

# Background Information, Opportunities and Constraints Analysis

for the Moyne Shire Economic  
Development Strategy

Final Report



July 2019

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This project has been supported by the Victorian State Government's Regional Jobs and Infrastructure Fund.



Jobs,  
Precincts  
and Regions



# Introduction and Project Objectives

The Moyne Shire Council has commissioned SED Advisory to prepare an Economic Development Strategy for the Shire. The Strategy is supported by Regional Development Victoria's Regional Jobs and Infrastructure fund. The purpose of the Strategy is to outline priorities and initiatives to support the economic growth and liveability of the Shire.

The key objective of the project is to develop an evidence based, robust and responsive Strategy that:

- Addresses the Shire's identified key economic sectors of major projects, agriculture and tourism
  - Understands and enhances the economic value, supply chains and structures of the economy to reduce barriers to growth and encourage investment and diversification
  - Builds an understanding of economic linkages to industries and regions outside of the Moyne Shire
  - Provides a long-term framework articulating Council and community's vision and objectives for Moyne's economy
  - Outlines a five-year action plan of prioritised, practical measures to achieve the vision and objectives
- Is a public document, based on and designed for maximum community engagement to empower Council and external stakeholders to achieve individual and shared goals
  - Is highly accessible in style and presented in relevant, practical and innovative formats
  - Is based on comprehensive data and economic history analysis, desk review and trend forecasting
  - Outlines monitoring and evaluation for five-year reviews
  - Include community capacity building as an integral part of the consultation and engagement process

# This Report

This **Background Information, Opportunities and Constraints Analysis** report supports these abovementioned objectives by:

1. Detailing the theoretical underpinnings of the approach being adopted
2. Summarising the quantitative analysis completed which identifies various economic and social issues for further consideration
3. Summarising consultation outcomes to identify issues for further consideration
4. Identifying the major economic assets in a recognised framework and constraints
5. Identifying and summarising the critical issues and opportunities to be addressed in the Economic Development Strategy





# Economic frameworks

# Best Practice Regional Economic Development

## Build from the inside out, not outside in

- Aim to build economic value from inside a region based on knowledge, skills, innovation, networks, liveability and connectivity to attract skills, knowledge, technology and human capital to a place

## Focus on leveraging and linking existing assets

- Economic assets create value, leveraging and linking them create networks that deliver economies of scale

## Regionalism is replacing localism

- Place often function as a region (for various reasons); analysis and strategy is therefore often better conceived at a regional, rather than local level with the critical question being 'what can this locality do to improve the economic performance of the region of which is a part?'
- Regions compete, connect, govern and feed off each other and are capable of leveraging a range of economic assets better than a region

## Governance matters

- There is a clear link between the quality of governance and institutions and economic performance

## Population is not a static concept

- Population of a place is not its residents, it is the number of people flowing through a place at any one time

## Tradeable sectors underpin economic growth opportunities

- Firms operating in the tradeable use and employ local firms and people, creating economic multipliers throughout the local economy

## Economic resilience of region is now a critical consideration in economic strategy and development

- It is therefore important to consider economic resilience as a key plank of economic development

**Relative adaptive capacity is an unobservable attribute of a region. It is not a guarantee of resilience to disruptive events. Rather, it is a summary of the complex set of factors considered to influence the capacity of regions to be resilient.**

- These factors include the skills and education of regional workforces, access to infrastructure and services, availability of natural resources, financial resources available to businesses and individuals, and industry diversity

# Productivity Commission – Best Practice Principles

## Principles for assessing the scope for economic and social development in regions

Assessing the scope for development in regions should involve:

- Incorporating the views and knowledge of regional communities
  - Identifying and supporting a region's relative strengths (comparative advantage)
  - Identifying any unnecessary regulatory impediments to people or businesses taking up economic opportunities, or relocating (either within, or to other regions)
  - Considering the capabilities of people in regional communities and the region's connections with other regions and markets
  - Evaluating whether existing programs and strategies aimed at regional development (or adjustment) are effective and provide value for money
  - Embedding robust evaluation and transparent processes for policy/project proposals, which include clear objectives, identification and assessment of options, and monitoring and evaluation of outcomes
- Considering the scope for private economic activity that is not dependent on ongoing government financial support (other than payments made under general taxation, social security and welfare policies)

# Developing Adaptive Capacity

One way of categorising factors that affect adaptive capacity is to use the five capitals framework. Under this framework, factors are grouped under one of five 'capitals' which represent the types of resources that regions draw on to re-orient their livelihoods in times of change.

## Human capital

Labour and influences on the productivity of labour, including work experience, education, skills and health.

## Financial capital

Means to invest, including savings and credit.

## Physical capital

Investment in man-made or modified items. This includes improvements to the natural environment, infrastructure, equipment and technology.

## Natural capital

Land, water and other natural resources, attractiveness of the area and location relative to other regions and transport routes.

## Social capital

The ability of a community to coexist, share ideas and work towards common goals.

Others have grouped factors in other ways, including by modifying the capitals above. For example, Flora and Flora (2007) separated political and cultural capital from social capital, while Lawton et al. (2014) combined natural and physical capital. The Regional Australia Institute proposed seven types of 'community capitals' which in addition to the above capitals, **include cultural capital and political capital.**

Martin and Sunley (2015) used a different framework, categorising the determinants of regional resilience according to four economic subsystems: the structural and business subsystem, the labour market subsystem, the financial subsystem and the governance subsystem.

Relative adaptive capacity is an unobservable attribute of a region. It is not a measure of resilience to disruptive events. Rather, it is a summary of the complex set of factors affecting resilience, including the skills and education of regional workforces, access to infrastructure and services, availability of natural resources, financial resources available to businesses and individuals, and industry diversity.

In general, regions with higher adaptive capacity have attributes that are likely to increase the potential to transition successfully following an economic disruption.



# Economic Resilience – The New Paradigm

The goal is to identify 'disruptive events' in regional economies by examining the path of economic growth over time. If a disruptive event is identified, then the growth experience following the event can be used to categorise the region as:

- **Resistant**; whereby the event does not disrupt the growth path. The identification of this type of region is problematic unless the event is identified externally by means other than observing growth in the region
- **Resilient**, whereby following the disruption the regional economy recovers and returns to a positive growth path
- **Non-resilient**, whereby the region is unable to recover from the disruption

It is challenging to distinguish genuine 'disruptive events' from the normal cycle of ups and downs and variability in performance. The stylised example here is for a disruptive event that has a negative impact on the growth path. It is also possible to have a short-term disruptive event that is positive, such as an investment boom.

Moyne is exposed to disruptive impacts because it is an economy that is highly dependent on the dairy industry, which is exposed to the global milk price (see page 23). The resilience model is relevant for thinking about Moyne's economy



# Regionalism – What is The Functional Economic Region (FER)?

'Regions' can be defined in many ways. For this study, regions are defined using functional economic regions (FERs). The design of FERs recognises that:

- people often travel between areas for work or to access services
- businesses hire workers, purchase services, and sell products and services across areas
- governments and people interact economically, socially and culturally across areas
- There is a higher degree of interaction between people and businesses within FERs and these are generally based around centres (such as relatively large towns and cities)

For policy purposes, FERs are preferred to local government areas or small statistical areas because they facilitate better evaluation and implementation of regional strategic plans and development policies. The use of FERs was advocated by some study participants, and FERs are increasingly being used by governments, albeit inconsistently.

The FER for the region is very close to the Barwon South West RDA Area.



# Regulation

Regulatory impediments that prevent businesses from operating efficiently and taking up potentially profitable opportunities include:

- **Planning, zoning and development processes** — complex and excessively prescriptive arrangements impose costs and delays on businesses seeking to expand or take up new opportunities in regions, including tourism-related developments. These problems were found in the Commission's study on the Relative Costs of Doing Business in Australia: Retail Trade, Its review of Australia's International Tourism Industry and its inquiries into Business Set-up, Transfer and Closure and Regulation of Australian Agriculture, and were highlighted in the recent report, *Shifting the Dial: 5 Year Productivity Review*. Planning and zoning regulations also often fail to meet their objectives because they are not sufficiently adaptable for managing changing agricultural land uses.
- **Environmental regulations** — while essential to protect the environment, they can be unnecessarily onerous and complex, imposing excessive costs and discouraging regional development. In its inquiry into the **Regulation of Australian Agriculture**, the Commission found that native vegetation and biodiversity

conservation regulations can have unnecessary costs on farm businesses and limit farmers' capacity to adapt and to improve productivity.

There are other regulatory impediments that act to reduce mobility, making it difficult for people in regional communities to pursue employment or training opportunities. These include:

- **Occupational licensing requirements**, particularly where there are different arrangements across jurisdictions.
- **Inefficient land use planning** (including delayed release of land for development) and stamp duty on property also contribute to distorted housing costs. These may impede people moving between regions to take up new job opportunities.

# Agricultural Regulation – A National Perspective

The *Productivity Commission* notes that agriculture is a key sector for many regions (such as the Great South Coast). There would be benefits in streamlining or removing regulations that impede farm businesses from using more efficient production techniques, attracting investment, and taking advantage of new technologies, such as through:

- More consistent and streamlined arrangements for regulating heavy vehicle road access (PC 2016c, p. 345)
- Increasing the screening thresholds for examination of foreign investments in agricultural land and agribusinesses by the Foreign Investment Review Board (PC 2016c, p. 527)
- Removing moratoria on genetically modified crops (PC 2016c, p. 24).

There is also scope for improving the way in which landowners are compensated for mining and exploration activities undertaken on agricultural land. For example, this can involve efforts to reduce transactions costs and improve transparency for landholders and gas companies in negotiating agreements relating to coal seam gas mining (PC 2015c, pp. 85–86).

- **Occupational licensing** - recommended expanding the use of automatic mutual recognition to increase geographic labour mobility (PC 2015e, pp. 13–15).

- **Housing** - insufficient housing supply and a lack of affordable housing as barriers to geographic labour mobility (PC 2014b, pp. 22–23). Two regulatory areas were frequently cited as contributing to distorted housing costs:
  - Inefficient land use planning processes and the delayed release of land for residential development, which can limit housing availability
  - Stamp duty, which imposes additional costs on property transactions and discourages the buying and selling of property.





# Policy and macro influences

# What Are The Key Trends At Play In Moyne ?

- Agricultural productivity
- Tourism – international visitation
- Growth in wind farming
- Localisation of power generation
- Globalisation – connectivity of industry to international markets, demand for food from Asian Countries
- Corporatisation of farming / agriculture
- Role of Warrnambool as a Regional City
- Increased regulation and planning controls



# Current Policy Prescription – Regional Strategies

The following strategic and policy directions are relevant and have informed this background report:

- Victorian Skills Commissioner, Regional Skills Demand Profile for the Great South Coast 2018
- Great South Coast Creative Industries Strategy 2018
- WestVic Dairy Strategic Plan 2017-2020
- Strategic Master Plan for the Great Ocean Road Region Visitor Economy 2015-25
- Great South Coast Food and Fibre Strategy and Action Plan 2015-20
- Great South Coast Regional Growth Plan 2014
- Great South Coast Regional Strategic Plan 2011

# Current Policy Prescription – Victorian Government

The Victorian Government has a major influence on regional economies and can positively influence regional economic outcomes through a variety of policy levers. The Victorian Government's policy platform includes several areas relevant to this strategy.

## **Regional Jobs and Infrastructure Fund (RJIF)**

- The RJIF is the Victorian Government's \$500 million overarching regional development package. It invests in growing jobs, building infrastructure and strengthening communities in regional Victoria. As a dedicated regional development fund, RJIF addresses key challenges and opportunities to unlock regional Victoria's growth potential.

## **Regional Partnerships**

- There are nine Regional Partnerships across the state that have been established to give regional communities greater say about what matters to them and ensure their voices reach the heart of government. Partnerships help to increase collaboration between communities, industry, businesses and government to address the most important challenges and opportunities in each region.

- Each Regional Partnership is guided by a group of members drawn from local communities, businesses and the three-tiers of government. They engage with their communities on priorities for their region, which are then presented through to government.

## **Department of Jobs, Precincts and Regions (DJPR)**

- DJPR was established on 1 January 2019 to ensure Victoria's strong economic performance by growing industries and regions. The inclusion of 'precincts' within the department places precinct development at the core of regional economic development and reflects a shift to precincts as models for economic, social and community development.

# Renewable Energy

In response to the Victorian Government's Victorian Renewable Energy Target (VRET) of 40% of the state's energy generation by 2025, Victoria's wind-produced renewable energy is expected to increase from 1,733MW to 6,406MW, an average annual growth rate of over 20%. This includes 673MW of wind-generated renewable energy recently announced under the VRET to be built at Dundonnell, Berrybank and Mortlake South.

The RET is expected to increase to 50% in short term, potentially increasing windfarm development needs.

If an additional 3,400 MW of renewable energy is introduced by 2025, in line with government targets (at 40% RET), 6,000 new construction workers will be required, as well as 500 ongoing maintenance and operation roles, with regular training refresher demands.

Moyne can develop the construction and maintenance aspects of the business to support economic outcomes for the region.





# Quantitative analysis

# Current Economic Performance

Industry	Local Expenditure (\$M)	Salary and wages (\$M)	Value Added (\$M)	FTEs	Exports (\$M)	Imports (\$M)	Output (\$M)
Agriculture, Forestry & Fishing	119	43	236	2,365	370	263	618
Mining	1	1	3	22	6	3	7
Manufacturing	289	85	138	1,061	619	334	760
Electricity, Gas, Water & Waste Services	5	3	9	24	3	8	22
Construction	69	28	54	423	10	54	176
Wholesale Trade	4	8	13	78	3	9	27
Retail Trade	4	14	21	325	2	9	34
Accommodation & Food Services	8	14	24	379	19	24	56
Transport, Postal & Warehousing	13	16	30	253	13	25	68
Information Media & Telecommunications	0	0	1	8	0	0	1
Financial & Insurance Services	1	4	15	28	2	3	19
Rental, Hiring & Real Estate Services	15	1	113	20	2	21	149
Professional, Scientific & Technical Services	5	9	13	111	2	10	28
Administrative & Support Services	4	9	10	121	3	7	20
Public Administration & Safety	10	24	29	254	3	13	51
Education & Training	3	23	26	318	4	5	34
Health Care & Social Assistance	3	28	31	370	0	6	40
Arts & Recreation Services	3	3	5	83	2	6	14
Other Services	2	5	8	137	0	7	18
<b>Totals</b>	<b>\$ 557</b>	<b>\$ 319</b>	<b>\$ 778</b>	<b>6,380</b>	<b>\$ 1,064</b>	<b>\$ 808</b>	<b>\$ 2,143</b>

The local economy is dominated by 2 large sectors, in agriculture and manufacturing which together account to:

- 54% of employment
- 48% of value added
- 93% of exports (representing the tradeable sector of the economy)
- 73% of local expenditure
- 40% of local wages

