

## Economic Development ... The Basic Steps

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### Introduction

Most of the Councils in Western Sydney and regional Australia have been actively pursuing economic development for decades. However, in Southern Sydney most Councils have not had an economic development program. In 1999, after many years of thinking, Sutherland Shire became the second Council in the Southern Sydney Regional Organisation of Councils (SSROC) to create such an initiative. This paper outlines the steps required to establish a pro-active economic development program.

The essence of economic development is job creation. Historically, economic development centred on inward investment. Every community competes with each other to garner the next Microsoft research centre. Note the scramble to win the proposed Virgin Australia corporate headquarters between Melbourne and Brisbane. Internationally, many governments offer special tax incentives and grants to attract businesses (Rowe 1980).

Despite the glamour of inward investment, the most effective job creation endeavours are home grown. The odds of success in an international marketing campaign are low; therefore it is imperative that a significant portion of economic development resources be devoted to local initiatives (Sutherland Shire Council 2000a).



### Local Government's Role in Economic Development

The role of local government is changing. Historically, a local Council was only responsible for roads, rates, rubbish and barking dogs (Jackson and Sargent 1999). That view has now evolved to include everything from day care centres to operating airports. Government can not and should not venture into everything but it should become more entrepreneurial and be a facilitator for job creation activities.

Government has always attempted to influence and shape economic activity by regulating land use. However, in the age of cyberspace...

- *government has to alter its strategies. Economic activity is increasingly mobile, as a result governments must develop tools to promote and stimulate economic outcomes. Government will become a partner in the development of new technology resources just as it was a partner in the development of spatial resources...*
- *Today, much of the same partnership is required. Government has to become a planner and not a reactor to the new opportunities for localities. This will require local governments to have much better knowledge of the capacity of local industry and the potential for that industrial base to become internationally competitive. (Blakely 2000, p. 17)*

Progressive local governments understand and appreciate the changing economic environment and are starting to fund economic development initiatives.

### *Step 1 - Make the Commitment and Hire a Professional Practitioner*

The Sutherland Shire Council committed itself to the promotion of economic development several years ago with the formation of the Small Business Forum in 1996. The Forum formulated a strategic plan with a number of worthwhile goals. The first Economic Development Committee (EDC) replaced this Forum on 4<sup>th</sup> August 1997. In November 1998, Council endorsed the Charter for a new EDC and retained its first economic development officer (EDO) in April 1999. Holland (2001) and Collits (1998) discuss the proper qualifications for a professional economic development practitioner. The Council wanted a pro-active program and committed \$100 000 operational funds.

### *Step 2 - Form an Economic Development Committee*

The Council advertised and solicited the community for nominations for membership of the EDC. The committee is composed of 15 community representatives and three councillors. The EDC is an advisory committee to the Council. The committee's structure is based on the Penrith model as recommended by the third Tonkin report (Tonkin 1998). Penrith City Economic Development & Employment Committee and the Sutherland Shire EDC are both divided into four subcommittees. The Sutherland Shire EDC subcommittees focus on establishing the small business incubator and working toward a Business Friendly Council – Research & Marketing and Tourism & Services.

### *Step 3 - Commission Base Line Research*

First question - what do we know about the community? Who are the largest employers? What is the employment base? What do we provide in response to citizen requests for information on economic issues? The first publication on economic issues was *The Sutherland Shire at a Glance* (Sutherland Shire Council 1999). This pamphlet provided an easy solution to the numerous requests from students and the general public.

Next, the Council commissioned an Industrial Survey plus a targeted industry study (SKM Economics 2000a and 2000b). The targeted industry study also produced a listing of 1000 companies for potential Sutherland Shire investors. These research studies provided the background for the Economic Development Plan (Sutherland Shire Council 2000).

It is essential to leverage resources to maximise results. The Environmental Planning Department of the Council was debating planning issues involving both industrial and commercial areas. To resolve the debate, a retail survey was commissioned and financed from the Environmental Planning budget (Applied Development Research 2000). The resulting data were also incorporated into the Economic Development Plan.

