Murray Region Economic Development Study

Operational Plan

31 May 2018

Initiative 1   Develop Regional Economic Development Capacity

Summary of Issue

Lack of capacity and capability to support development of the regional entrepreneurial ecosystem. Councils have relatively few staff working on economic development, and sometimes less than a single FTE devoted solely to regional development. Some Economic Development Officers may not have formal university training in regional economics, entrepreneurship, or business though they may have work experience in related areas. Economic Development Officers often work in relative isolation, focusing primarily on the development needs of their own council areas. These positions also often experience high rates of turnover.

Proposed Response

The proposed response is to develop a Murray Regional Economic Development Unit charged with supporting economic development across participating councils and other government bodies involved in the region. The unit would combine the economic development resources of the participating councils and the Regional Development Authority – Murray Region (hereafter, Murray RDA), with support from additional resources from the NSW Government and potentially the Commonwealth Government. An alternative is to establish this new unit under the auspices of the Murray RDA; however, it may be preferable that this is established as an independent entity given that the entity may have different boundaries to the RDA and that, to be successful, the body needs to be independent while having the support of all participants.

While the members of the unit would be located in situ across the participating councils and the Murray RDA, they would work as a team supporting development in the region. Efficiencies would be gained as jointly developed programs are pushed out across the participating councils, which may include councils not participating in this project.

Seek funding from the State Government for two senior staff members skilled in economic, business and entrepreneurial research and development plus an administrative support person to facilitate communications and to support the running of the unit. These higher level appointments would help increase capacity and bring valuable knowledge resources for regional development. These additional staff should be collocated in a "hub" location to maximise the outcomes for the region. An alternative to appointing additional staff might be that the councils fund some of their staff through a tertiary education program in those areas that will help them develop skills that they may currently lack.

Part of the role of the unit would be to identify and develop initiatives that support development across the region wherever possible.

Opportunities to collaborate with Victorian and neighbouring councils should also be identified as cooperation with other councils and involvement in groups that possess development skills and are prepared to share this knowledge is essential.

The unit would be the main group responsible for driving the remaining Initiatives.

The creation of the Murray Regional Economic Development Unit may also help reduce the rate of economic development staff turnover. If the unit is successful in facilitating collaboration between staff, increasing job effectiveness and job satisfaction, and creating opportunity for career advancement within the unit, it would be expected that staff would be more likely to remain working in this area for longer.

The MREDU would primarily act as a coordinating group across the region's councils and liaise closely with other bodies, especially RDA. Its activities would be driven by member councils and reflect their areas of interest and influence. Its goal would be to raise the level of cooperation across the region and to leverage this cooperation to source external funding for development programs to be undertaken within the region.

The establishment of an MREDU would also assist in bringing skills to the region as potential employees recognised the career path that operating within this context could generate.

Tasks

- Interested councils to commit to the establishment of the Regional Murray Economic Development Unit.
- Seek funding from Jobs for NSW for the three new positions (two senior staff members plus an administrative support person) for an initial period of five years. If Victorian councils are included, funding could also be sought from Victoria and from the federal government.
- Work to establish a career path for employees with development expertise within the region.

Initiative 2   Address Human Capital Constraints

Summary of Issue

Both Regional Australia Institute data and survey findings highlight that significant skills shortages are being experienced by businesses, and that this is a constraint to growth. Data analysis indicated that skills shortages are associated with perceptions of a problematic business environment. Multiple theories from regional economics and entrepreneurship

highlight the importance of availability of skilled labour for improving regional economic outcomes.

Proposed Response

Conduct a labour market survey to identify in greater detail what skills are lacking and constraining regional economic growth. Where significant skills gaps are identified, work with tertiary providers (e.g. TAFE, private business colleges, CSU) to develop appropriate educational programs.

While educational programs are a good medium to long term solution, the potential students need to know that there are jobs at the end of the training. To provide them with this additional level of confidence, traineeships could be put in place that are linked to jobs with specific employers in the region at the end of the training.