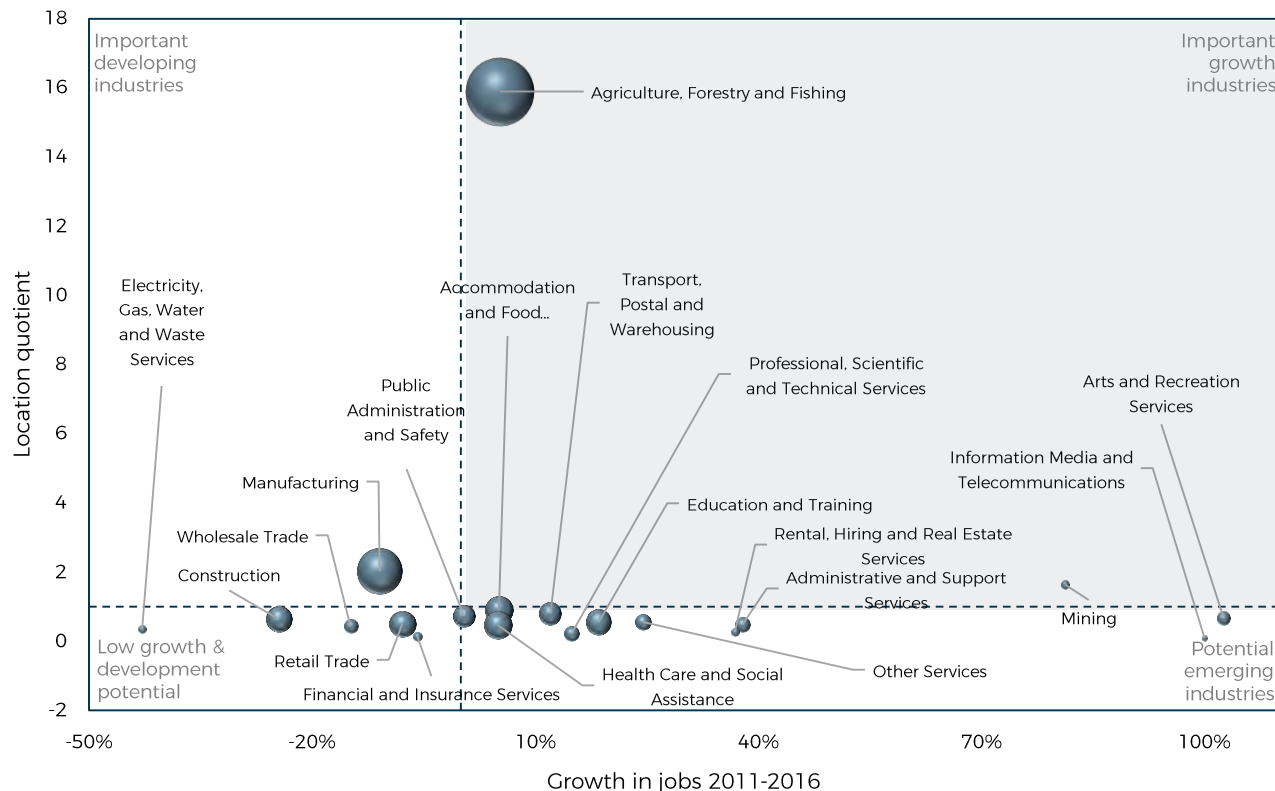
The remainder of the local economy functions to support the population working within these 2 industries, although with around 11% of the workforce (+700 FTEs), retail / accommodation and food, principally related to tourism, is also a large sector.

Construction supports local growth, but is also likely to be supporting the agricultural and manufacturing sectors.



# Industry Growth Matrix of \$2.1B Economy

Industry growth matrix – Bubble size = FTEs



The analysis highlights and identifies important industry sectors for support as they are either providing the economy with a competitive advantage due to relative scale ( $LQ > 1$ ) or may be able to do so in the future.

Based on the analysis, agriculture is the only industry that is growing and of scale. Potential growth industries are growing but not yet of a benchmark size, in Moyne's case.

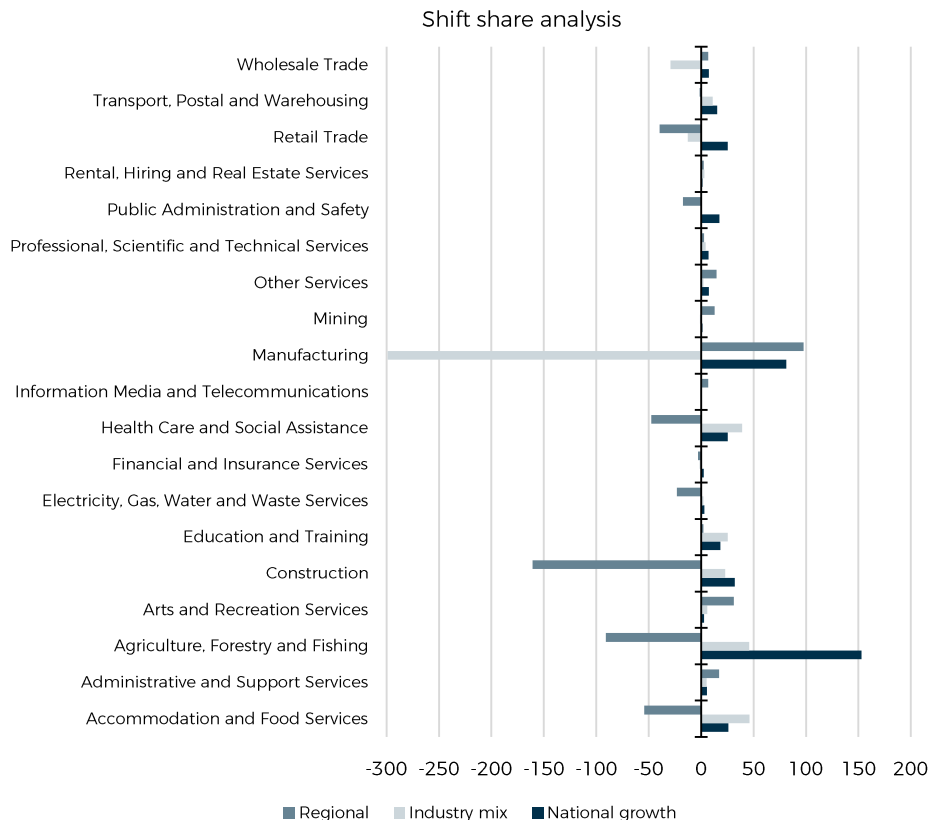
Accommodation and Food and Recreational Services (Tourism) is a sector that could be developed.

Supporting growth in manufacturing would result in the sector moving to the 'important' category, and should be encouraged.

Public sectors in education and health are below benchmark, probably due to the proximity of Warrnambool, however potential for growth of these sectors is evident.



# Where Is Growth Coming From ?



A shiftshare analysis is a tool to examine the sources of growth in a region and therefore to identify a region's competitive strengths. The analysis is relative in that it seeks to explore the relative contributions of national, industry and local factors to jobs growth or decline).

Across the Moyne Shire over the period 2011 to 2016 (Census dates), there have been an additional 60 FTEs created. Using the shiftshare analysis technique, it can be identified that of these:

- 433 FTEs were created due to the overall growth of the Victorian economy:
- 129 Jobs were lost due to industry specific factors
- 244 Jobs were lost due to regional factors
- 60 FTE = +433 (Vic) -129 (industry) -244 (Regional)

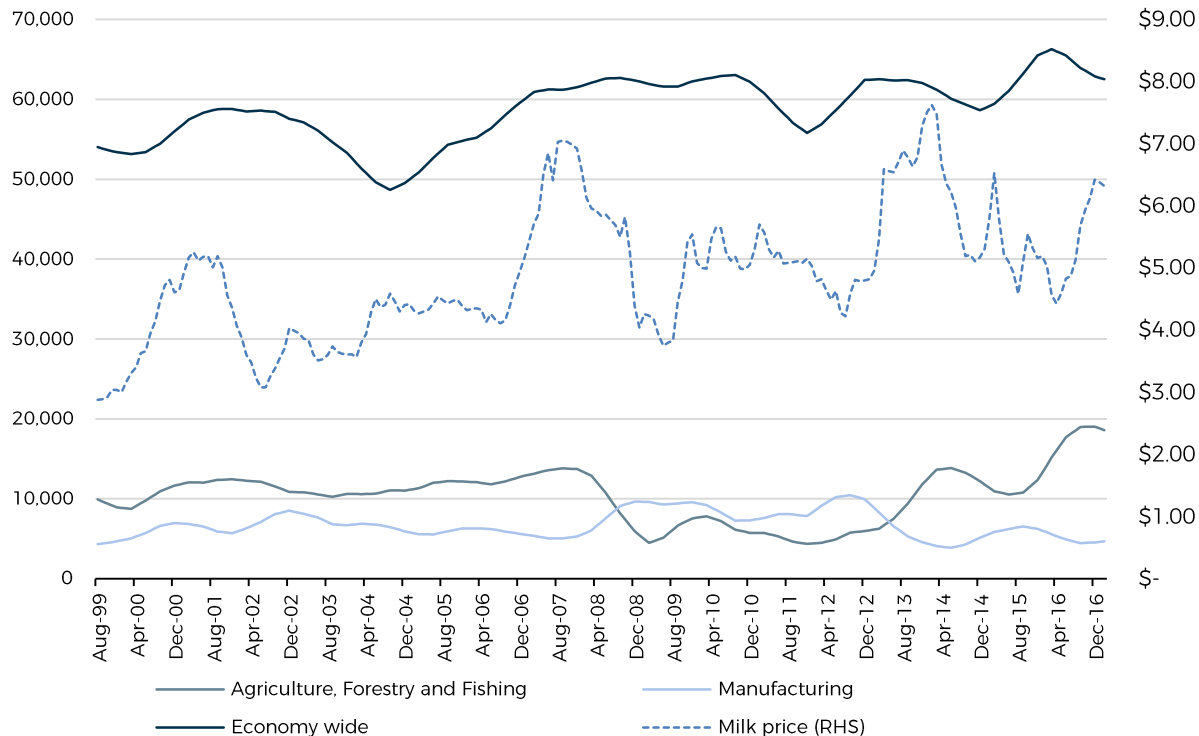
The composition across industries is shown in the chart with the following notable factors (note the total of each of the 3 factors totals the jobs lost or created over the period)

- Significant industry declines in manufacturing (300 FTE lost)
- Substantial regional factors impacting across agriculture (91 FTE lost), construction (161 FTE lost) and, interestingly tourism (accommodation and food services) (FTE lost), health (48 FTE lost)

Taken at a high level, this analysis shows that regional factors are impacting on jobs growth in the shire and therefore it can be concluded that the local economy is impacted by local conditions

# Importance of Milk Price to Economic Performance

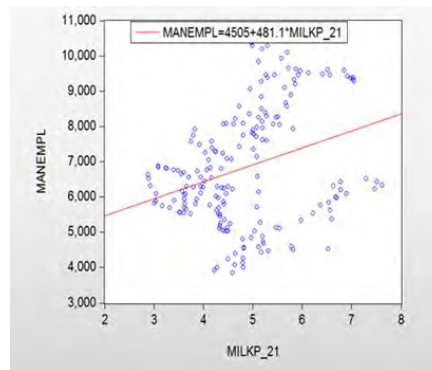
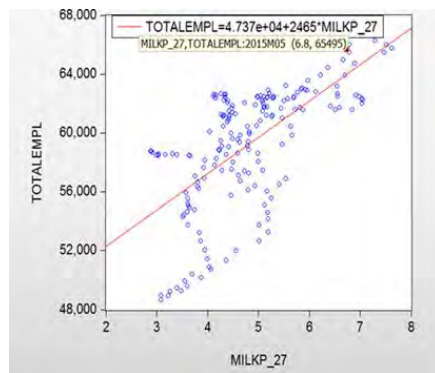
Relationship between Milk Price and Employment (GSC)



Regression analysis was undertaken on the relationship between milk prices and employment across 3 areas, total employment for BSW, agriculture and manufacturing over the period Aug 1999 to Feb 2017. The analysis has not been subject to violation testing, so should be seen as indicative, rather than conclusive that relationships between the variables exist, however the results are consistent with expectations.

This is predicated on the basis that milk prices influence agriculture, which washes through to manufacturing and the broader economy. The regression testing was undertaken to identify the best fit given a lag between a movement in the milk price (or other X variable) and the dependant (Y variable). The results show the best fit outcomes, with the lag representing the number of months where that best fit is achieved.

# The Importance of Milk Prices to Employment



The results of the testing show that after 21 months, the movement in the milk price is responsible for 9.5% of the movement in manufacturing employment and after 27 months 42% of total employment. The effects of change in milk price is immediate, however it takes 27 month for the maximum influence to be effected, which we are surmising arises because of the linkage between manufacturing and dairying.

Interestingly there is no notable relationship between milk price and dairy employment in the short term, presumably because prices to farmers are locked in annually, and this acts to shield local employment from short term price movements. It also explains, in part why the delay in the impact across the broader economy.

It is important to note that this analysis does not prove causation, only relationship between the variables, however it does demonstrate that there is a relationship between milk price and employment and the influence of the dairy industry on employment more generally, particularly manufacturing.

Y variable	Agri employment	Manufact employment	Total employment
X variable	Milk Price	Milk Price	Milk Price
R2	Not significant	9.5%	42%
T-stat		4.44	11.99
F-stat		19.2	132.2
Best fit (lag)		21 months	27 months

The timing is also in line with general expectations, the 1<sup>st</sup> sector impacted being manufacturing, and around 6 months after this, the general economy is influenced.

Manufacturing impact takes longer, suggesting that the region's manufacturing adapts over a more medium term, again, this is consistent with expectations because of commercial obligations, planning and other management decision making. Interestingly, in the short term manufacturing employment has an inverse relationship to the milk price, suggesting industry has both short and longer term response mechanisms to variations in the milk price.

The T stats are a measure of significance, with a higher score indicating a more significant influence, and the F stats a measure of likelihood, or probability, with a higher score indicating a greater probability.

# Importance of Tradeable Sectors

Traded sector companies are those that sell goods and services outside Moyne, bringing in fresh \$ to support local business and government services – essentially these are companies that export to outside regions, states and internationally.

These companies create new wealth within a region rather than just recirculating the wealth that is already here.

All businesses add to Moyne's well-being. Local businesses that sell goods and services exclusively or primarily to local customers and who face little direct competition from outside Moyne add to the local quality of life, provide entrepreneurial opportunities for citizens and form the spring board to help launch / grow into tradeable companies / sectors.

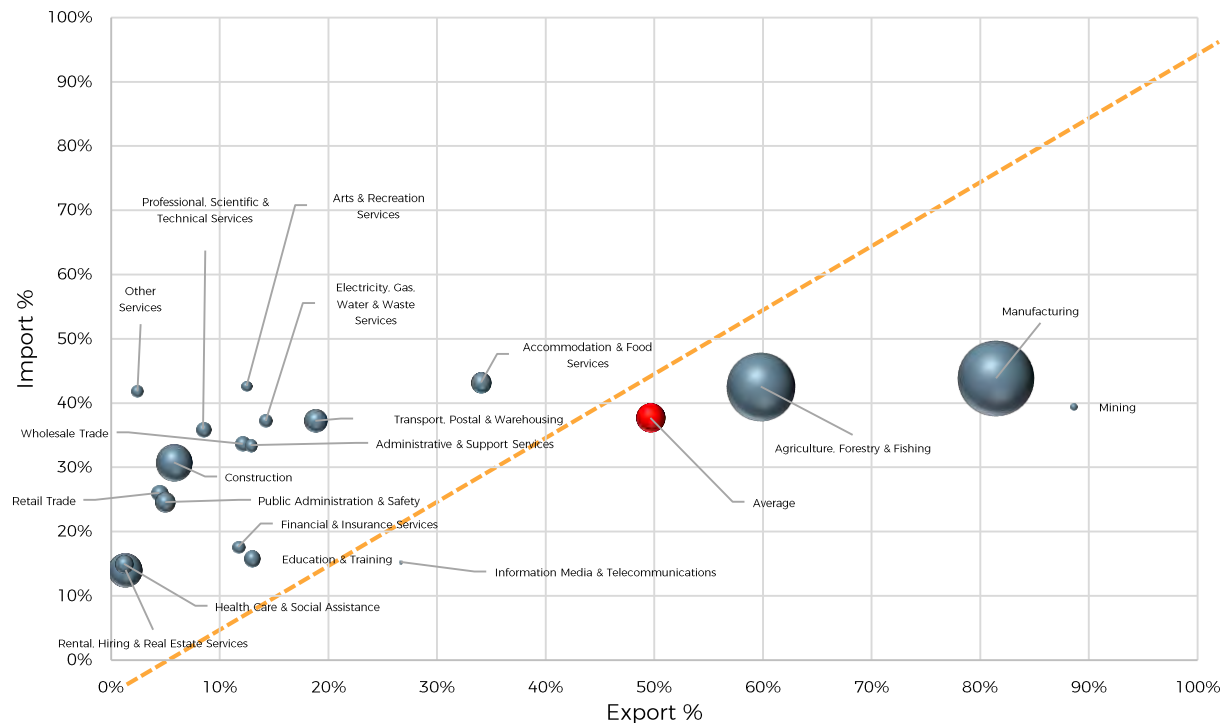
Traded sector companies tend to cluster because they draw competitive advantage (or some basis of it) from their location – to specialised workforce, to specialised suppliers and to shared base of sophisticated knowledge about their industry.

