

CM13.3. Albury Wodonga Regional Economic Development Strategy

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CONFIDENTIAL	No		
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Purpose of Report

To seek endorsement from Council for the Albury Wodonga Regional Economic Development Strategy.

Background

In 2017 the NSW Government initiated a process to assist local councils across the state to develop Regional Economic Development Strategies (REDS). The REDS development sought to build on the consultation and engagement already undertaken by councils in developing their Community Strategic Plans and Council Economic Development Strategies to guide actions, policies and investment in the regions over the next four years.

The strategies identified in the REDS aim to set the region on an achievable and sustainable path to long term prosperity and are designed to align with the NSW Government's *Making it Happen in the Regions: Regional Development Framework*.

The REDS development process was facilitated by Sensing Value Consultants (formerly NERA Consulting), with the cost borne by the NSW Government.

The scope of the REDS is based on the concept of a Functional Economic Region (FER). Local government boundaries do not always reflect the boundaries of regional economies and economic interaction. As a result, FER boundaries often include multiple Local Government Areas and in Albury's case, extends over the state border to incorporate Victoria. Establishment of individual FERs were informed by data from the Australian Bureau of Statistics and were aimed at better targeting investment and growing regional competitive advantage.

The Albury Wodonga FER comprises the Local Government Areas of AlburyCity, Wodonga, Federation, Greater Hume and Indigo Shire Councils.

While participation in the REDS development was voluntary, involvement ensured that the Councils were best able to influence the content that will be used to guide NSW Government investment decisions.

The REDS articulates a framework for identifying actions crucial to achieving the Albury Wodonga FER's vision. Projects listed within this strategy are considered high value for the area and present new opportunities to strengthen and increase investment. Both an Executive Summary Final Report and a Supporting Analysis document have been prepared, with the former included as Attachment 1 and the latter available upon request.

Issues

The REDS provides a comprehensive overview of the economic conditions of the Albury Wodonga FER, with the key findings outlined below.

Regional Audit

When comparing the industry make-up and demographics of the Albury Wodonga FER in comparison to NSW state averages, it was identified that:

- The top three sectors in terms of value-add are 'Sheep, Grains, Beef and Dairy Cattle', 'Construction Services' and 'Retail Trade';
- The major exporting industries are 'Sheep, Grains, Beef and Dairy Cattle', 'Basic Chemical Manufacturing' and 'Wholesale Trade';
- Major employment sectors are 'School Education', 'Hospitals' and 'Cafes, Restaurants and Takeaway Food Services';
- The region is home to a higher proportion of older and retirement age individuals;
- There are comparable proportions of welfare dependency;
- Lower proportions of individuals with university qualifications exist, but there is a higher proportion of Post School Qualifications (ie. Diploma or Certificate);
- Similar to the NSW state average, the most common occupations are 'Professionals', 'Technicians' and 'Trade Workers'; and
- The FER services 2.03 million visitors per year, the majority of which are domestic day visitors, with an average spend valued at \$245 per trip.