Within the context of trade training, an effort is also required to ensure that business skills are developed in addition to trade skills so that the recipients will be 'job ready' on entering the local workforce.

It may not always be feasible to do the training in the region (although all councils working together would raise the possibility of doing so). However, if the training has to be done outside the region, the provision of traineeships could encourage those trained to return to the region and bring their skills with them.

In addition, councils could investigate the possibility of working with an existing online jobs information provider (e.g. SEEK.com) to establish an equivalent jobs information provider for regional areas. As a similar example for a different industry, countrycars.com exists separately from cars.com.au. Publicise through advertising and public relations approaches the availability of jobs in specific areas, and point interested people to these locations. If no existing provider is willing to develop a regional jobs site, develop a simple website that can be used for the Murray Region as a whole and host on each of the council websites.

This is a first step in developing a regional labour market in specific and targeted areas. The idea should be taken further with the councils working together to structure a career path for workers staying in the area which indicates the future opportunities that are likely to be available across the region for those who want to commit to the region.

Consider holding "open town" weekends where interested people can come and meet the town and find out about job opportunities, see the local schools, meet real estate agents. This could be promoted in a positive light as the town(s) is moving forward and there are lots of opportunities to be a part of this. Run some other activities to make it an enjoyable experience.

Consider supporting skilled and other migrants moving into the town. This requires having sufficient supports from various groups to support migrants. Migrants are often quite entrepreneurial, so this can be an effective way to encourage business activity.

Adoption of the La Trobe initiative to introduce local school children (both primary and secondary) to regional businesses and to potential job opportunities should also be encouraged. This initiative would require local businesses to look outside of their immediate commercial interests and to coordinate their activities with local schools in order to enhance the ability of the region to retain young workers within the local communities. This could even extend to local business people providing a mentoring role to young people who moved through school, into trade training and eventually into jobs within the region.

Tasks

- Commission labour market survey, cost about $70,000-$100,000.
- Engage with tertiary providers about provision of needed educational programs.
- Contact internet jobs sites about setting up an equivalent regional jobs internet site. If none can be found that is willing to do this, set up a site for the Murray area.
- Investigate willingness of communities to support communities of skilled and other migrants.
- Trial holding "open town" weekends.
- Develop a schools based education program to introduce local students to the potential for careers in the region.

Initiative 3   Develop Business Social Capital, Networks, and Entrepreneurial Leadership

Summary of Issue

The survey identified significant problems with business social capital. In some areas there was no business chamber, in other areas business chambers were not perceived to be working effectively, or there was a lack of awareness of their existence. There was little evidence of businesses working well together, and cooperating and realising value chain opportunities. This was all exacerbated by a lack of mentors, and local entrepreneurial leadership.

Proposed Response

Develop a region-wide database of businesses that are categorised by industry.

Support development of business chambers in each LGA. If general chambers are not feasible, develop them for specific areas where there is interest and engagement e.g. tourism, agribusiness. Encourage participation from key businesses.

The economic development officer (discussed earlier) needs to be a key player and their office needs to provide a secretariat for the chamber. The chambers also need to be linked with each other so that, increasingly, focus is on the development of the region rather than the council – the latter benefiting from the economies of scale that involvement in a larger area will bring.

Sponsor networking events that are industry specific and across the region, and arrange for interesting speakers to attend and build skills and capabilities.

Develop and support local entrepreneurial leadership. Provide training in leadership and mentoring. Invite suitable people and have a public call for mentors. Provide rewards and public recognition for this group. Rewards may not be financial, but could include dinners, invitations to special events, special trips (e.g. to visit other areas where good leadership is occurring) etc. Connect mentors and businesses and start-ups that need mentoring. Access other knowledge resources to help with this process e.g. through universities, and business coaches located within the region or nearby.