Most jobs are not in the tradeable sector – they are local services and suppliers, however as tradeable sector brings in outside \$, focus should be towards these as through growing these sectors, the other elements of the economy will grow.



# Moyne's Tradeable Sectors

Export and Import Intensity - % Output (Bubble represents total Output)



The analysis highlights that agriculture and manufacturing are the region's only major tradeable major sectors and their relative size moves the average level of export intensity to around 50%.

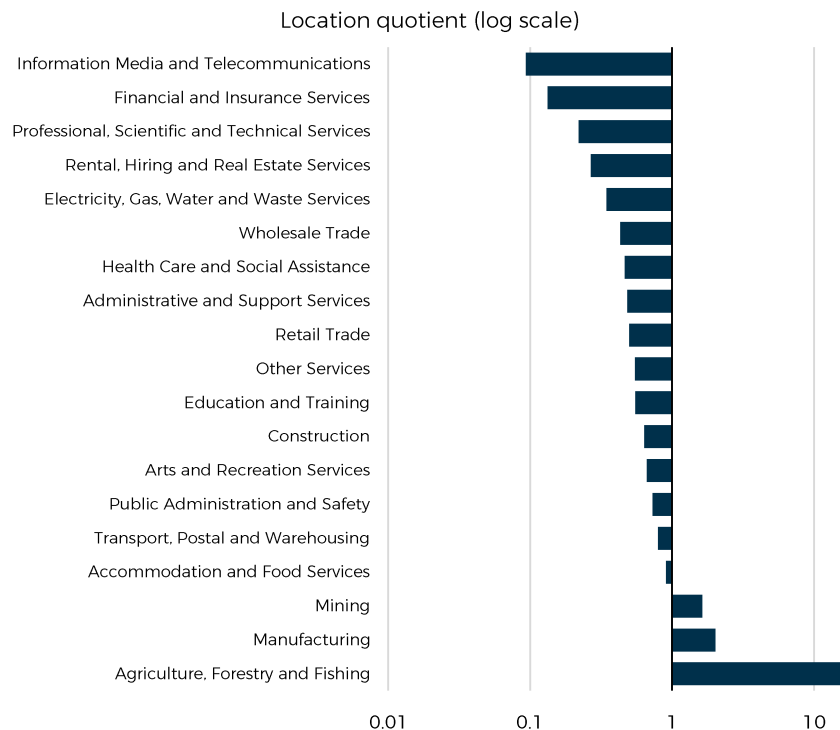
The growth of tourism (accommodation and food services) indicates that that this sector is also important in delivering export income to the region.

The high level of imported expenditures (average 40%) represents an opportunity for import replacement to increase as a driver of growth.

Construction is a sector that is very dependent on local activities, with only around 5% of output being sourced from outside the region.

Public services are also almost entirely supporting local activities.

# Importance and Relative Scale of Local Sectors



Location quotient is a measure of the scale of an industry and of industry structure compared to the average, in this case, Victoria (=1).

Industries with  $LQ < 1$  are smaller than the average industry in an economy and those  $> 1$  are larger.

Moyness is therefore overrepresented in Agriculture, manufacturing and mining.

Taken from this perspective the local economy is still very much a traditional regional / rural economy with strengths in primary and secondary production, and an underdeveloped tertiary (services) economy, with higher order services in ICT (10% of benchmark size), Financial Services (13% of benchmark size) and Professional services (22% of benchmark size) the most underrepresented.

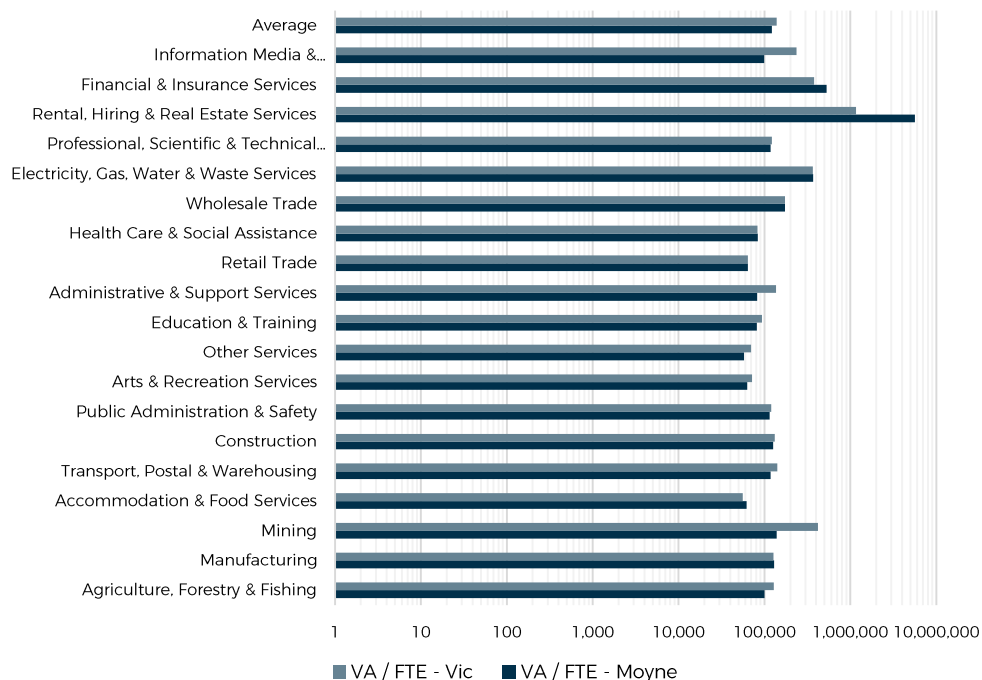
Given the recent growth in tourism, the fact that Accommodation and food services is close to 1 is not surprising. Emphasis should be placed on supporting continued growth in this sector.

The below average levels of service sectors such as education, health reflect proximity of Warrnambool and also the relatively small and dispersed population pattern of the shire.



# Economic Value Added – The Real Driver of Prosperity

Value add per Employee Moyne & Victoria (Log scale)



This analysis highlights that in terms of value added per employee, Moyne compares reasonably favourably with Victorian averages, with an average of \$121,000, compared to the State average of \$139,000.

Regional and particularly rural regions often have quite substantial differences on this metric, so Moyne is faring better than most.

There are some notable differences in sectors such as ICT (\$236,000 compared to \$99,000) and mining (\$420,000 compared to \$138,000), however these are small sectors within the Shire.

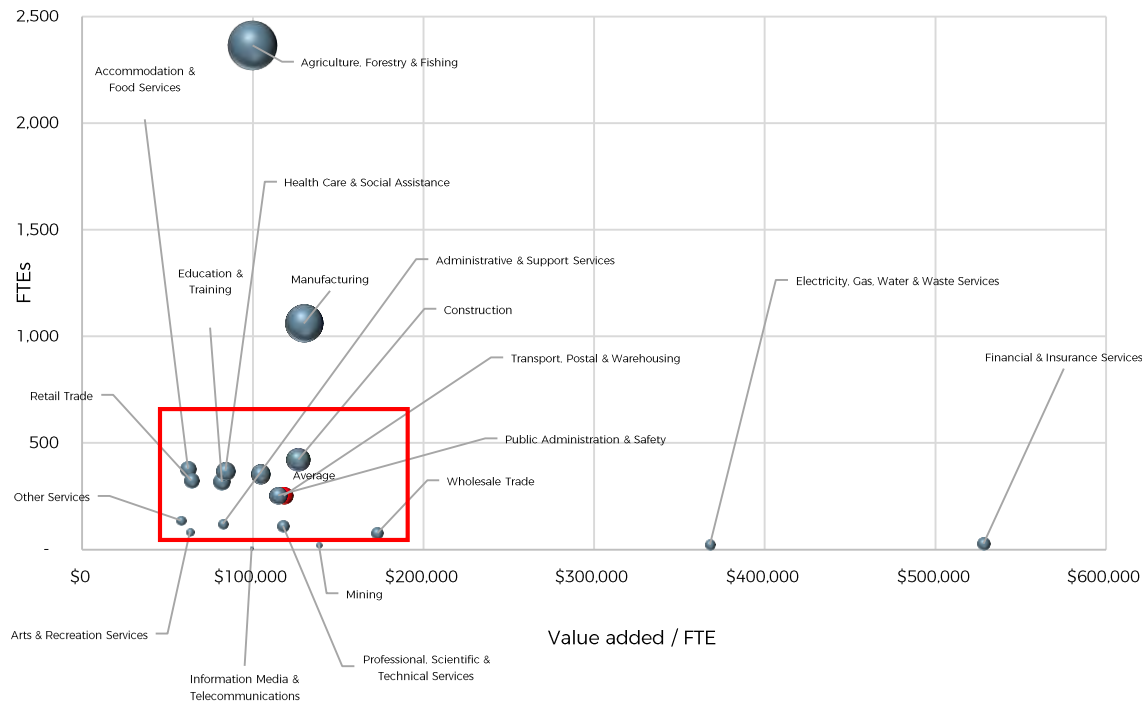
There are still some points for consideration:

1. Agriculture is \$99,800 below Victorian averages \$129,000, indicating there may be opportunities to develop higher value / niche agricultural product / support productivity improvements.
2. High value of utilities ~ \$365,000, with potential windfarm developments. This is a potential growth sector that could 'spillover' economic value into the local economy.

The difference in Rental and Hire is due to the relative growth in house prices and should not be seen as sustainable.

# Economic Value Added – The Real Driver of Prosperity

Value added per Employee (bubble represents total value add)



The analysis shows the value added per person and the relative size of the sector – rental, hiring and real estate has been removed from the analysis to prevent distortion.

The local economy is structured around industries producing around \$100,000 - \$120,000 of value added per person, with the largest sectors being agriculture \$99,800 and manufacturing \$129,000. These are the economies tradeable sectors.

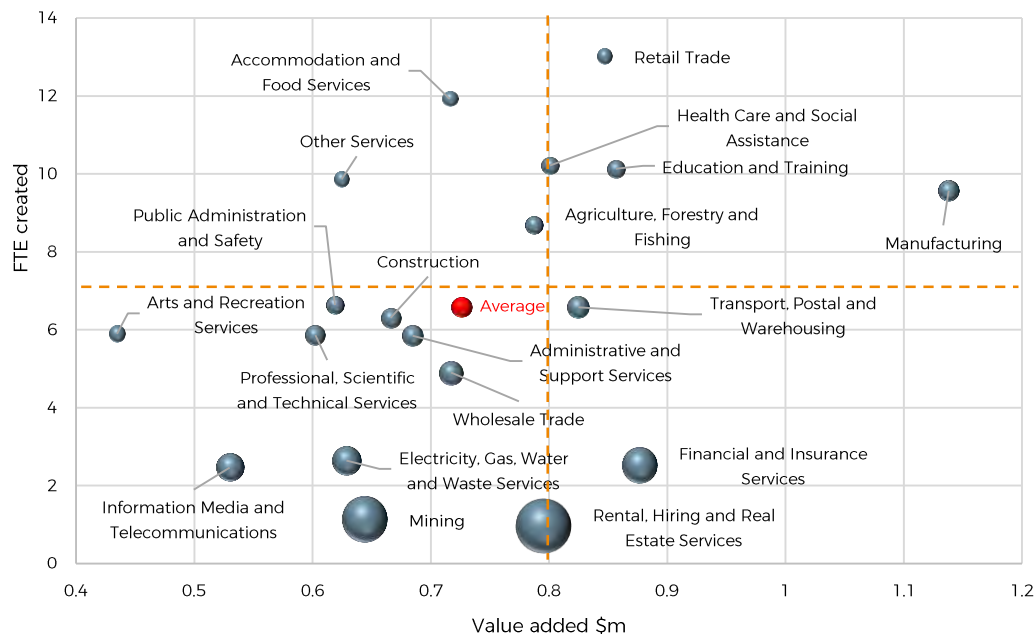
The economy lacks higher end service industries which generally contribute > \$150,000 value add per FTE. This is normal in rural and regional economies such as Moyne, however with Warrnambool's proximity and the lifestyle opportunities Moyne offers, developing some presence in these higher order sectors should be considered.

The cluster of industries identified represent industries supporting population in the shire.

The opportunity here is to grow the size of the industry through increasing the number of people these firms service, rather than increasing the value per FTE.

# Growth Returns / Industry Attractiveness

Value creation from \$1m increase in output  
(Bubble Size = Value add/ FTE)



Analysis calculates the impact of \$1m of additional turnover by industry on employment and the value added. The analysis points to 'best economic returns' from growth.

The top 5 sectors for creating economic value are

- Manufacturing
- Financial and Insurance Services
- Education and Training
- Retail Trade
- Transport, Postal and Warehousing

The top 5 sectors for employment creation are:

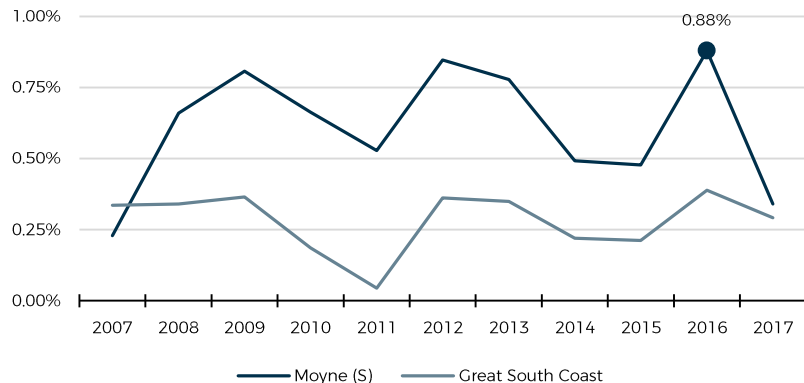
- Retail Trade
- Accommodation and Food Services
- Health Care and Social Assistance
- Education and Training
- Other Services

Best combined sectors (top right)

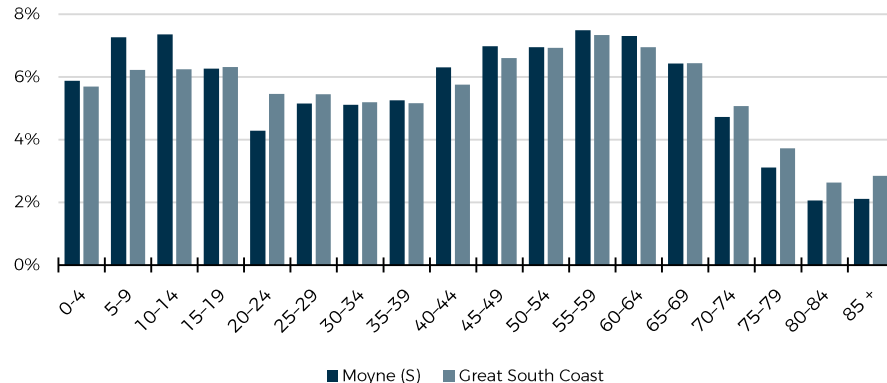
- Retail trade
- Manufacturing
- Education & training
- Health care
- Agriculture forestry & fishing