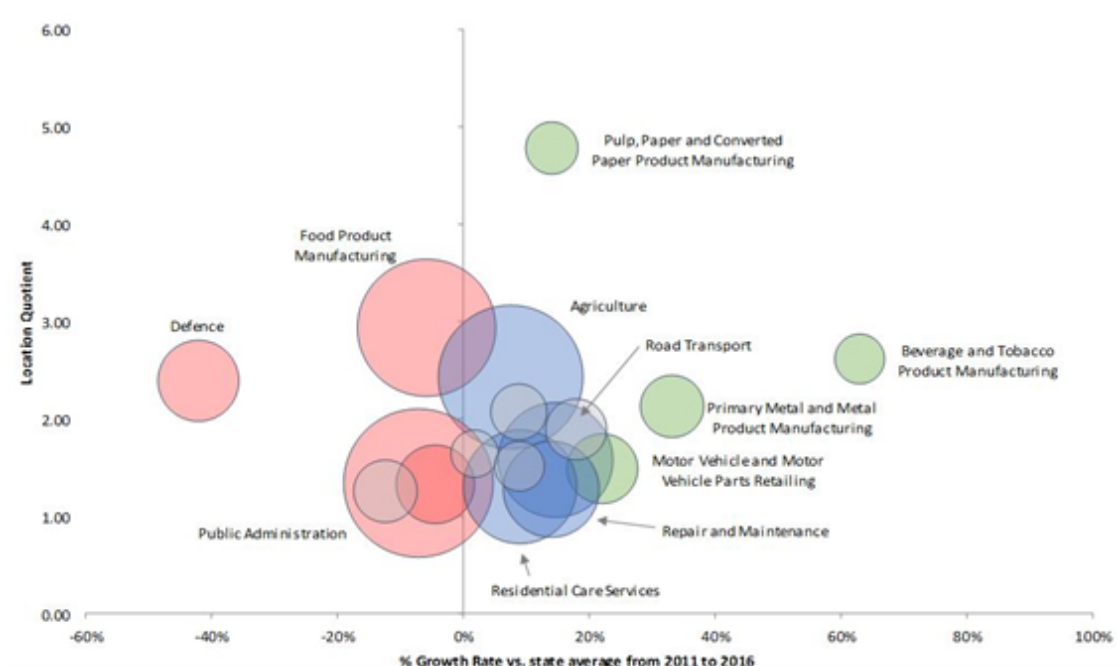
Industry Cluster Analysis

An industry cluster analysis identifies sectors which act as drivers for economic growth. Currently 'Agriculture', 'Food Product Manufacturing', 'Public Administration', 'Residential Care Services' and 'Road Transport' are the FER's most important sectors in terms of employment. Additionally, these sectors have the highest Location Quotients describing the extent to which an industry is represented, relative to the representation of that industry in the wider NSW economy.

Emerging sectors include 'Paper Manufacturing', 'Beverage/ Tobacco Manufacturing' and 'Metal Manufacturing'.

The shift-share analysis, which identifies the sectors in the FER whose employment growth can best be attributed to our regional competitiveness, suggests 'Farming', 'Food Manufacturing' and 'Regional Road Freight Transport' are of most importance.

Graph 1.1 - Albury Wodonga FER



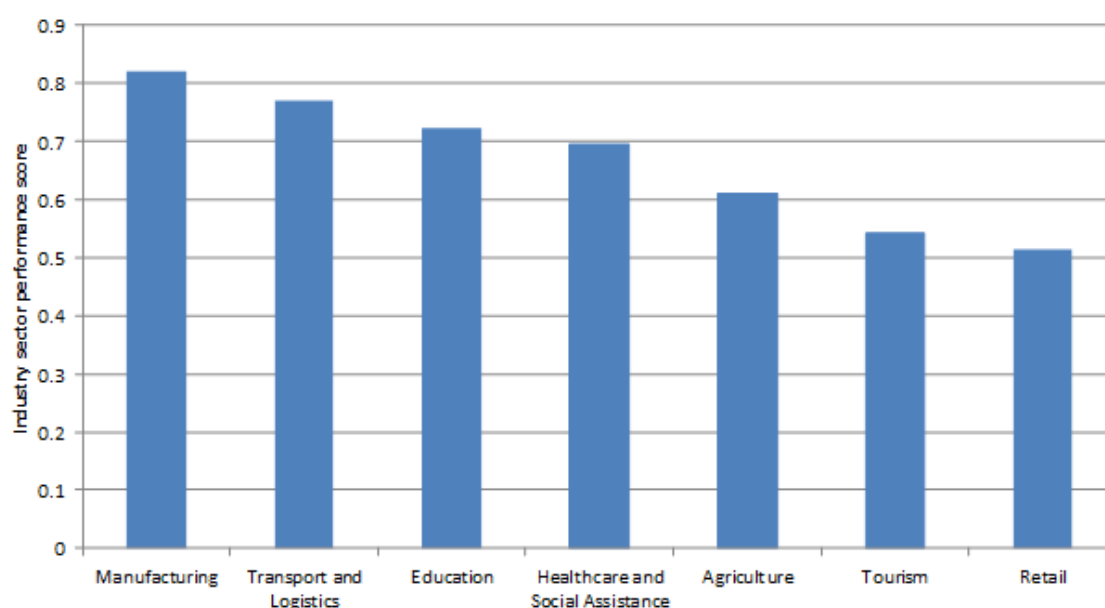
Core Competencies

The Albury Wodonga FER has significant competencies in access to reliable freight and transport infrastructure, availability of finance and technology orientation.

Challenges for the region include skilled labour shortages, cross border discrepancies and the cost and reliability of energy.

While 'Tourism' and 'Retail' are major employers in the FER, both sectors are demand driven and responsive, rather than being industry led. As a result, the top three performing sectors when considering regional competitive advantage are 'Manufacturing', 'Transport and Logistics' and 'Education'.

Graph 1.2 - Core Competencies in the Albury Wodonga FER



Endowments

The critical, potentially important and natural endowments of the region identified through the development of the REDS are detailed below.