Develop and support two or three Exporters Clubs throughout the region. At meetings of these clubs seasoned local exporters of products and services to overseas markets would be asked to sit at the shoulder of non-exporters or novice exporters and provide advice concerning establishing and growing export markets. The establishment of these clubs could be facilitated by the senior staff of the Murray Region Economic Development Unit. The benefit for the non-exporters or novice exporters is obviously the advice they receive. The benefit for existing seasoned exporters is contributing to their local business community; establishing a more vibrant and dynamic local business environment in which to operate; and benefit from resources offered by the Development Unit such as assistance in travel funding and assistance in securing links with government export programs and departments such as AusTrade.

In discussion at the community workshops it became apparent that the development of entrepreneurs would need to cover those questions that should be asked before a business is started. Beyond this, the provision of mentors was seen as essential.

It was also considered essential to facilitate the acceptance of those who are successful and what they can contribute in terms of economic development. It was suggested that, in order to overcome the 'tall poppy syndrome', public media could be utilised to change the local narrative and to encourage others to take risks.

Indeed, a theme that emerged from the public discussions was that the requirement to bring people together and to build regional trust and support was critical. One way to get

this happening is to work through local community groups (RFS, SES, Rotary and churches) to build community acceptance and cohesion.

Tasks

- Develop a region-wide database of businesses, categorised by business type, location, and industry. Include a short summary about the product range of the business and make the database publically available to encourage local purchasing as well as networking.
- Support the development of business chambers, including facilitating meetings and supporting leadership where necessary.
- Organise industry specific networking events for key industry areas. Initially use these to build networks, but then use them to develop the value chain.
- Establish a program for developing local entrepreneurial leadership.
- Establish 2 or 3 exporters clubs throughout the region.
- Work with the media to recognise those who are successful and who are therefore well placed to contribute new ideas for the development of the region.
- Expand the activities of local community groups in a way which increases networking and support throughout the community.

Initiative 4   Stimulate Local Economic Activity through Support for Start-ups and Existing Businesses

Summary of Issue

The data provided by the Regional Australia Institute indicated that there were significantly low rates of business start-ups in the region. Further, there were low levels of awareness of business support activities, both for start-ups or existing business, by either local or state government. Few entrepreneurial leaders (either private sector or government) were identified as supporting the development of start-ups. Given the declines in economic activity noted (e.g. employment data), there is a critical need to make efforts to stimulate economic activity.

Proposed Response

Establish an incubator presence in one or more of the main centres in the region. This may not be a fully-fledged business incubator given their cost, but could be a co-working space that is video-linked to other hub incubators in major regional centres, such as the Agri-Tech

Incubator in Wagga, or the Upstairs Business Incubator in Bathurst. Regular visits from the Expert in Residence could be arranged, or support from local experts, and regular events run or accessed (e.g. presentations) via videoconferencing.

Employ other strategies to activate latent entrepreneurship and increase the number of start-ups. Options include Bob Neville's Community Gold Program, and running weekend Getting into Business Bootcamps.

Catalogue support for existing business and ensure that all parts of the region are receiving adequate support from programs provided by the Business Enterprise Centres and initiatives, and help to publicise these. This should include regular seminars in a range of topic areas critical for business development (these can be supplied on request). Identify suitable topic areas and work with universities and local entrepreneurial experts to identify suitable speakers. Work with local business chambers and other networks to encourage attendance at events.

Investigate running a program for supporting new initiatives among existing businesses through business capability development, as these are the firms that are likely to be high growth.

Tasks

- Identify a suitable location for a co-working space, and a committee of people from government, private sector, and the tertiary sector, to support the development of a business incubator presence. Develop an understanding of how these run including activities required, what a suitable space involves, and investigate opportunities for linking with other existing incubators. Seek private sector co-funding (e.g. a regional bank) and Jobs for NSW funding for the incubator.
- Provide support for new initiatives to encourage start-up activity such as the options noted above. Seek funding to support business mentoring and coaching.
- Map existing business support programs and evaluate their adequacy. Help to publicise what is available, and advocate for additional State Government support if there are a lack of available programs (e.g. through BECs).
- Establish a business seminar program.
- Establish a support program for potential high growth firms. This would require separate funding from Jobs for NSW or the Commonwealth Government, and is likely to cost $100,000-$200,000 per year. Further details on the elements of such a program can be supplied.