# Population Growth Rates - Historical

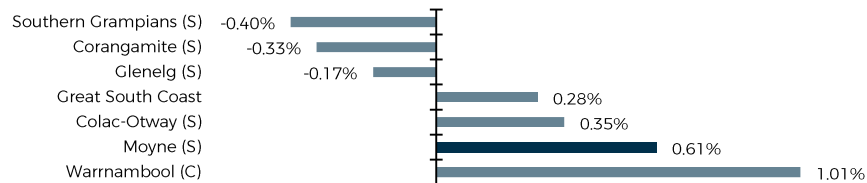
Population growth rates 2007-17 (%)



Age group as percent of total population



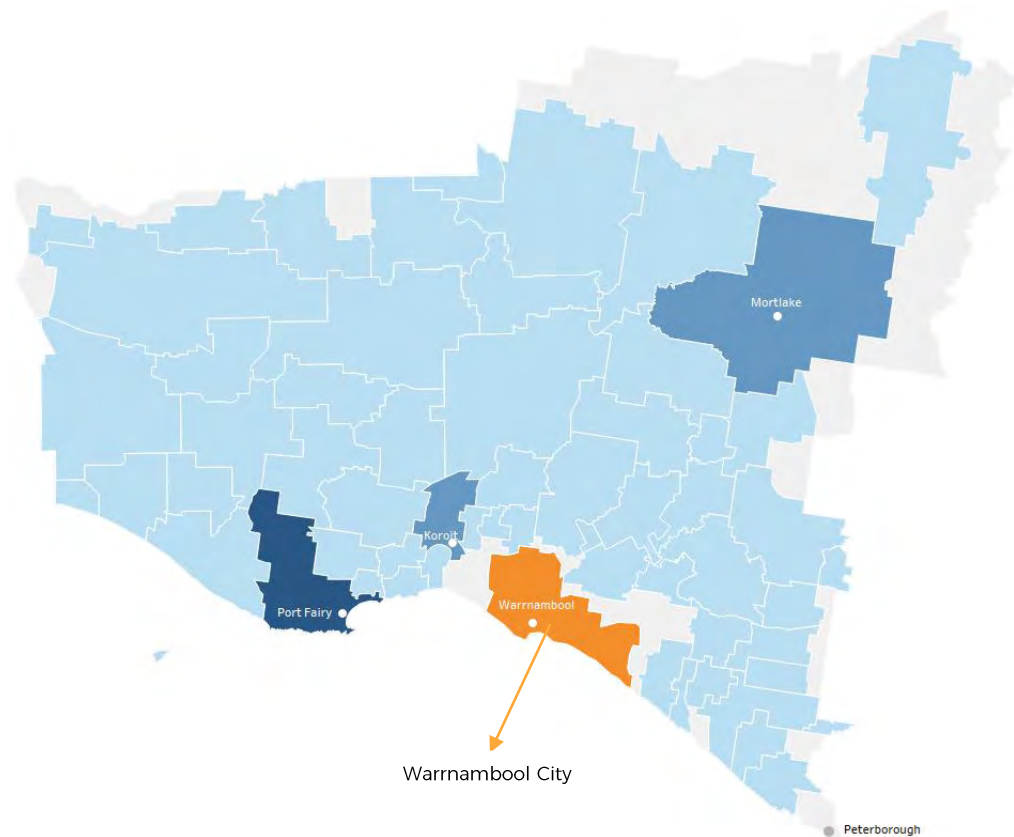
Average annual growth rate 2007-17



Growth rate of 0.61% is low by any relevant measure and is being driven by people leaving the region (refer next page).

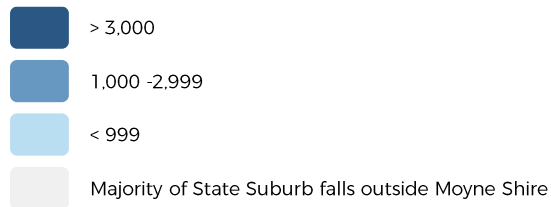
Percentage population < 15 (20.6%), is higher than GSC (18.1%), which points towards potential capacity issues in education and child care. This anecdotally presents a reason for the high number of Moyne residents seeking services outside the Shire.

# Dispersed Population – Serviced by Warrnambool



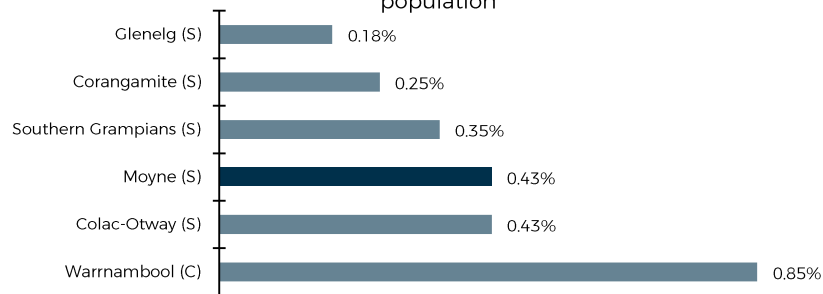
The population of Moyne is dispersed, with the major population centres of Port Fairy, Koroit, Mortlake and Peterborough all serviced, to large degrees by Warrnambool, or other centres, for example Camperdown.

Population of state suburbs within Moyne

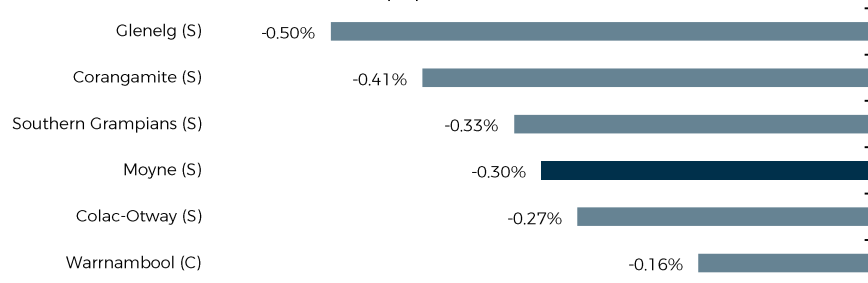


# Analysis of Population Growth

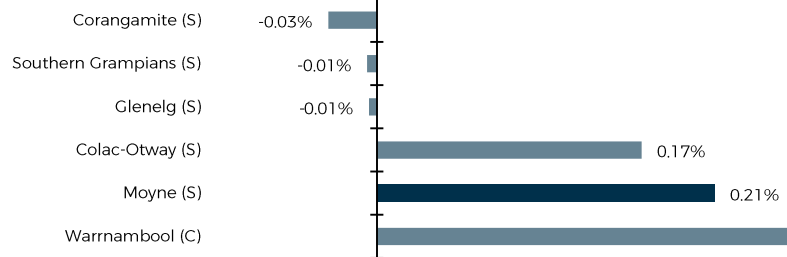
Net overseas migration between 2016 and 2017 as a % of 2017 population



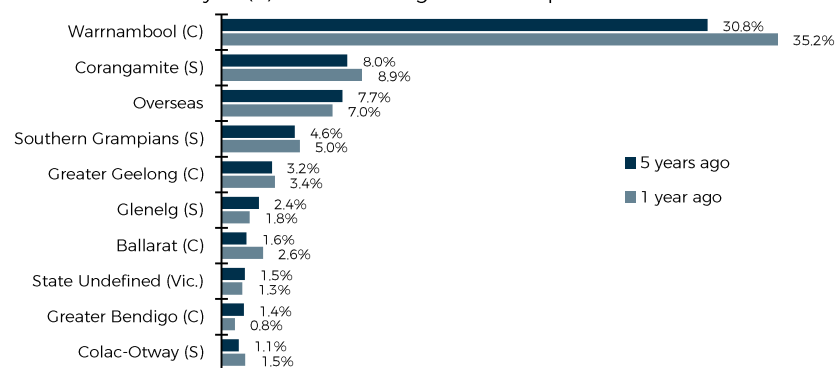
Net internal migration between 2016 and 2017 as a % of 2017 population



Natural increase in people between 2016 and 2017 as a % of 2017 population

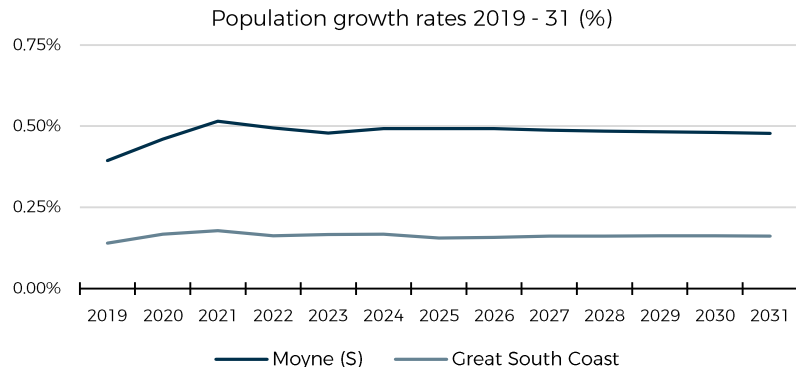


Where new Moyne (S) residence migrated from prior to 2016 Census





# Forecast Population Growth - 2031

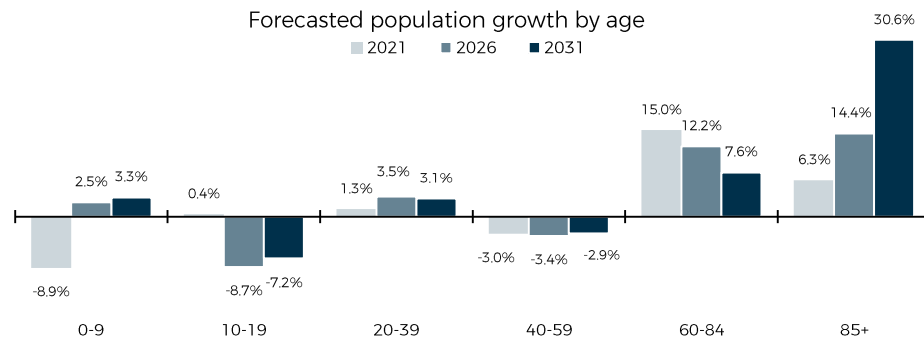
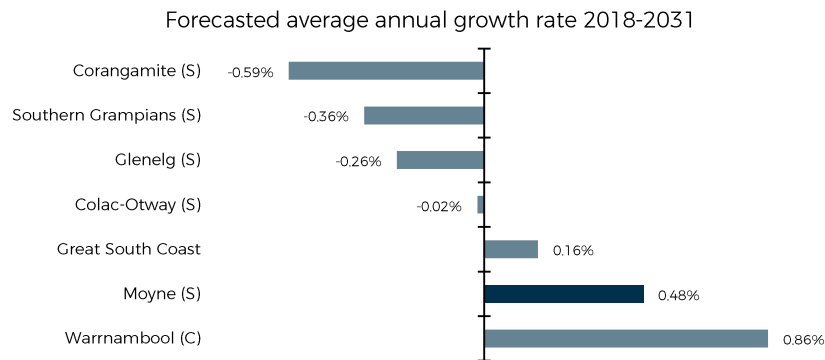


Growth rate of 0.48% is low by any relevant measure, and less than the 0.61% experienced by the shire over the past 10 years.

The expected growth rate is around half that of Warrnambool, but higher than comparable locations, suggesting that Moyne offers benefits that support population attraction that other parts of GSC can not.

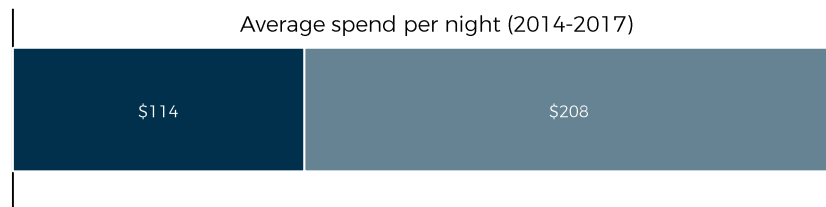
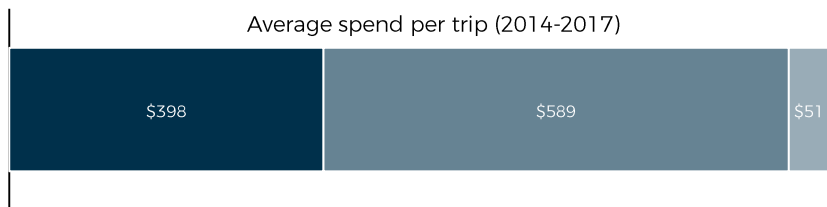
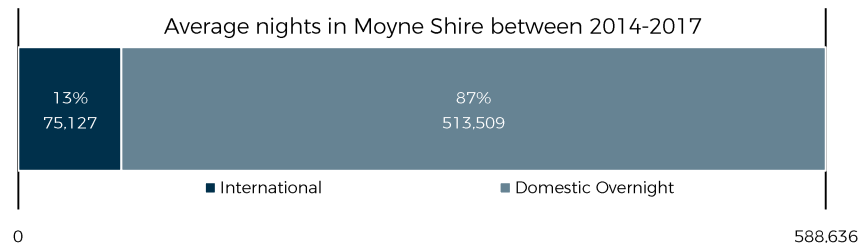
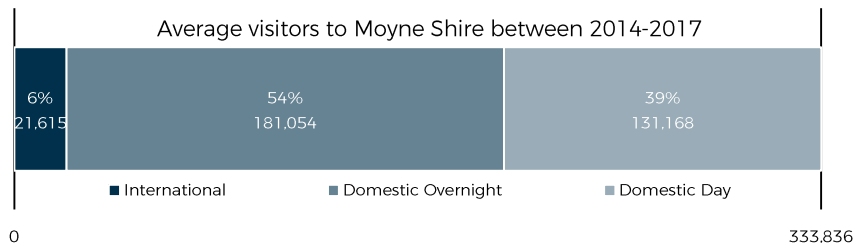
The future demographic forecasts highlight the expected ageing of the population (which does create some opportunities), but also that there will be an increasing shortage of working age residents, with the percentage of the population above 20 years of age, and below 60 years of age declining.

The growth in population is either at the very young (< 9 years) or at the older end of the demographic spectrum (>60 years).



# Tourism & Visitation – The Hidden Component of Population

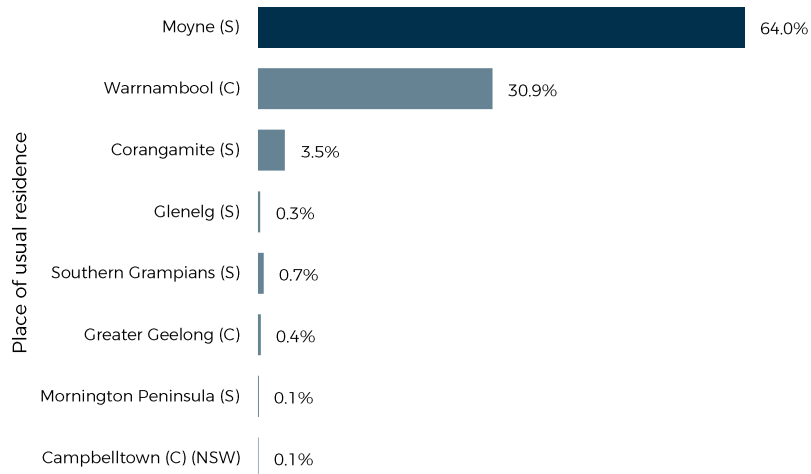
There is no doubt some seasonality related to the above figures, but on an average day, there are an additional 915 people in Moyne than the forecast population.