Table 1.1 - Critical and Potentially Important Infrastructure Endowments for the Albury Wodonga FER

Critical Infrastructure	Potentially Important
Transport: <ul style="list-style-type: none"> Albury Airport Hume Freeway, Riverina, Olympic, Murray Valley Highways Inland Rail Corridor 	Transport: <ul style="list-style-type: none"> Corowa Airport
Education: <ul style="list-style-type: none"> Universities TAFEs 	
Healthcare: <ul style="list-style-type: none"> Albury Wodonga Health facilities Murray Valley Private Hospital Regional Cancer Centre 	Healthcare: <ul style="list-style-type: none"> Corowa District Hospital Urana Hospital Culcairn Hospital Henty Hospital Holbrook Hospital
Utilities: <ul style="list-style-type: none"> Hume Dam Waste Management Centre NBN 	
Industrial: <ul style="list-style-type: none"> NEXUS and Logic Wodonga Ettamogah Rail Hub and SCT Logistics 	Industrial: <ul style="list-style-type: none"> Other Albury industrial precincts Other Wodonga industrial estates Greater Hume industrial precincts Federation industrial precincts Indigo industrial precincts Former Murray Goulburn factory
Tourism: <ul style="list-style-type: none"> Lavington Sports Ground HMAS Otway 	Tourism: <ul style="list-style-type: none"> Albury Cultural Precinct Lauren Jackson Sports Centre The Cube Wodonga Gateway Lakes Federation Museum Henty Machinery Field Days Albury Wodonga Equestrian Centre Murray River Experience Sporting and recreation clubs Murray to Mountains Trail Beechworth Heritage Precinct
Agriculture	
Other: <ul style="list-style-type: none"> Albury Wodonga Military Areas 	

The natural endowments for the Albury Wodonga FER are categorised under the following three headings:

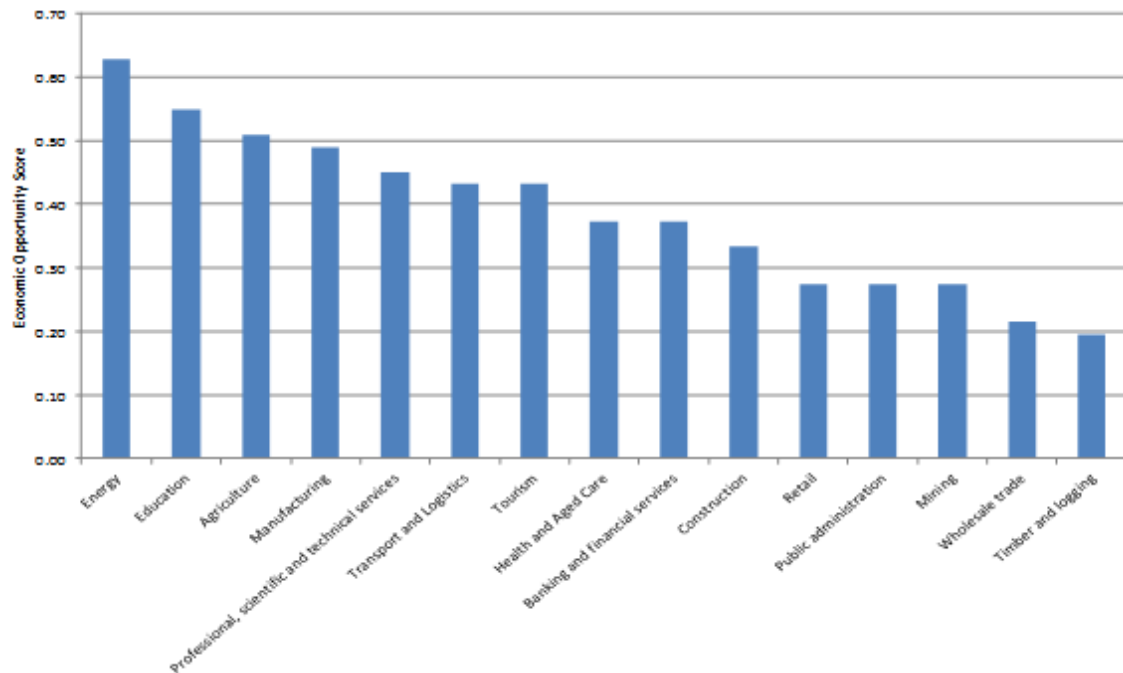
- Natural endowments: Location, natural resources, state forests.
- Built endowments: Liveability and lifestyle appeal, historical significance, product branding.
- Human endowments: Skilled workforce, specialist skills.

Economic Opportunities

The Economic Opportunities Analysis identifies the key industry linkages that can be leveraged to create new economic opportunities. The list of sectors is more expansive than that in Graph 1.2 as a result of *potential* linkages that are not presently prominent in the FER.