### *Step 4 - Develop an Economic Development Strategy*

Once the Economic Development Committee was formed, the next step in fostering local economic development was crafting an Economic Development Plan. This plan had to be based on solid research and embraced by the Council and other key stakeholders. Without public support, the plan of action would not be implemented.

The Shire's Economic Development Plan is shown in Table 1.

#### *Activity Plan - Two Key Actions*

##### *Business Incubator*

Establish an incubator. This facility will be established to generate jobs and investment at the local level. It will provide a facility for start-up and home based businesses that have potential to grow and employ people. These new businesses will be provided with a central reception and secretarial services, plus basic office equipment such as facsimile and copy machines.

##### *Export and Trade Centre*

An export and trade centre will be housed in the small business incubator facility. The centre will provide access to the various government programs offered by the Department of State and Regional Development, AusIndustry and Austrade.

Table 1 Economic Development Plan

Goals and Objectives	Strategies and Actions
<ul style="list-style-type: none"> <li>Develop strategies in view of <i>The Guide</i> to promote economic development in line with the Shire vision</li> <li>Encourage employment growth by business expansion, tourism and inward investment</li> <li>Assist local businesses to grow and expand by providing economic information and advice</li> <li>Become a more business friendly council</li> <li>Leverage local resources with State and Federal grants</li> <li>Re-establish ferry links on Botany Bay, including Kurnell</li> <li>Seek strategic partnerships</li> </ul>	<p>(a) Develop an aggressive marketing program to support economic development</p> <ul style="list-style-type: none"> <li>Develop national and international advertising program</li> <li>Prepare promotional and informational brochures</li> <li>Develop videos and web page</li> <li>Distribute the results of research on economic, demographic and social indicators</li> </ul>
	<p>(b) Develop an export oriented culture within the local business community so that new markets can be established</p> <ul style="list-style-type: none"> <li>Create an 'Export and Trade Centre'</li> <li>Provide advice on export opportunities to local businesses</li> <li>Host 'business seminars'</li> </ul>
	<p>(c) Establish a reputation for Sutherland Shire that this is a place where business expansion through innovation is promoted</p> <ul style="list-style-type: none"> <li>Improve the image of the Council with the business community</li> <li>Liaise with State and Federal Development Agencies</li> <li>Submit well prepared applications for grants</li> <li>Start a business incubator</li> <li>Create a 'Centre of Excellence' for a selected industry or skill</li> </ul>
	<p>(d) Forge alliances with adjoining Councils to create a Regional Development Corporation</p> <ul style="list-style-type: none"> <li>Promote regional economic development</li> <li>Promote regional tourism development</li> <li>Promote ferry service on Botany Bay</li> </ul>
	<p>(e) Provide research on economic, demographic and social indicators</p> <ul style="list-style-type: none"> <li>Maintain up-dated economic profile of Shire</li> <li>Publish and distribute a newsletter</li> </ul>

Sutherland Shire created a plan that was achievable with the resources allotted. It serves as a prime example of a local Council willing to invest in the future with an aggressive economic development strategy.

#### ***Step 5 - Access Federal and State Funding Programs***

In order to access Federal regional development grants one must work through the local Area Consultative Committee. The Sydney metropolitan area is served by the GROW Employment Council (Growing Regional Opportunities for Work). All

Regional Assistance Program grants of the Commonwealth Government are channelled through Area Consultative Committees. Therefore, it was essential to have representation on the GROW council. This was the first outside committee assigned to the new EDO.

A project proposal to GROW for funding a business incubator was endorsed by the EDC and the Council. A formal application, comprehensive business plan and financial projections were submitted to the Department of Employment, Workplace Relations and Small Business

(DEWRSB). The project was approved and the Minister announced a grant of \$436 420 on 6<sup>th</sup> December 2000. The facility should be completed in late 2002.

DEWRS has funded a number of incubator projects throughout Australia. Most of these grants cover a three-year decreasing funding cycle for a total of approximately \$500 000. This cash infusion is designed to kick-start the operations of a business incubator. After the first several years, the operations should be self-sufficient.