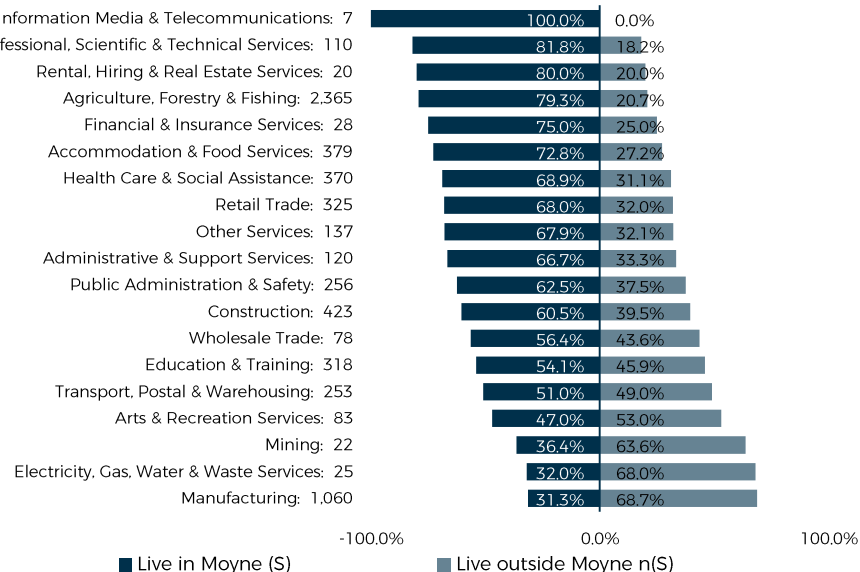
# Working and Living in Moyne

This analysis notes a high degree of integration into surrounding areas, notably Warrnambool.

Percentage of people working in Moyne (S) but live outside of Moyne (S)

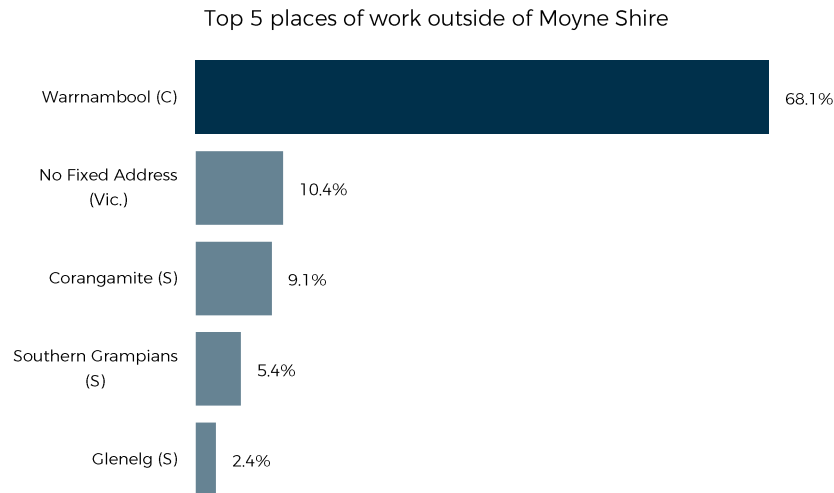
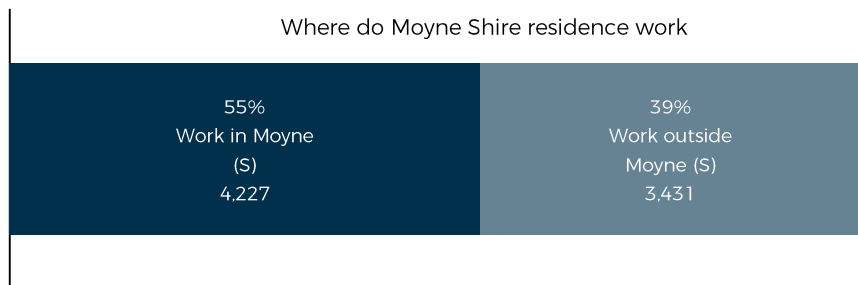


Percentage of people working in Moyne (S) by place of usual residence

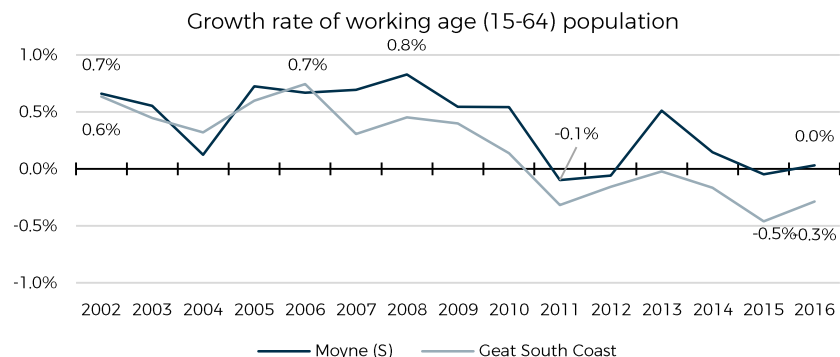
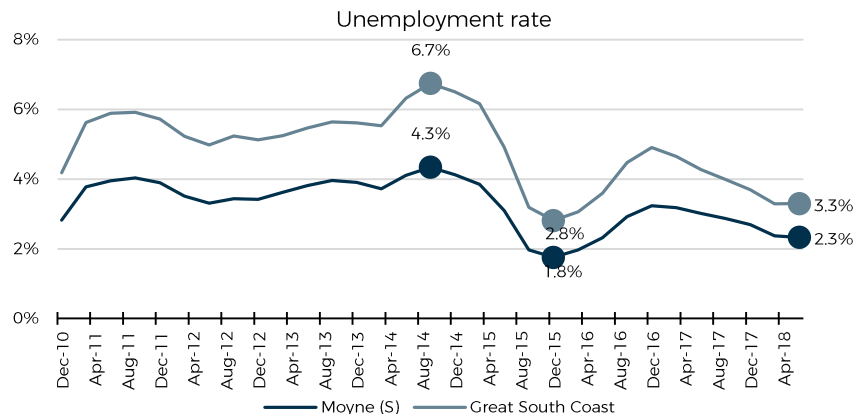


# Working And Living In Moyne

The relationship between Moyne and Warrnambool is evident with over 2,330 of Moyne's residents working in Warrnambool.



# Working Age Population and Employment



Working population (15-64) as a percent of total population (ERP 2017)

Moyne (S) 61.1% (10,256)

Great South Coast 61.1% (76,323)

Working age population is a critical issue as it highlights whether there are sufficient people in a region to support employment and by extension skills demand.

Low levels of unemployment suggests that accessing skills will be difficult, this will be compounded as it will be hard to secure skills from the GSC region, with unemployment at 2.3%.

With unemployment at such low levels (essentially full employment) and declines in the working age population as a percentage of total (currently 61.1%), it is likely that there are acute skills and staffing shortages across the Shire.

These shortages can be managed through importing labour into the region (there is some evidence of this, noted above), the result of which will be impacting on economic growth.

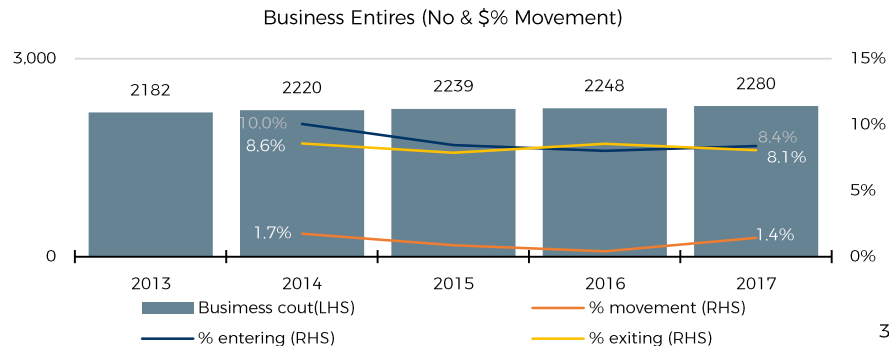
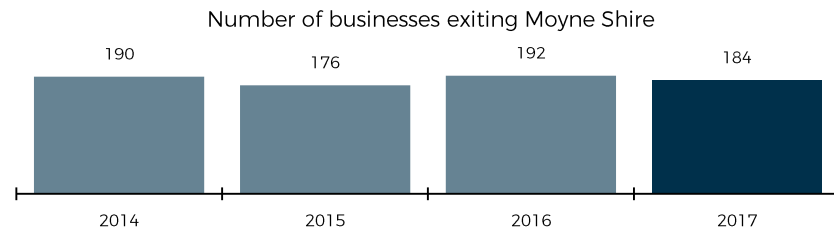
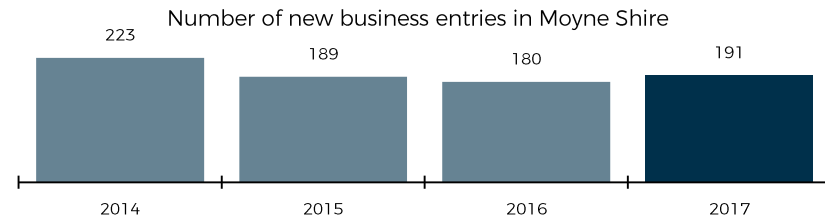
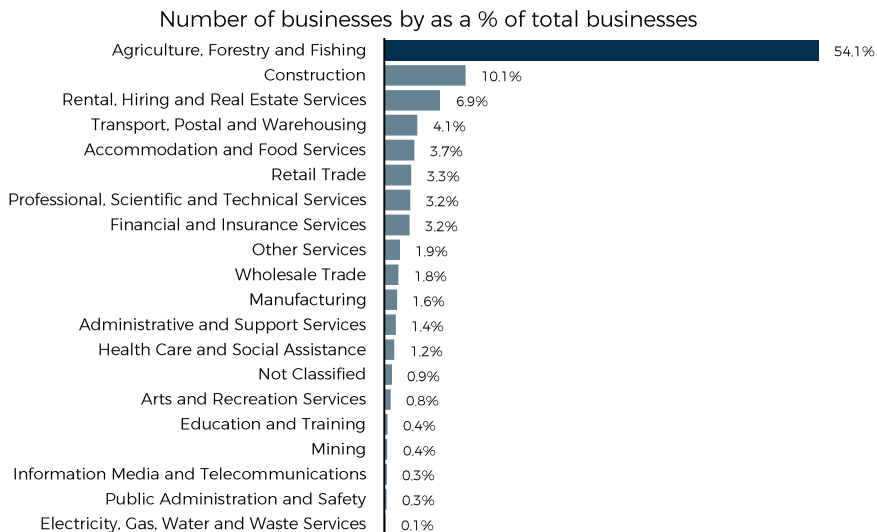
A challenge is that the surrounding region also has worse working age population statistics than Moyne.

# Start Ups – New Businesses

Entry and exit statistics are unreliable when taken as an absolute figure, however they are useful when analysing trends and so can be indicative of underlying activity.

There has been an increase in the number of businesses registered across the Shire in the past 4 years, from 2,182 to 2,280, representing a 5% increase.

Interestingly, around 8% of firms exit annually, which is being offset by around a 9% entry figure.



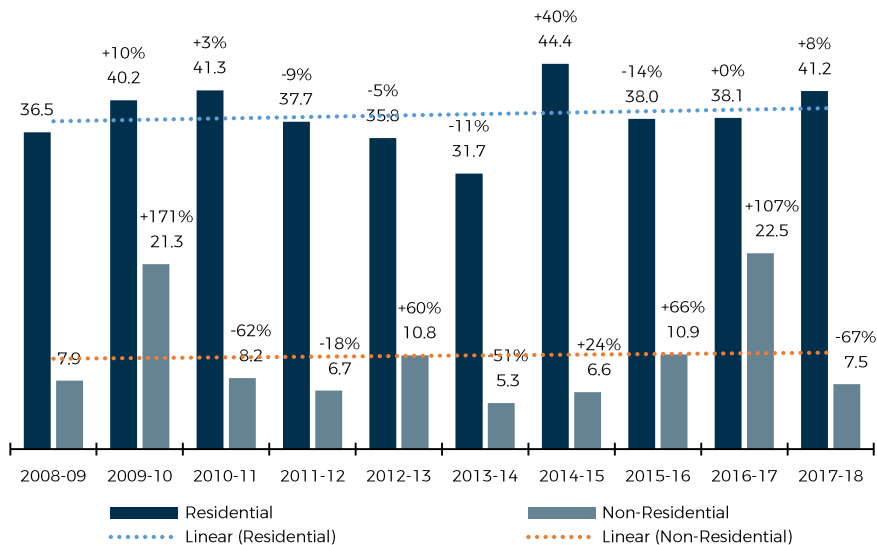


# Building Approvals

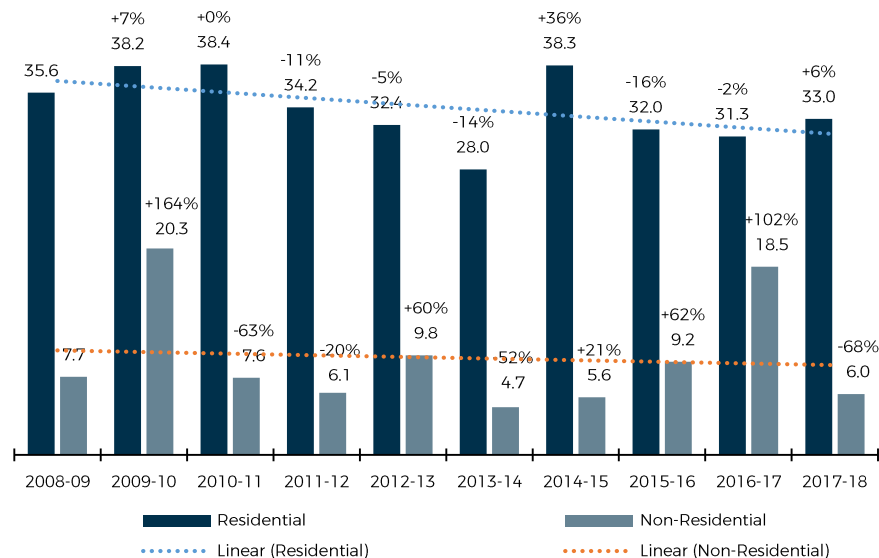
There has been a slight increase in residential and non residential building approvals by \$ but if adjusted for CPI, value of building approvals is declining – reflected in the low construction sector value and contribution.

The local construction sector seems to be predominantly dependant on local activities. This is an area which can be grown, and has positive multiplier effects.

Building approvals (\$M)

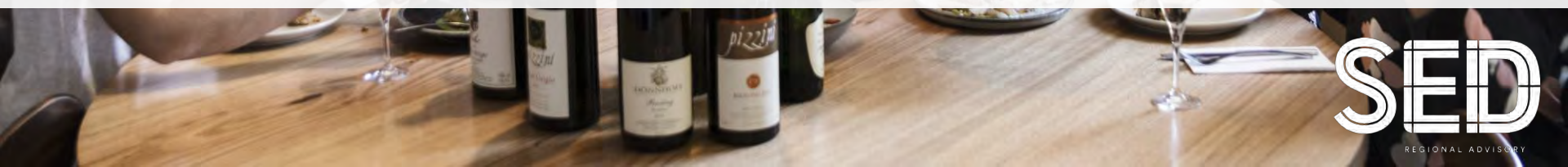


Building approvals (\$M) - adjusted for CPI





# Consultation and themes



# Role of Moyne Shire Council

Economic Development is ultimately about improving livelihoods and the prospects of Shire residents – employment, opportunity and provision of services. “Engagement is important and disconnect matters. If people don’t feel that they benefit from sustained growth, then they will see little reason to support future growth and economic development”. Melinda Cilento (Centre for Economic Development Nov 2018).

Council provides some leadership, but currently there is limited advocacy around issues. By completing this EDS project Council can provide direction, add shape and rigour to economic development for the Shire.

Industry is seeking Council to taken on bigger picture economic development issues, rather than focussing on smaller issues.

That requires moving the function towards more economic development as opposed to community development. The former is a broader concept and has a stronger industry focus, the latter an emphasis on community and therefore more limited in scope, scale and outcome.