Initiative 5   Develop Links with Other Economies, Networks and Knowledge and Financial Resources

Summary of Issue

Already noted has been the lack of business networks within the region. Also problematic are the links with networks outside the region, including knowledge networks. The Regional Australia Institute data indicated that there is low to moderate access to knowledge resources to support innovation. Innovation is a critical component for generating new economic activity, and this is supported by access to knowledge resources. Links with other economies, particularly larger economic hubs, are critical for encouraging product exports – accessing these wider supply chains is essential for economic growth. Links to innovative forms of finance are also important.

Proposed Response

Develop links between key industry hubs/clusters and universities with strength in these areas. Where possible, include links with local universities given ease of access and local knowledge.

Encourage visiting experts to present in the region to build capability in the region. Arrange for experts to stay for a few days to meet individually with businesses. Facilitate meetings.

Encouraging visitors with expertise to visit regularly is essential. A particularly important group to consider encouraging to visit is successful entrepreneurs who have built their business in environments similar to those offered (or potentially offered) by the councils in this study.

Encourage businesses to participate in state-wide industry networks, and provide travel subsidies where necessary. Host industry meetings within the region if possible.

Arrange for angel investors to regularly visit the business incubator once it is established. Provide pitch training to help businesses prepare for the visits.

Support start-up businesses to visit the regional landing zone in the Sydney Start-up Hub.

Arrange for businesses to participate in trade missions (both domestic and international as the councils need to know what other regions may be able to buy from them and vice versa) and to get training in exporting. Arrange for Commonwealth and Stage Government export advisors to visit the region and to provide training to businesses. Work hard to encourage attendance, even if businesses do not consider that they have export potential.

There is also the prospect of councils working together to facilitate businesses in their region to meet the need of some large international market.

The need to enhance the skills of locals to engage in development work was seen as essential as locals had a stake in ensuring that this happened. Consultants from outside should be used with great care.

The building up of networks and a willingness to work together was seen as essential.

Tasks

- Support linkages between industry hubs and universities, and encourage collaboration and research.
- Arrange visiting experts as part of a seminar program (already mentioned) and arrange meetings with businesses for one-on-one training.
- Identify state-wide business networks of relevance, and encourage the participation of local businesses.
- Identify angel investors who are willing to visit the region, and arrange annual visits. Help start-ups to be pitch ready, and provide training. Consider also developing a network of local angel investors.
- Subsidise local start-ups to attend the Sydney Start-up Hub. Seek Jobs for NSW funding for this purpose.
- Identify export support services in the NSW and Commonwealth Governments, and lobby for regular visits. Ensure that potential businesses who will benefit engage appropriately.
- Identify locals with the potential to be skilled to support development work and provide them with the appropriate training.

Initiative 6   Develop Clusters

Summary of Issue

Developing business clusters is a well-recognised regional development strategy. Businesses working cooperatively and in a similar area have opportunities for knowledge and skills spillovers, and opportunities for developing export and purchasing cooperatives, regional branding, and jointly accessing national and international supply chains. However, often in regional areas businesses do not even know other businesses that are operating in the same industry, let alone similar businesses operating in other local government areas. There are also problems with a lack of trust restricting potential cooperation.

Cluster development needs to occur across the region. It is important that all councils are involved in cluster development so that it is truly seen as a regional industry cluster. Thus it is important to select a few potential clusters that the region (group of councils) wants to become known for and develop.

Proposed Response

In addition to the proposed industry-based networking mentioned earlier, seek to identify the most critical areas for potential development of industry clusters. As agriculture and tourism are primary industries for the region, it is likely that this will include agri-business and tourism. Other possibilities include engineering, food manufacturing, other manufacturing, logistics and creative industries.