DEWRSB also funds export job creation projects through GROW. Several grants have been funded for Penrith and three Western Sydney Councils for export job creation. These were joint projects with Australian Business Limited. Sutherland Shire Council received a similar grant of \$115 500 for creating export jobs in late June 2000. The project was completed in March 2001 (Australian Business Limited 2001).

The EDC wanted to create employment by assisting local firms to expand. This perceived need was addressed by sponsoring a number of seminars on export opportunities with the various government agencies such as Austrade. In order to create momentum and determine the real demand for a Trade and Export Centre, the EDC was successful in securing a grant to fund a series of export seminars presented by Australian Business Limited. The Growing Exports seminar series was very successful with 226 companies participating. Over 60 companies completed one-on-one diagnostics and sixteen are now in the Export Access Program. This program assists small businesses to expand through export development.

### ***Step 6 - Develop Marketing and Promotional Material***

With a limited budget, the EDC decided to produce a non-glossy modest brochure, *Sutherland Shire Business Indicators*, that was designed for several purposes. First, the brochure is aimed at potential investors and relocating companies. It contained the essential economic, geographic and social data that a potential investor requires. The EDC decided to publish a series of business indicators (Sutherland Shire Council 2000b, 2000c) that

highlight different statistics, initiatives or programs. Together, the various issues encompass the Sutherland Shire marketing brochure.

The indicators are also being used to respond to local inquiries and business groups. The brochures were mailed to all leads generated by advertising and to the 1000 businesses targeted in the SKM study. The brochures are also distributed at international conferences (see Step 8).

### ***Step 7 - Advertisements***

With our limited budget, why advertise? Bluntly stated, we wanted to be pro-active and to get noticed. To our knowledge, Sutherland Shire is the only local Council in Australia to advertise in international publications. Our advertisement sells Australia first, Sydney second and Sutherland third.

We chose to advertise in *Site Selection* and *Area Development* because of their distribution to American and international corporations. American publications were selected because most of the world's leading corporations are American based.

### ***Step 8 - Network and actively participate in forums and seminars***

While attending the ANZRSAL conference in Newcastle in 1999, the Sutherland Shire Economic Development Officer was struck by the resources devoted to the Hunter and Illawarra regions by the State Department of Regional Development (DSRD). In fact, the NSW Government actively assists businesses to relocate from the Sydney metropolitan councils to regional areas through the Department of State and Regional Development (Coombes 1999).

The Sutherland Shire Council joined the ANZRSAL and set out to shape the policy environment by writing an article on the formation of an independent regional economic development corporation in Southern Sydney (Rowe 1999). Sutherland Shire Council sent an effective message to DSRD that Sutherland wanted the same level of service as Western Sydney or the Hunter. DSRD responded by placing a Business Development Manager in the Council offices.

The second organisation joined was the International Development Research Council (IDRC). IDRC is the premier corporate real estate

professional organisation in the world. It is composed of the corporate real estate managers (those responsible for corporate site locations) for the world's largest corporations. IDRC is in the process of merging with the National Association of Corporate Real Estate Executives (NACORE) to form CoreNet Global. The new combined organization will have a membership of over 6 000.

To benefit from membership it is essential that you actively participate. The Sutherland Shire Council was the only Australian local government to attend the New York IDRC World Congress. The Shire's representative was elected the Associate Vice-Chair for the Sydney chapter and was on the host committee for the Sydney IDRC World Congress in March 2001.

So, why attend IDRC functions? Because the site selection decision makers for such companies as Cisco Systems, Palm and Nortel were in attendance.

## Summary

Successful economic development requires aggressive promotion, innovation and a strong commitment from the local government authority. A Council or region must emphasise its advantages and natural attributes and maximise the impact of its limited marketing resources. Sutherland Shire has been able to get noticed and to garner results on a limited budget. Other Councils can duplicate the Sutherland Shire successful economic development program by following the basic steps outlined in this article.

It is essential that local governments plan for the future and invest in a proper economic development program. Without the essential ingredients (professional staff, dedicated development board, and basic funding) nothing will happen. Unfortunately, most communities hire an EDO and fail to provide the resources to properly promote their area and then wonder why they are unsuccessful. Many are not aware of the assistance, opportunities and funding sources that are available to assist them with developing their local economies and job markets.

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