Building capacity within Council to improve understanding of economic development and responsibilities, in addition to the community capacity is important.

Community has suggested more communication from Council is needed regarding economic development.

# Small Towns – key feedback

## Mortlake

- Community
  - Concern exists about the impact on the township of the proposed significant expansion of Mortlake quarry
  - Community is keen to see the MSC support their Community Development Plan
  - There is extreme concern about the long term impact on Agricultural land, firefighting, communications and visual appeal of Mt Fyans Windfarm, as part of the concentration of multiple wind farms in the region
  - Potential of RV friendly town to CMCA (Campervan and Motorhome Club of Australia) standards. Potentially provides access to 70,000 members (noting Mortlake is not a destination so it is important to capture a share of through traffic spend)
- Business
  - Assets
    - Is its 50-100km radius catchment for doing business
    - Land availability for housing and affordability (a positive attitude exists towards growth)
    - Centre of beef and agriculture (contributing to \$2b production output from region)

- Opportunities and barriers
  - Town needs greater profile and presence (eg website)
  - Hospitality offer required, ideally focus its role as a stopover town
  - Value adding services as farms become larger
  - Planning department highlighted as an impediment to business investment in the town
  - Facilitate and encourage population movement to Mortlake (to support large farms, energy and new business)

## Macarthur

- Residents consider themselves to be well located to welcome visitors from the coast, only 30 minutes from Port Fairy
- Have multiple tourism assets to entice visitors e.g. Budj Bim, volcanic heritage, wind farms, Bessiebelle historic sheepwash and yard, winery
- An RV friendly town since dump point was positioned in recreation reserve with access to hot showers and power through the recreation facilities
- Poor telecommunication connections are a key issue for residents and businesses (phones and internet drop out regularly)

# Small Towns - key feedback

## Koroit

- Key assets
  - Bega Foods, room to grow footprint, affordability, liveability, Irish festival, rail trail and proximity to local assets (Tower Hill)
- Challenges
  - Lack of industrial land availability, poor access to main street (sub divisions), lack of visitor accommodation, lack of safe parking, public facilities)
- Opportunities
  - Investment in Tower Hill through Master Plan
  - Build integrity to “Irish village” claim (particularly improving it as a pedestrian friendly experience)
  - Divert heavy transport to alleviate the industrial feel to Commercial Road
- Moyne Shire role
  - Resolve the existing drainage issue
  - Encourage an open for business ‘concierge’ model within council
  - Support and help to enable Bega to expand, through planning and use of land occupied by depot
  - Maintenance role (Parks and Gardens)

- Encourage better utilisation of retail premises occupied by residents
- Enhance the streetscape (specifically pavement and trees)

## Peterborough

- Predominately comprises small and micro businesses, which supports the belief that business support and advice is important. Seeking support to better access to such support and advice
- Also additional support is sought in preparing the community to take advantage of proposed infrastructure investment in the Shipwreck Coast

# Small Towns – Community Plan Summary

Community Plans are currently being updated by local communities and Moyne Shire Community Development Officer Fiona Davey.

As of April 2019, Mortlake has been completed and Macarthur is partially complete.

The plans are designed to help the community advocate for priorities and build community partnerships to support the achievement of community goals.

Key themes from Community Plans include:

- **Community connections and wellbeing**
  - Supporting our young people, volunteers, communication, health and wellbeing, education and learning, sport and recreation
- **Assets and facilities**
  - Buildings, open space, streetscape, footpaths, tracks and trails
- **Economic and tourism development**
  - Economic diversity, visitor attractions, history and heritage, small business, agriculture and investment planning, community infrastructure

- **Liveability and growth**
  - Township growth planning, attraction of families, events, services
- **Governance and advocacy**
  - Future planning, roles and responsibility, participation, priorities, networks and partnerships



# Community Survey Results



## Community survey summary

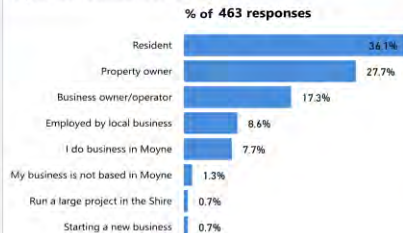
236 people responded

### Where do they reside?



### What is their relationship to Moynesshire?

Respondent could select more than one response



### 110 respondents identified as business owners

How many identified as home based business?



Do they employ any staff?



What were the top 8 industries they operate in?



### What did they think about regional collaboration?

A regional identity is important to me



The Great South Coast has a strong regional identity

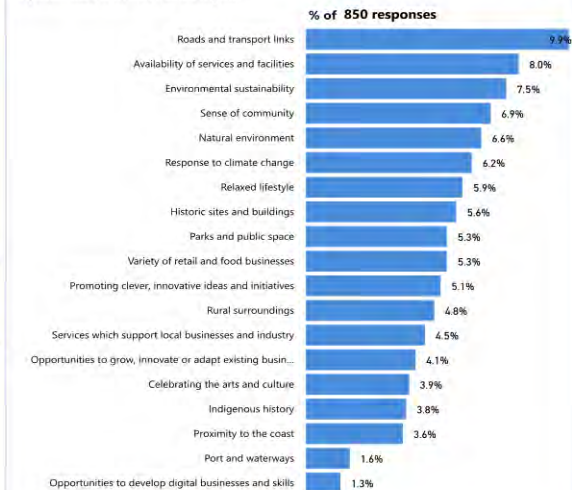


### What did they think businesses need from Council to help them succeed?



### What they thought was important to them, now and in the future?

Respondent could select more than one response



### What % identified the following sectors as 'very important':

#### Agriculture:



#### Tourism:



#### Renewable energy:



# Tourism – Assets and Opportunities

## Tourism Management

- Great Ocean Road Regional Tourism (GORRT) is funded by regional shires as the regional body for external marketing, leveraging regional brand and bring visitors to the regions
- Local Tourism Association's role is to focus the local industry and provide the promoted experience on the ground
- MSC tourism unit led by Adam Boyle facilitates support, advocacy and local coordination to the industry

## Tourism Assets

- Food, agri-tourism (farm gate), indigenous, festivals and events were identified as key tourism assets for the region
- The greater tourism region has 4 significant assets (12 Apostles, Cape Otway, Budj Bim and Tower Hill)
- Noted that Port Fairy sits between 2 key "hero product" indigenous tourism assets (Budj Bim and Tower Hill). Port Fairy can provide the infrastructure to support the necessary product experience for their likely target market

## Opportunities

- Reinforcing Council's role to provide leadership and advocacy for benefits of tourism to the region
- There is a need for Moyne to position itself to be a year-round destination. Industry research notes that for the first time ever, Australia now has 5 generations travelling. Moyne's regional market is well suited to the Baby Boomer segment as off-peak travellers
- To promote the regions natural assets and landscapes e.g. view of a outside tourism specialist is that the Shire takes natural assets for granted
- Large stock of Air BnB is a potential asset for use. This will need a Council response as planning issues attaches to this asset class
- Partnership opportunities exist across the broader GSC region, with a belief that these are not being leveraged effectively

# Tourism – Issues for Strategy

## Tourism Operators

- Port Fairy has an active Local Tourism association which meets regularly. The community needs to be further empowered to drive growth without reliance on MSC. This would encourage MSC to focus on a capacity building role rather than a “hand holding” function
- Consultation notes the success of 12 Apostles Tourism Association now acting as a reference group to GORRT
- For maximum impact, it is clear that there is a strong need to work together as a region, present tourism opportunities as a package and support business collaboration to ensure all working together to enhance tourism experience
- Visitors are often looking for recommendations from a local; this requires further education for locals/local business owners to cross promote and understand a regional or township offer
- Experience is key for visitors so emphasis on encouraging hospitality providers to “go the extra mile” to welcome all and cross-promote local businesses

## Tourism as Industry

- Noted that the success of local events is that they are community driven not dependent on MSC
- MSC should establish a position on “freedom camping”. Promote RV friendly towns (e.g. dump sites and long vehicle parking) but

avoid the associated problems of impact on commercial providers and competitive neutrality

- Encourage MSC engagement and input in Master Planning for Tower Hill and the strategy development for Eastern Maar (Budj Bim) noting that native title is adding complexity and delaying completion of the strategy
- The economic challenge is to keep visitors in the region longer to grow yield
- There is limited promotion of tourism assets, other than coastal areas, across the Shire. The objective should be to build out geographic dispersal and also seasonal dispersal of visitation

## Other observations

- Community plans note that there is currently limited marketing for regions other than Port Fairy
- A view exists that branding for the region is confusing and ill-conceived (eg Magical Moyne)
- Value for money from Shipwreck Coast Group and Visitor Information Centre investment is an important consideration
- Survey data suggests that most visitors appear to be annual holiday makers, often staying for periods greater than a week. This supports earlier findings that tourism economy is likely underdeveloped

# Tourism and Visitor Survey Results



## Visitors survey summary

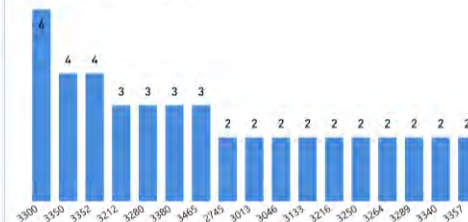
101

survey responses

### Where have they come from?

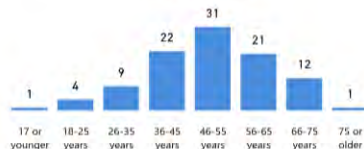


### Top 20 postcodes of origin

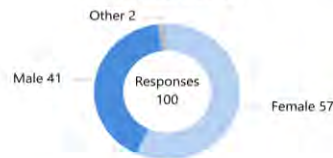


### Who is visiting?

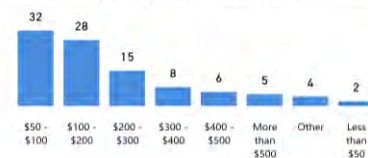
#### What age are they?



#### What gender are they?



#### How much they spent per day including accommodation?



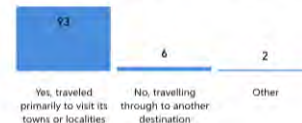
#### How many nights did they stay?



#### How did they find out about the area?



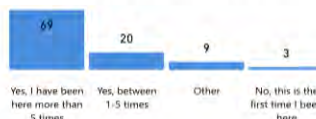
#### Was Moynesshire their main destination?



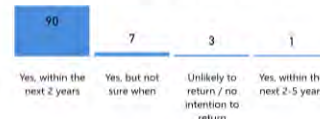
#### How many people they travelled with?



#### Had they been to this area before?



#### Are they likely to return?



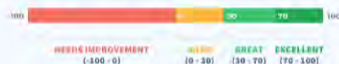
### On a scale of 0-10, how likely are they to recommend visiting the Moynesshire to friends or family?

#### Net Promoter Score (NPS)

Measures the loyalty of visitors to Moynesshire and the likelihood they will promote the region to friends and family.

NPS = % of Promoters - % of Detractors

What is a good Net Promoter Score?



#### Net Promoter Score



#### Responses



# Population Growth

People and population are key for economic development – particularly for smaller communities. There is currently a North/South divide with increasing population around Port Fairy, Koroit and Mortlake, but elsewhere in the Shire the population is declining.

Challenge is identifying how to keep services and facilities intact and keep local shops and sporting teams vibrant.

Some challenges are related to town planning and zoning, but there are other issues.

There is an inherent conflict between communities wanting to maintain what they've got but not wanting population to grow.

To encourage people to make the move to the Shire, there is a need to provide work/education/lifestyle opportunities for all family members.

An important success factor is the need to de-risk relocation if a particular job or career doesn't pan out as expected. It is important to give people security and confidence to move. It's a long way back to Melbourne or other centres so an important requirement exists for other

benefits to be articulated for people to make the move down.

A common theme is the need to encapsulate the Shire better in a vision, that it's more than just a region to escape to, it's a region to move to. Feedback suggest that it is predominately noted as a sea change area for people to escape the hustle and bustle, but the move should be more about choice (i.e. the key message being that its not hanging up career, you can actually further your career in Moyne).

A key regional collaborative project is to capitalise on the Warrnambool Jobs Market and effectively utilising DAMA as a policy/platform.



# Agriculture and Dairy

## Water

- Extensive work is being undertaken with Southern Rural Water, RDV and United Dairy Farmers on this issue.
- The objective is to increase water extracted from south west and limestone coast aquifers, as it is a replenishable resource.
- The region currently extracts only 34% of capacity, with maximum draw at any time at about 64%. It is estimated that a 10% increase in water use for pastures will add in the order of \$54M economic value to the region.
- Initiatives have already actioned three key enablers:
  1. SRW has agreed to free up trading and arbitrary trading zones disappear
  2. Enable "common sense" trades, with only limits based on an "intensity rule"
  3. Educate water holders re effective use of trading rights

## Three phase power

- The ability to convert land to dairy (or increase herd sizes) is restricted by poor power supply. (For example, a farmer near Yambuk seeks to grow family farm from 180 to 500 cows. Is currently unable to do so due to lack of power for cooling machines)
- Power reliability is impacting on competitiveness of industry
- <https://www.stockandland.com.au/story/5901360/power-outages-hit-vic-dairy-production/>
- <https://www.stockandland.com.au/story/5874315/farmers-rankled-by-power-outage-ways/>

## Power outages in the south-west are hitting farmers' bottom line

Andrew Miller

Twitter: @@journandy26

13 Feb 2019, 4:07 p.m.

News



POWER CERTAINTY: South Purumbete's Adam Jenkins said dairy farmers needed certainty over power supplies.

# Agriculture and Dairy

## General comments

- Skills and workforce on farm and for the service sector is a significant issue (primarily dairy but also beef, sheep, cropping)
- The economy benefits from the significant size of the service sector for farms, representing services primarily from Warrnambool but also other surrounding LGAs including small towns
- Industry attractiveness and generally poor image of agriculture is a challenge to workforce attraction
- Profitability is impacting the industry with potential significant departures from the industry over the next decade
- The economy benefits from the strength of local manufacturing processors with strong employment, wages and economic output
- It is important for Moyne to have planning controls that support the industry (e.g. rezoning for Bega Foods)
- Consideration should be given to improving competitiveness through reduced regulation to lower transport costs
- A role exists for MSC to enable industry growth by supporting water access and wastewater infrastructure development
- Potential exists for further development of higher value added production/new forms of agriculture but need to be supported through platforms that underpin competitiveness such as water, power and availability of suitable land
- The Warrnambool City Council supported by regional councils is in the process of finalising a Designated Area Migration Agreement (DAMA). This is targeted at industries experiencing significant skills shortages including Meat, Dairy and Agricultural/Earthmoving Machinery.
- MSC can play an active support role to the success of this initiative



# Skills and Workforce

## General comments

Moyne's profile reflects the Great South Coast region which is experiencing significant shortages

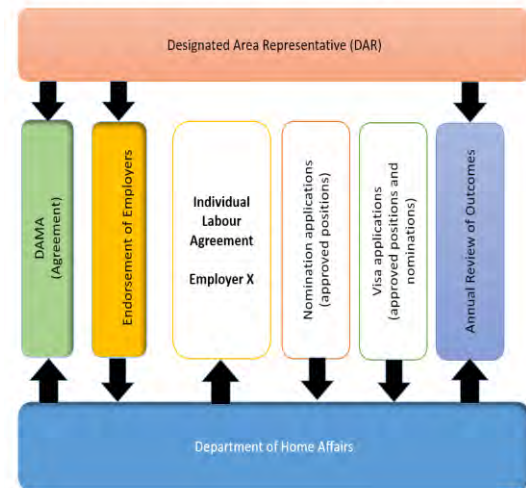
The Office of Victorian Skills Commission in its 2018 report noted

- Unemployment rates in the Great South Coast are almost 2 percentage points below the Victorian average for the equivalent period. This is manifested in skill and workforce shortages across key roles and industries
- The unemployment rate for people aged 15-24 is approximately 4.4 percentage points below the state's average
- The importance of youth to the region's future prosperity is further accentuated by the regions ageing population and relatively flat population growth rate. The share of persons aged 55 and over in the Great South Coast is 8 percentage points higher than the state share
- Local employers acknowledge that existing workforce challenges and an ageing population will place further pressures on their operations.