Many of these opportunities represent new linkages with existing sectors, suggesting actions that bring sectors together and encourage collaboration could produce significant benefits for the FER.

Graph 1.3 - Potential Economic Opportunities in the Albury Wodonga FER



Strategic Priorities

Based on the findings of the FER's economic analysis, the sectors of comparative advantage for the region are:

1. Manufacturing
2. Transport and Logistics
3. Agribusiness
4. Healthcare and Social Assistance
5. Education
6. Defence
7. Energy and Communication
8. Tourism

The Priority Projects identified for the Albury Local Government Area as a result of the analysis are categorised as short term (to be progressed within the next 12-18 months) and longer term (>18 months). A full list of Priority Projects is included at Attachment 2.

Risk

- Business Risk – It is not anticipated that the actions and recommendations within the REDS will have direct business risk implications for Council in relation to its implementation. Rather it provides guidance for the prioritisation of activities to be delivered by Council and the community in stimulating economic growth and job creation.
- Corporate Risk – Council's failure to maintain a leadership role in the progression of economic development activities in the Albury Wodonga FER could negatively impact on its corporate brand and relationship with the business and broader community.
- WHS and Public Risk – N/A.
- Delivery Program Risk – The priority actions identified for Albury as part of the REDS already form part of Council's strategic plans. Funding for, or a contribution toward, some elements is included in Council's Four Year Delivery Program however ongoing work will be necessary to secure additional financial assistance from the State and Federal governments to realise many of the projects.

Community Engagement

While no specific community engagement was undertaken in development of the Albury Wodonga REDS, the project sought to build on the extensive consultation already undertaken by each Council in developing their Community Strategic Plan and localised Economic Development Strategies.

Over 1,000 representations were made by the local community in development of Albury 2030 Community Strategic Plan. Strong community support was shown for growing the Albury economy with the number one issue impacting on the future of the city identified as 'economic growth and development', followed by 'investment and employment'.

In developing the Two Cities One Community Strategic Plan consultation was undertaken with the community, key stakeholders and relevant state agencies with the number one regional priority identified as 'Economic development including investment and jobs growth'.

The Albury Economic Development Strategy involved the development of a discussion paper which was distributed to community leaders and key stakeholders, together with 35 one-on-one consultations. Following this, a wider public consultation phase was implemented with the stakeholder engagement identifying the mission to 'pro-actively contribute to the sustainable growth and development of Albury's economy'.

The development of the REDS has been driven and facilitated by the NSW Government, accordingly the Albury Wodonga REDS has been endorsed by the NSW Cabinet prior to its public release.

Options

1. Adopt the Albury Wodonga Regional Economic Development Strategy 2018-2022; or
2. Not adopt the Albury Wodonga Regional Economic Development Strategy 2018-2022.

Conclusion

In 2017 the NSW Government initiated a process to assist local councils across the state to develop Regional Economic Development Strategies (REDS). The REDS development sought to build on the consultation and engagement already undertaken by councils in developing their Community Strategic Plans and Council Economic Development Strategies to guide actions, policies and investment in the regions over the next four years.

The strategies identified in the REDS aim to set the region on an achievable and sustainable path to long term prosperity and are designed to align with the NSW Government's *Making it Happen in the Regions: Regional Development Framework*.

The Albury Wodonga REDS has been developed to ensure that the region leverages its endowments and builds on its economic strengths and specialisations. By understanding the competitive advantages of the region, the Albury Wodonga FER has the opportunity for sustained population growth, creation of prosperity and support for enhanced lifestyle and investment outcomes.

Importantly, the REDS considers economic impacts beyond Local Government Area boundaries, providing a collaborative and more realistic representation for planning and management of economic growth drivers.

The REDS outlines a framework for delivery of Priority Projects that have emerged through, and align with, the development of the strategy. The list is not considered exhaustive, rather a starting point to which additional high value projects can be added over time.

The REDS should be viewed as the first stage of a process that will assist those with an interest in the economic development of the region, in planning for future economic activities. It provides a vehicle for engaging the community in conversation about regional needs and priorities and brings together neighbouring councils key stakeholders and resources.

Founded on the basis of in-depth research and analysis, the REDS also provides a platform from which dedicated NSW Government funding can be sought, and sets a path to capitalise on future economic development opportunities.

Recommendation

That Council adopt the Albury Wodonga Regional Economic Development Strategy 2018-2022.

Attachments

1. Albury Wodonga Regional Economic Development Strategy 2018-2022 - Final Report (DOC18/102845)
2. Albury Wodonga Regional Economic Development Strategy - Priority Projects (DOC18/70260)