

Economic Development Facilitator

Councils may opt to invest in creating or improving the local business environment based on a clear policy statement or economic development strategy. Local councils can establish and facilitate targeted precinct-level special rates schemes by acting as a collection and distribution agency for precinct associations.

These funding mechanisms can be used to fund selected small area level improvements in support of economic development objectives such as:

- Precinct level marketing and promotional activities;

- Business and stakeholder engagement;
- Urban design and amenity improvement projects and precinct level infrastructure investments;
- Precinct level information gathering and local surveys; and
- Providing policy development assistance and scoping development opportunities

Economic Development Coordinator/Advocate

Local councils can advocate for and provide input to economic and business development funding initiatives through regional organisations and other tiers of government. This may include developing advocacy material demonstrating the needs of the local economy, and providing cost estimates for various proposed initiatives.

Where possible, councils could then become the lead coordinating agency for funding allocation to local initiatives. In other cases, the role of local government may conclude once funding has been secured with the lead agency being a Federal/State Government agency or other organisation.

Economic Development Entrepreneur/Developer

A council could become directly involved in development activities, either as a sole operator or in joint venture arrangements with private and/or public sector partners. Local government involvement in leveraging funding under this approach is three-fold:

1. The provision of grants from the Council budget to support business development

Local councils can provide venture capital funding in support of local business development. In an entrepreneurial capacity, funds derived through general rates would be allocated through standard local budget development processes. This can involve the provision of full, partial or match funding through a variety of processes including competitive tendering.

This has been adopted by the City of Melbourne which provides funding support to local businesses through the Small Business Grants Program. This program provides funding support for new, creative and innovative



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businesses (which include business start-ups, business expansion, export entry, and business support services) that can generate a point of difference for the city.

2. The provision of grants from the Council budget to specific development projects

Local governments can provide funding support for the provision or subsidisation of economic development projects including the provision of affordable office space; creative industry hubs; business incubators; and other projects. However, it is important that the suitability of these prospective community investments are assessed for their returns to the community.

This does not necessarily refer to a positive net financial return in the traditional sense, but rather a return in the form of (for example) new businesses and new industries; a greater diversity of employment opportunities; the development of new skills in the economy; and the creation of new markets for goods and services. All of these things represent what is essentially the ultimate goal of economic development facilitation: to expand the size of the economy (through an increase in income and capital) and to distribute the wealth (through investment, expenditure and employment) amongst the community.

3. Direct/partial funding of economic development initiatives from the Council budget to improve the business environment.

Local councils can access the rates base to undertake strategic projects linked to the development of a supportive business environment including projects relating to infrastructure improvements; the creation of new governance structures (such as advisory boards); workforce skills initiatives; and investing in land use planning initiatives.

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