The region enjoys strong intranational and international export demand for aquaculture, dairy products, meat processing, seafood processing, smelter products and forestry products

- The region's location has created demand for wind generation and related industries
- The region's unique cultural and environmental assets, such as the Great Ocean Road and the Twelve Apostles, has supported an active tourism sector for many decades
- Despite a relatively stable population, annual real gross value added by the region is anticipated to grow at approximately 2% per annum between 2016 and 2021
- In essence, this assessment highlights that the skills and workforce problem will, without action, become more significant in attracting and retaining people of working age in the region

## Example of DAMA arrangement



# Infrastructure

In addition to water and power previously mentioned for the Dairy Industry, the community has reported that telecommunications infrastructure (internet and mobile reception) is an ongoing issue for inland areas of the Shire.

For example, Macarthur and surrounding area residents have limited phone reception and even in the town centre its Telstra phone reception is still intermittent, with signals dropping out regularly. This makes it difficult for businesses and for people to work from home. Impacts include EFTPOS machines being unreliable, bookings made over phone are difficult if reception drops out, slow internet connection means it is challenging to work from home.

Further it is also challenging for tourists visiting the area when on-line maps, peer reviews and other tools are unavailable due to phone reception drop out.

It has been noted that the new relay tower appears to have made reception worse and the NBN has caused interruptions.

Specific large infrastructure strengths, weaknesses and suggestions are covered elsewhere in this background document.

# Growth Through Regionalism

It is important that there be a regional perspective for driving growth and economic development.

The common community understanding is that Moyne on its own has limited capacity to create momentum without being connected to Glenelg, Southern Grampians and Warrnambool LGA's.

Moyne has a key role to play in supporting the Great South Coast Priorities (Tourism, Highway duplication, Digital Education Hub and Workforce Shortage).

The region possesses internationally recognised and significant industries and features, in a region with relatively small population and therefore limited leverage.

A Regional Prospectus is required, noting the need to avoid being parochial in its development. There is an understanding that it needs neighbours to build on Moyne's assets and connect the regional story and diversity.

As noted there is a lack of clear branding to support regional connection. This is more than a local issue, it requires industry based

leadership.

It is noted that the Great South Coast Leadership Forum and its endeavours are positive in driving regional collaboration to focus on key issues for Moyne, these issues being to drive workforce, and leverage regional strengths in Energy, Food and Agriculture.

# Planning Controls

The following strategic and planning control documents are relevant and have informed this background report:

- Port Fairy Coastal and Structure Plan Community Consultation Report 2018
- Koroit Structure Plan Community Consultation Report July 2018
- Cudgee Structure Plan – Issues and Opportunities report 2018
- Moyne Planning Scheme – Municipal Strategic Statement
- Moyne Warrnambool Rural Housing and Settlement Strategy 2010
- Mortlake Urban Design Framework – Draft report 2009

There is an emerging view that regulation and planning can be improved to reduce costs, drive increased investment and improve economic outcomes generally.

# Branding

The review has not undertaken significant research on branding, but rather reflects only feedback derived through consultation. The basis of this is that Brand is important, but only when it has been strategically decided what we want to do and the direction.

Branding is no doubt an important link to impact regional investment.

Moyne needs to be recognised as more than Port Fairy, to a “destination of choices” within a regional focus.

It is important to promote the point of difference/strengths of the area and promote the region as a package to bring people to area for multiple reasons.

There are some synergies across the region for consistent branding, but the challenge is that Moyne is an eclectic region e.g. Macarthur versus Port Fairy. They possess very different products for the market, so this represents a significant challenge.

# Energy

Moyne has strategic benefits for energy production:

- 25% of the state's electricity is sent to Portland
- Has natural resources (Wind, hydro, wave energy, gas)
- Proximity to the Grid connection
- Access to Port and logistic networks
- R&D and education capability (Deakin and SW Tafe)

An economic development approach is required to support the role of energy investment in Moyne, in particular the link to sustainable food production.

All major industries in the region are 'stressed' about high energy costs.

South West has 14 new energy production projects established or commencing which can support a base of skills and investment in the region.

An opportunity exists to access skills post construction for industry to develop their own energy initiatives and provide maintenance for other energy projects.

Moyne should view its response through the lens of potential benefits from energy to industry (e.g. power/supply agreements with developers).

Opportunities exist to pool developers community funds to leverage more significant strategic priority projects for economic benefit.

The objective for the region must be to also capture energy production for local benefit.

Advocacy opportunities exist through the role of the region in producing energy (relative to its consumption).

MSC can leverage the shift in mindset of proponents in planning from 'community appeasement' to capability building in the region.

MSC could consider encouraging the establishment of a permanent base for bodies such as Powercor and Ausnet in a strategic location in the region such as Mortlake.

MSC can also support the new Supply Chain directory being established for local businesses.

# Renewable Energy

- Further clarity is required about the role and scale of green energy.
  - Mortlake is a growing Hub for windfarms
  - There are emerging “leverage” opportunities to support wind energy such as maintenance depots, as a way to offset any loss in productive use of agricultural land
  - Need to overcome the “winners and losers” model and articulate common benefits to community (e.g. energy cost reduction)
  - It was noted that some references were made to the short term benefit in construction with only land owners benefitting after that. If growth in wind farms continues to develop, it is important that there be a focus on co-locating support services to demonstrate benefit
  - MSC should seek to exploit any opportunity to reduce local power costs and thereby create competitive advantage for the region
  - The consultation was conducted on the expectation that the 50% RET will be implemented
  - Wind farm construction can be positive and negative with infrastructure issues such as local roads being damaged and capacity issues arising in areas from childcare to summer rental accommodation
- From the wind farm proponents forum conducted as part of this consultation, key issues were noted as follows:
    - An “access to talent” dilemma exists in the process from civil construction through to commissioning, though the pool of local people is growing in the Victorian Market. The size of this is evident through the requirement for 6 technicians per 50 turbines constructed
    - Commitment is to local content, but the access to local businesses is limited through current Capability Network. Shop fronts have been established in Mortlake by 2 proponents and contribute to managing this to some extent
    - The role of MSC to facilitate better community and business knowledge, permits, road access was reinforced
    - A challenge for MSC is to build the case for Mortlake to function as a location for the larger supply chain (For example: for 30-40 technicians to live and relocate families there)



# Developing Local Leadership

## Tourism roles

- CORRT represents the National and International Marketing Arm
- Moyne Shire Council role is to provide leadership (advocacy and local coordination, shape and rigour for Moyne's activities)
- Leadership functions with Tourism exist and are deemed to be adequate. The critical element of success is effective coordination

## Leadership Great South Coast

- A strong leadership program has been operating for 7 years with 115 alumni graduated from 5 LGA's in the Great South Coast
- Moyne's role is to auspice funding and the resources supplied for this is considered to have been invaluable to its success to date
- The program focuses on:
  1. Building capacity; and
  2. Supporting graduates to drive economic and social activity outcomes in the community by mobilising them to take up roles in the community
- Outcomes to date have attracted up to \$800K (funding and in-kind support) for projects in the region, the most notable being

the Economic migration to Southern Grampians Project. While there is a 12 month lead-time, it is seeking rollout to Moyne in 2020

- Graduates are visible in community leadership roles including Council, NFP and commercial boards
- A common theme amongst leaders is frustration that the region does not have an effective "whole of region" voice

# Potential Council Role

The potential roles that Councils can play are varied and broad. It is critical that Moyne determine which of these activities are to be resourced and will be the focus of activities. No Council, let alone, a Regional Council, can expect to successfully work on all potential projects simultaneously. Choices must be made. This section outlines the scope of possible activities Council can play in the area of regional economic development.

## Advocacy

- Council is a community leader who can successfully engage with the community, other local, state and national leaders to develop commitment, energy and attitude towards economic development. Actions undertaken by council should be based on and informed by the community's desired outcomes
- Lobbying for specific action, resources or changes at a higher level can provide new opportunities for local communities to utilise their resources and capability

## Facilitation

- Depending on circumstances and resources, council may pursue a range of individual or joint venture commercial activities such as land development that may serve as a catalyst to further economic development
- Incentives (e.g. development incentives and use of council facilities) are a positive motivational force on behaviour and provide greater encouragement for business and consumers to act in a particular way or locate in a local area

- Information flow between business and consumers is vital in generating demand for locally produced products and services
- Council can use its resources for local promotional activities such as the production of an investment prospectus for specific sectors or opportunities, developing tourism attractions and producing business directories. Customer service is a critical part of council's promotional activities.

## Regulation

- Local laws provide council with a mechanism to regulate certain activities in the community and influence economic activity.

## Planning

- The linking of economic development outcomes through the Moyne Shire Council Plan and other relevant plan and strategies with their strategic and resources operational and project activities will ensure continued actioning of economic development initiatives.
- Requirements of the planning scheme and the current land zoning influence the availability of land for development opportunities and the ease of industry and business development.

## Provision of services

- Service provision and access is one of the major functions of Local Government. A reliable supply of traditional and newly required services can support development opportunities.

# Culture of Start Up, Creative Arts & Entrepreneurship

- MSC has in place a partnership to support resources from Regional Arts Victoria. RAVs' role is to advocate and support this.
- Local procurement across the GSC region could support this further
- Council is expected by community members to take a more proactive role in commercial activities
- The building and construction focus group encouraged MSC to embrace entrepreneurship and investment, with an attitude of supporting private industry. The "how" was summarised as *"Control what they can (utilities, roads, drains, planning) and stay out of the way for all else and not become part of the enterprise"*.
- Regular emphasis was placed on the importance of effective planning to support strategy (eg Land suitability mapping, hierarchy of settlement towns, structure plans, Culture tourism experience through signposting)
- An opportunity exists for a Hub for social impact, design and emerging technology
- Moyne could consider modelling an initiative such as 'Dream Factory' (Footscray) for creative, social enterprises and NFP's
- Potential exists for new resident attraction strategy focussed on 'work from home', or co-working type business
- Careful consideration is required however before committing in this area. While it can appear to be appealing, there is a need to test market demand and the real need
- Working with neighbouring LGA initiatives can assist to mitigate investment risks



# Summary issues

# Strengths of Moyne Economy

- **Land, soils, weather, rainfall, wind** - Moyne has a unique suite of natural characteristics that combined underpin a unique comparative advantage
- **Road and rail network** – has connections to Melbourne, Geelong, Adelaide, Grampians and major ports (Portland, Geelong, Avalon, Tullamarine)
- **Dairy industry** - industry is of national scale, which is integrated into upstream global supply chains and services through experienced and well-established downstream industries
- **Links to Warrnambool** - offers unique opportunities to access services for smaller townships
- **Lifestyle choices** - range of lifestyle choices for residents, from small hamlets, coastal and inland environmental
- **Brand (Port Fairy) and events** - Port Fairy, and the folk festival has a well-recognised brand
- **Natural environment** - unique and diverse natural assets across the Shire, the majority of which are accessible
- **Land and buildings** - there is a range of land and buildings available for use, including heritage stock. Many buildings, including Council owned land and buildings are underutilised, which represents excess capacity and thereby an opportunity
- **Strong Communities across the region** - which have demonstrable capabilities to identify and deliver projects
- **Access to water** - the Shire has high levels of rainfall, natural watercourses and groundwater assets
- **Wastewater streams** - The wastewater treatment plant, while located in Warrnambool has high levels of wastewater discharge that could be used as a water resource
- **Electricity distribution network (500kv)** - A unique 500kv powerline runs across the Shire to Glenelg servicing the Portland Aluminium Smelter. There is excess capacity running in both directions, creating opportunities for electricity transmission out of, and into the region
- **Ocean / coast line** - environmental assets of world class standard, with potential for use across a range of industries
- **Network of natural gas assets / Port Campbell & offshore**

# Challenges For Moyne Economy

- **Services based in Warrnambool** - with many services based in Warrnambool, a short distance from large parts of the Shire, there is a risk that services will be developed in Warrnambool rather than in Moyne. Making the case for service development Moyne, rather than expanding on those services currently in Warrnambool will present challenges for Moyne Shire Council
  - **Community and Economic Development** - with a long history of community development activities, moving capacity, capability and resources towards economic development, and the delivery of this strategy will present leadership challenges for Moyne Shire Council
  - **Ageing infrastructure** - upgrading ageing infrastructure across the Shire will be difficult, with high construction costs and low levels of population growth, funding these works will place strains on the Shire budget, financing and funding mechanisms. New approaches and models can be used to help alleviate these issues
  - **Wastewater** - Many villages have sewerage systems that are at capacity, the high cost of replacing these systems, and providing capacity for residential growth in many locations presents as major challenge for the Shire. Encouraging population growth in these locations with this constraint will also be challenging
  - **Council Reputation** - there is a perception that the Moyne Shire Council is Port Fairy Centric and has fallen short on project delivery.
- Rebuilding the Council's reputation amongst the Community for project delivery and implementation will be required to ensure this strategy is fully implemented
- **Land valuation varies quite dramatically across the LGA**, with Port Fairy having noticeably high land values. This has presented challenges in land development, as investment recovery is more difficult, but also in ensuring there is housing stock of a quality and price point that is accessible. The high price of land through the Southern parts of the Shire may be contributing to the low levels of population growth and demographic profiles that point to skills shortages
  - **Moyne Brand** - there is confusion as to what is the Moyne brand. Port Fairy, as a place, has a strong brand (and maybe contributing the perception of Port fairy centrality by the community) but other location-based brands are not as strong, and can be confusing to people unfamiliar with the region
  - **Land availability / activation** - identified pockets where land supply is not available for activation, including Port Fairy, Koroit and Mortlake. The reasons for this are mixed, however there is a need to source and make available and accessible land for residential and industrial use across the Shire

# Opportunities For Moyne Economy (part 1)

- **Links to other councils** - through the Great South Coast Group, reflecting the corridor of economic activity running between Geelong and Portland, presents opportunities for regional approaches to economic development, shared service models, shared procurement, linking and leveraging of assets across and between LGA areas, alignment of strategies and supporting of projects that will spill-over and benefit Moyne.
- **Service industries** are underrepresented in Moyne, with future identified need in aged care, child care, health and education. Supporting the growth of these services will provide construction and employment opportunities as well as higher service levels at a local level.
- **Remote working** for residents to live in Moyne, but employed or servicing markets outside of Moyne or daily commutable distances.
- **Telecommunications and data technologies** are being successfully developed that can provide competitive advantages for industry, notably in the agricultural sector (refer <http://www.sense-t.org.au> for an example in the Australian context).
- **People travelling through region**, present an underdeveloped economic flow which can increase market size and demand for products and services delivered out of Moyne.
- **New industry opportunities** using the Shire's existing comparative advantages there are opportunities to develop new industries the area of renewables, agriculture and aquaculture.
- **Tourism is underdeveloped**, being underrepresented compared to Victorian averages, tourism appears to be based on regular summer holiday periods, festival periods and to domestic day visitors, with low yields. The Shire has tourism assets and can link to other assets in the broader region and across the State.
- **Wastewater treatment** - can be upgraded, creating a new water source to support industry development and employment.