Choose a small number of these cluster areas to initially work on, say up to three. Facilitate regular meetings of businesses in this industry and across local government boundaries. Look for opportunities to build networks within the industry and from members of this industry and those located out of the region. Hence encourage participation in state-wide industry associations.

Build knowledge resources and innovation into the cluster, through links with universities as noted earlier. Encourage visits from outside experts to help with innovation in specific skill areas.

Encourage development of purchasing and export cooperatives, and look for opportunities to collectively sell to national and international supply chains. Look for opportunities for businesses to collaborate and improve their value chain within the region.

Seek to build the brand of the clusters identified in your region, including through promotions.

Tasks

- Identify clusters to initially focus on developing across the region.
- Build business networks within the cluster in the region, and outside the region once these are identified.
- Build knowledge resources and innovation capacity by access to universities and outside experts and other knowledge sources.
- Develop purchasing and export cooperative opportunities.
- Identify national and supply chain opportunities and help groups of businesses to access these.
- Seek funds to develop the cooperatives. Funding for agricultural clusters is available from FIAL. Approach Jobs for NSW for support for developing other clusters.

Initiative 7   Develop Missing Critical Infrastructure

Summary of Issue

The results of our business survey indicated that LGAs in general have reasonable basic infrastructure in terms of health and schooling, road access, telephony/internet and professional services. However, there are issues related to transportation and warehouse and factory space in some LGAs.

Proposed Response

Proposing specific solutions to these areas of infrastructure is beyond the scope of this report, given the work required to identify the net benefits of alternative solutions.

Nonetheless, it is recommended that a transportation usage study be completed to investigate in more detail access to trains and air transportation, and potential demand for these services. This will help to identify the extent of latent demand, and whether further investment is warranted.

Rail infrastructure was seen as a particular area of concern in the community workshops with a clear need to update the system.

Similarly, it is recommended that an audit be conducted of available warehouse and factory space, so the perceptions of inadequacy of space can be tested. If there is a lack of space available, this information should be communicated to potential developers and investors, as it suggests that there is an unrealised business opportunity. Other strategies to encourage new developments, such as through business parks, could be considered. However, if it eventuates that there is sufficient warehouse and factory space available, then this can be communicated to potential businesses considering expanding or relocating within the area.

Other areas of infrastructure that need to be investigated include the IT access of the region. This was seen as being quite variable with the more remote areas not getting the same access as larger population centres. In addition to physical access, access to IT expertise was seen as critical and skilled providers needed to be attracted to the region.

Issues were also seen with the provision of power and gas connections.

It was noted that the provision of infrastructure of all types had to take into account the needs of the region as a whole and could not be confined to just a few towns.

A pressing need was finding a way to facilitate uniform provision of services across the region – especially where state borders were crossed – and ensuring that local businesses

did not have to deal with a plethora of differing requirements of various conflicting government bodies.

Tasks

- Seek funding in collaboration with the RDA for a transportation usage study, particularly among business, to evaluate the need for additional investments in rail and air infrastructure and access.
- Seek funding in collaboration with the RDA for a study on availability of warehouse and factory space.
- Seek funding to investigate how IT access and usage could be enhanced across the region.
- Establish a taskforce to identify conflicting state regulations and work towards reconciling these.

Initiative 8   Develop Social Infrastructure

An eighth initiative could be to develop 'social infrastructure'. While one of the reasons young people may be leaving these areas is lack of education and work opportunities, another could be that they are just not places that offer the lifestyle that this group wants. Putting in place amenities that are attractive to this group may help stem the outflow (and perhaps even bring young tourists into the area).

Attracting people to the region was seen as essential and could be based on a lifestyle motivation. Some of those advocating this possibility were already exporting internationally from the region. In general it was considered that the region has to recognise what it has to offer those who wish to move from the major cities.

Following on from this, local governments need to collaborate on selling the region to potential immigrants. A community-based approach to development is needed so that social systems to support people on a regional basis are put in place and people are encouraged to take advantage of the quality of life offered by regional communities.