# Opportunities For Moyne Economy (part 2)

- **Underutilised housing stock** in settlements represents accommodation capacity, critical to supporting the growth of visitor economy.
- **Reduce regulation / cost of doing business**, which is perceived as being high, adding to development costs and delaying projects, curtailing growth opportunities.
- **Natural assets / environment** of the Shire is unique and would be considered world class in both its quality and diversity. This can be developed for tourism, industry and residential growth.
- **Great South Coast Group** presents an opportunity to link to other Shires, support regional approaches to development and projects which will benefit Moyne, such as upgrading the road and freight networks across the region, as well as provide a forum for advocacy and lobbying at State and Federal levels.
- **Land availability** across the Shire for new residential and industrial supply, the growth of new industries such as intensive agriculture.
- **Increasing residential land supply** should create opportunities to grow the local construction sector as well as improve housing affordability in some parts of the Shire (for example, the median house price in Port Fairy is \$622,000 and unit \$471,000, compared to Warrnambool \$349,000 and \$250,000 respectively).
- **Activation areas** can be the focus of economic activities, with vacant buildings, land and spaces such as the beaches and streetscapes all presenting opportunities to support events and broader economic development opportunities.
- **Moyne's geographic location** affords it connections to major growth markets to the East (Warrnambool, Geelong, and Melbourne, the Shipwreck Coast Tourism region), the North to the Grampians and Ballarat and to the West across to Mt Gambier.

# Risks Facing Moyne Economy

- **Agricultural land encroachment** - as population centres grow, and with the potential rural living through land subdivision, high quality agricultural land can be lost. There is a cumulative impact associated with this risk.
- **Reliance on dairy** - a high reliance on the dairy industry to support downstream industries places the local economy at risk if this industry suffers downturn, shock or, loss of competitiveness.
- **Working age population / demographics** - small number of people in working age category, with issues around the availability of skills becoming evident. Projections suggest this issue will get worse over the foreseeable future.
- **Road network** - while the regional roads connections are good, the condition of the roads network is deteriorating and with the advent of High-Performance Vehicles, running the risk of becoming not fit for purpose. Ability to transport freight into and out of the region will be an increasingly important attribute underpinning future competitiveness of the dairy industry, with significant investment needed to improve and upgrade these infrastructures.
- **Services provided out of Warrnambool** - large numbers and amounts of services are provided out of Warrnambool, which may leave Moyne as being an effective 'commuter zone' with small industries in health, education, childcare and aged care.
- **Regulation / planning** - planning regulations are constricting growth, through overbearing and costly requirements. Many planning and strategic documents are in need of reworking.
- **Councils economic development culture** and resourcing has been focused on community related issues, rather than major drivers of economic opportunity for the broader economy.
- **Loss of services** - with ageing infrastructure apparent in some smaller towns, there is a fear that the infrastructures will not be replaced, with a loss of services. The proximity of Warrnambool, and the ability to grow on and leverage existing infrastructure in Warrnambool adds to this risk.

# Economic Assets – Capitals Framework

A Capital framework is used to summarise regional strengths and constraints. The framework provides the basis for further analysis around strengths, weakness, opportunities and constraints:

- **Natural Capital** – this includes a community's resources, amenities, wildlife and natural beauty.
- **Cultural Capital** – this might include ethnic festivals, multi-lingual populations or a strong work ethic. This community capital includes the dynamics of who I know and feel comfortable with, what heritages are valued and how I collaborate across races, ethnicities and generations. It informs what voices are heard and respected, and how creativity, innovation and influence emerge and are nurtured.
- **Human Capital** – so important to the vitality of a community, this includes the skills and abilities of residents as well as the capacity to access outside resources and knowledge. Communities with strong human capital enjoy leaders with the ability to lead across differences and focus on assets; these critical influencers are inclusive, participatory and proactive in shaping the future of the community or group.
- **Social Capital** – this is the glue in a community that makes things happen. It includes the close, or bonded, connections among people and organisations, and the bridges a community builds to strengthen weaker ties.
- **Political Capital** – this is the ability of a community to influence standards, rules, regulations and their enforcement. Communities with high political capital have access to power and power brokers, including government officials and regional company decisionmakers.
- **Financial Capital** – this capital includes the critical financial resources that allow a community to invest in capacity building, underwrite business development, support civic and social entrepreneurship and accumulate wealth for future development.
- **Built Capital** – this includes the infrastructure that supports the community, including telecommunications, industrial parks, main streets, water and sewer systems, roads, etc. Built capital is often a focus of community development efforts.

# Economic Assets – Capitals Framework

Capital	Assets	Constraint
Human	<ul style="list-style-type: none"> <li>• Population flows through region</li> <li>• Connectivity with other regions, notably Warrnambool</li> </ul>	<ul style="list-style-type: none"> <li>• Resident population is small and dispersed</li> <li>• Access to skills / tertiary education</li> <li>• Labour mobility exists between Moyne and broader GSC region, however capacity issues exist</li> <li>• Low levels of forecast population growth</li> <li>• Low working age population will be major constraint into the future</li> <li>• Skills issues beginning to materialise</li> </ul>
Financial & economic	<ul style="list-style-type: none"> <li>• Some start up activity is evident</li> <li>• Scale and international nature of dairying industry is a key tradeable sector</li> <li>• Land values underpin investment potential</li> </ul>	<ul style="list-style-type: none"> <li>• Brand for Moyne. It doesn't exist or is confused</li> <li>• Limited exposure to new technologies (outside of tradeable sector)</li> <li>• Highly dependant on dairying</li> <li>• Industry structure has 2 large tradeable sectors, and the remainder of the local economy supports local activities and populations</li> <li>• Construction sector is underdeveloped and localised</li> <li>• Land values limit some relocation opportunities and can curtail new development</li> <li>• Limited investment is evident</li> </ul>
Physical / built	<ul style="list-style-type: none"> <li>• Heritage and building stock</li> <li>• Capacity in tourism through vacant houses (Air BnB)</li> <li>• Transport linkages / assets connects to Regional City and broader economy</li> <li>• Adjoining regions / assets eg: Great Ocean Road and Service centre of Warrnambool</li> <li>• Mortlake saleyards</li> </ul>	<ul style="list-style-type: none"> <li>• Infrastructure in small towns (sewerage)</li> <li>• Reliable and sustainable power to Dairy Farms</li> <li>• Broadband and digital connections in some areas of the Shire</li> <li>• Wastewater curtails growth of dairy processors</li> <li>• Roads and impact of heavy vehicle use (HPVs)</li> </ul>

# Economic Assets – Capitals Framework

Capital	Assets	Constraint
Natural	<ul style="list-style-type: none"> <li>• Landscapes &amp; natural assets</li> <li>• Factors supporting milk production and other forms of agriculture (weather, soil, transport linkages, water)</li> <li>• Wastewater streams from treatment plant</li> <li>• Diverse range of landscapes and land use potentials</li> </ul>	<ul style="list-style-type: none"> <li>• Connecting assets into tourism product</li> <li>• Linking to assets in other regions</li> <li>• Encroachment, requiring land use identification and opportunity analysis</li> </ul>
Social	<ul style="list-style-type: none"> <li>• Community groups</li> <li>• Bonding capital appears quite strong</li> </ul>	<ul style="list-style-type: none"> <li>• Volunteer fatigue</li> <li>• Reliance on Council's community development potentially limits capacity building</li> <li>• Bridging capital across Shire is limited (ie disparate)</li> </ul>
Cultural	<ul style="list-style-type: none"> <li>• Events culture and the reputation of small towns/villages</li> <li>• Start up entrepreneurial character is evident, but not overwhelming</li> </ul>	<ul style="list-style-type: none"> <li>• Clarity as to Council's leadership role</li> </ul>
Political	<ul style="list-style-type: none"> <li>• Efficient Council</li> <li>• Good relationships with surrounding Councils</li> <li>• Leadership program developing this capability</li> <li>• Regional voice, vision</li> </ul>	<ul style="list-style-type: none"> <li>• Role of Council needs to be based more around economic, rather than community development</li> <li>• Land use planning framework and regulation, creating potential encroachment onto valuable agricultural land</li> <li>• GSC group, questions exist as to its effectiveness</li> <li>• As a small Council attached to larger groups, such as Shipwreck Coast Group, Moyne can lose its voice</li> <li>• Consistent regulations for transport users</li> <li>• Increasing regulatory burden on irrigators</li> </ul>

# Strategic Themes

The following strategic themes were identified for consideration:

1. Defining the role of Moyne Council in Economic Development (3 distinct sub-sets Regional, local and community)
2. Small towns and local community enhancements
3. Develop tourism opportunities
4. Population growth
5. Support for agricultural and dairy industries (Water, new technology and land adaption)
6. Infrastructure development / quality of current assets
7. Growth through regionalism
8. Regulation and planning controls
9. Branding Moyne
10. Renewable energy
11. Develop local leadership
12. Workforce & labour mobility (access to skills)
13. Shared services
14. Role and impact of growth of Greater Geelong
15. Construction sector weakness
16. Culture of start up and entrepreneurship
17. Relationship with Warrnambool
18. Investment attraction
19. Land use & encroachment
20. Regional assets
21. Future industry focus
22. Functioning of economic system
23. Prioritisation of resources & capabilities
24. Implementation, measurement

# Possible actions for the strategy

1. Increase the scope and scale of the role towards economic development, this does not preclude community development, but it does increase the emphasis on industry and larger scale economic outcomes
2. Clarify Council leadership role
3. Council as commercial manager / developer
4. Specific roles for MSC in relation to economic development
5. Support dairying sector to improve competitiveness (regulation, transport, waste water, power)
6. Gazetting road network for High Performance Vehicles (HPV)
7. Consistent HPV permitting across GSC Councils
8. Support and enhance small towns
9. Land use planning – regulations, mindset to facilitate rather than constrain
10. Develop water assets and distribution to encourage investment in higher value agricultural production
11. Wastewater streams developed for irrigation
12. Encourage aged care and early child hood centres to support forecast future populations demands and create employment opportunities
13. Consider opportunities for growth in health related services, and in the medium term education
14. Build partnerships with neighbouring Councils and regions to both share services, but also integrate tourism product and leverage visitor flows through the Shire
15. Link tourism products across the Shire
16. Air BnB presents capacity to support tourism growth
17. Build on key 'hero' assets of Budj Bim & Tower Hill and link to GORRT strategy work
18. Develop the 'strategic corridor concept' between Port Fairy and Colac to improve the functioning of the economic region
19. Tourism / branding – undertake work to establish brand
20. Events strategy – more coherent approach to marketing
21. Investigate the feasibility of establishing coworking / enterprise facilities in Council buildings
22. Incubator and start up via a regional approach
23. Continue to encourage and foster local leadership and development
24. Investigate the opportunities to develop industrial land in and around the Mortlake Saleyards

# Possible actions for the strategy

25. Promote the local construction sector to grow outside of Moyne (import replacement)
26. Population growth in working age group cohort
27. Actively manage wind farm construction and development and leverage local firms wherever possible
28. Develop a Regional procurement programme
29. Procurement links to innovation
30. Role in supporting region and regional institutions, not just Shire wide activities
31. Renewable energy focus on wind, wave and hydrogen
32. Focus on economic system, that is the process of economic value creation, not the outcomes
33. Dynamic implementation models and engagement
34. Investment attraction through a prospectus and concierge role
35. Precincts approach to planning
36. Use of 'spaces' across shire for events
37. Social capital bonds for funding infrastructure and social assets
38. Small scale wastewater solutions, working with Wannon Water
39. Water trading rights, advocacy role to improve market
40. Tie precincts to WIFI
41. The existing rail trail to be developed further and link to other trails
42. Koroit depot as a potential asset to facilitate Bega expansion
43. Co-funding models for residential development
44. Support Skills Commissioner and DAMA approach to skills and migration
45. Community funds as a means to access to renewable power
46. Council investment fund to support access to renewable power
47. Rate relief / permit fees waived for local investment development
48. Focus scarce resources on benefits ranking and the potential to influence benefits
49. Adopt a priority project matrix and model
50. Evaluation model for learning from investments & outcomes
51. Adopt data driven approaches to understanding the region and the economic system



# Directions Excluded From Strategy

Strategy is about choice and as much about what you don't do, as what you do. To this end it is recommended that the following general directions be excluded from Strategy as they are inconsistent with the Moyne's role within the economic development system, considered an inefficient use of resources and / or are duplicating resources that can be source from elsewhere:

1. Replicating activities being undertaken by other agencies
2. Direct involvement and intervention in local firms / industry. MSC role is best focussed on a facilitation function
3. Small business programs which are available from other sources
4. Specific issues relating internal Council operations and decisions
5. Establishing additional advisory structures that absorb Council resources

# Framework for Economic Development Strategy

for the Moyne Shire Economic  
Development Strategy



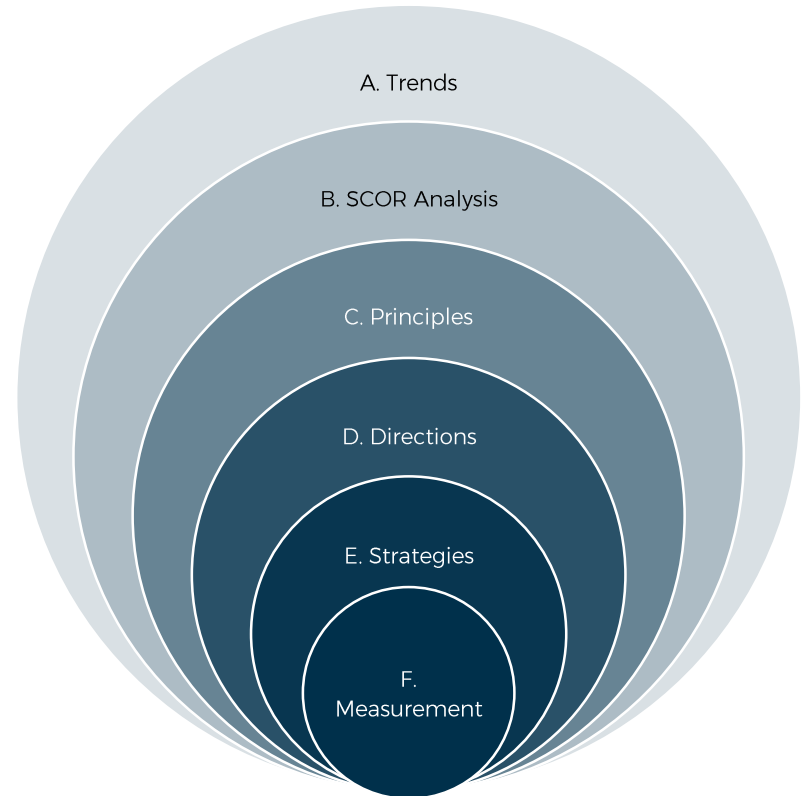
# Strategy Framework Process

The following strategy model / framework is recommended to establish, document and detail the strategy.

This framework recognises the significance of external influences (trends), with the SCOR analysis acting as the link between the external and internal considerations.

Principles reflect Council values & vision and Directions link values to specific objectives.

Strategies and actions deliver on the directions and are measured and reportable



# Recommended Principles

Principles within the context of this strategy are the propositions that serve as the foundation for the direction and strategies.

They are like beliefs in that if the principles are adopted, by which they are integrated through the strategy, the outcomes and objectives established at the commencement of the strategy process will have a more realistic chance of being realised.

In this sense, principles form a bridge that link the objectives, the current situation in the Shire and the trends impacting on it, to the chosen strategic responses in direction and action.

To guide the strategy the following principles were recommended and supported

1. Build from the inside out, not the outside
2. Capital, in all its forms, and its use is the basis for economic growth
3. Population is not a static concept
4. Incorporate regionalism as well as localism
5. Tradeable sectors underpin economic growth
6. Governance matters

# Recommended Economic Directions

This section highlights the key Economic Directions the strategy intends to take and the specific areas it will focus on.

The Economic Directions are the choices made, the priorities for investment and resourcing.

The strategies must reflect these broad directions as a minimum:

1. People and place
2. Attracting investment
3. Supporting major local industries
4. Role of the Moyne Shire Council
5. Together as a region

Prioritisation model for actions to recognise / focus on highest impact and resource constraints

